

29 June 2011

«Grower_Account_Name_Computershare»
«Address_Line_1»
«Address_Line_2»
«Suburb», «State» «Post_Code»

Dear «Salutation»

REWARDS SANDALWOOD PROJECT 2000

Enclosed please find a notice of meeting to be held at 10.00 am WST on Monday, 25 July 2011 at the offices of Ferrier Hodgson in Perth. The meeting has only one formal item of business, the replacement of the existing responsible entity, Rewards Projects Limited (subject to Deed of Company Arrangement), ("RPL") with Macro Capital Limited ("Macro"). However, of more importance, we believe, is the discussion and informal vote we wish to hold on the future of the plantation and the project.

As we have communicated to you previously, the plantation is in significantly worse shape that we had anticipated after inspections last year. I won't go into the reasons for the decline now but rather, it is now time to focus on how any residual value in the plantation can be salvaged for Growers in the most efficient manner.

Black Tree has commissioned an independent forester's report on the status of the plantation and this should be available for distribution shortly. We were hoping to have this at hand to be sent out with the notice of meeting but we would rather get the report and analysis of potential outcomes as accurate as possible and we didn't want to unnecessarily delay the calling of the meeting which requires a statutory notice period of at least 3 weeks.

As well as the forester's report being compiled by Sandalwest (long term operators in the sandalwood industry in WA), samples of timber have been taken from the plantation and are being analysed for oil content. The results from this analysis will give us a better idea of the potential value of the timber currently standing in the plantation. We have also sought quotes from harvesting contractors to determine the timing and costs of removing all the trees in an orderly liquidation of the plantation.

All of this information will be compiled and distributed before the meeting so that Growers are as fully informed as possible about the situation with the project before any decisions are made about its fate.

A number of Growers have expressed interest to visit the plantation before the meeting. To facilitate this we've arranged a field trip for Sunday, 24 July 2011, the day before the meeting to allow those Growers who may be travelling from interstate to attend both the field trip and the meeting. We ask that anyone who would like to join the field trip let us know as soon as possible and by Monday, 18 July 2011 – please do so by sending us an email at Rewards@BlackTreeLtd.com.au or sending us a fax on 08 9467 6287.

Due to the uncertainty with the future of the plantation, we understand that some Growers are undecided about whether they wish to remain members of the project and therefore whether they should pay the Upfront Fee. To give people as much time and information as possible to make this decision, RPL has again agreed to extend the cut-off for the payment of the fee to Tuesday, 26 July 2011, i.e. the day after the meeting.

Finally, some Growers have asked what the Upfront Fee is being used for. The following table shows the use of funds based on the amount of \$294,800 which is the amount, net of GST that has been billed to Growers.

Rent paid - Appointment date to April 2011	\$116,334	
Plantation Expenditure during Administration	\$7,849	
Reimbursement of Dec 2010 Meeting Expenses	\$21,983	
Tax Ruling Application	\$8,036	
Legal Expense - lease, new meeting	\$12,000	estimate
Independent Report on status of plantation	\$4,500	estimate
Reimbursement of Black Tree Expenses	\$32,500	
Balance	\$91,599	
Total	\$294,800	

The first four items are subject to the Administrators' lien over the project assets. The expenses incurred by Black Tree since its appointment as project manager have not been billed to the project and we have undertaken not to do so until after the Growers' meeting. The balance of funds will be used for the ongoing project management and administration if the project proceeds. If Growers indicate they wish to wind up the project any surplus funds will be returned to Growers.

If you have any questions about the state of the projects please contact me directly. We will be in contact again shortly as more information comes to hand.

Yours sincerely
Black Tree Pty Ltd



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