

20 July 2011

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

By email: «Email_Address»

Dear «Salutation»

REWARDS SANDALWOOD PROJECT 2000

It is with great regret that we write to inform you of our recommendation to wind up the Rewards Sandalwood 2000 Project in which you hold an interest.

As you are aware, a meeting was called for next Monday, 25 June, by Rewards Projects Limited (subject to Deed of Company Arrangement) (RPL) to consider the future of the project. We at Black Tree undertook to further investigate the viability of the plantation after receiving a negative assessment on the health of the sandalwood and host trees in June.

Our assessment was commenced in late June when we engaged independent foresters, Sandalwest, to review the plantation (report available on our website – www.blacktreeltd.com.au). We also did a rough inventory of the plantation and took a number of samples that were provided to market players to determine market acceptability. The feedback was mixed but not particularly encouraging. Nonetheless, both potential timber buyers were keen to take more comprehensive samples from the plantation but unfortunately, they were prevented from doing so when the landowner locked the gates to the property and subsequently delivered a notice of termination to RPL.

We had hoped to negotiate an equitable arrangement with the landowner but to do so we needed to complete our viability assessment. We are now at a stalemate, with the landowner insisting that he is only interested in re-instating the lease at full rental for another 10 year (with personal guarantees from Black Tree directors). This is a position we are not prepared to take, either personally or on behalf of Growers.

The meeting at Ferrier Hodgson in Perth will still be held next Monday at 10 am and we still encourage you to attend. A number of Growers have raised with me the prospects of undertaking some form of class action as a result of the Rewards debacle and would like to talk through options with as many Growers as possible.

Yours sincerely
Black Tree Pty Ltd



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