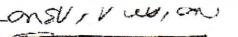
Re Sent 1-6-2009



## Charles Franchina

From:

"Charles Franchina" <charles@fishtrade.com.au>

To:

"Daniel - Fishtrade International Pty Ltd"

Sent:

Wednesday, August 27, 2003 9:45 AM

Subject:

Fw: Offals and Oils Original Message -

From: Charles Franchina

To: QUOTILA

Cc: Daniel - Fishtrade International Pty Ltd Sent: Wednesday, August 20, 2003 2:29 PM

Subject: Offals and Oils

in

Dear Peter

The status regarding the project is as follows:

We have agreed to form a 50/50 j/v between Fishtrade and Peter Laughton. If a statemate over any issue should arise we dissolve the company immediately. We are consulting our accountants on the optimum format but believe our side will be owned by FTI. Your accountant advises the company should be set up 'as a trustee for unit trust? Laughton will contribute the intellectual property relating to production of a trap balt, tune oils and tune liquor. Also about \$100,000 worth of equipment, his time and his knowledge relating to markets for the oil, liquor and bait. This all becomes the property of the j/v company. Fishtrade contributes \$160,000 to be divested in four lots of \$40,000 as the funds are required. Its connections and introductions in Port Lincoln such as the cannery and tuna farmers, its marketing network principally in W.A and NT as well as overseas.

Sales in W.A., N.T. will be undertaken by FTI with the products sold by SAMPI to FTI at an agreed rate which will depend on the price at which the goods can be sold. Export sales will be handled jointly with SAMPI as the likely export instrument.

Sales in S.A. and eastern Australia will be handled by SAMPI direct - headed by Peter Laughton.

Shark oil products being cosmetics etc remain a separate entity to tuna oil products although some of the products will be produced in the same facility but at Laughton expense.

Sample testing in Tasmania and Vancouver so far evidences the balt to be effective. We are waiting on Peter to produce more samples so to bring to culmination with a written report the testing done at the Mantime College. The oil derived from SBT gut is reported to be of very good quality and will have a value of \$5-8/ltr (\$1-\$30 is in fact the considered range). Buyers of the Liquor advise they can absorb up to 40tpm at about \$0.80/ltr.

The company name is proposed to be 'South Australian Marine Products Industries'

It will lease premises in Lincoln within 1-3 weeks, deliver and install the equipment and employ an assistant.

FTI have arranged raw material as - slow frozen Marnikol approx 16mt sbt gills guts blood together, Blaslov approx 10mt gills guts blood separated, DI approx 10mt separated and 2kg -60 frozen, AFE approx 10mt frozen and 2mt SBT heads slow frozen. We can add to this if Peter wishes. We pay \$0.20/kg to be collected starting in about 4 weeks.

The cannery has verbally guaranteed to supply 'S.A.M.P.I' on a first right of refusal basis all its offal at \$0.20/kg.

There are also possibilities of having pilchards on an opportunistic basis at 20 cents/kg. Other options are Kingfish offal, mussels, abalone gut and other wet fish offal.

The shareholders will take a proportional distribution of two thirds of any net profits with balance to stay in the company on 'loan account' basis. Should further funding be required above the \$160,000 agreed then that will be subject to discussion and agreement between directors based on the apparent progress and prospects for the project.

We need to progress formalisation of the company structure and articles very soon so can you please advise if you have any particular preferences or requirements in the structure and articles format.

TIKS (2 6