Clover Corporation Limited

ABN 85 003 622 866

7 Sefton Road, Thornleigh NSW 2120
PO Box 147, Pennant Hills NSW 2120
Telephone + 61 2 9484 5500
Facsimile + 61 2 9484 1166
www.clovercorp.com.au
www.hi-dha.com

Dear Shareholder / Option Holder

As Clover Corporation Limited (Clover) approaches it's full year results directors have decided to release a preliminary report to allow those shareholders holding options which expire 31/07/2004 to make an informed decision as to whether to convert those options to ordinary shares.

Clover's 70% owned operating subsidiary Nu-Mega Ingredients Pty Ltd (Nu-Mega) expects to report a profit before tax of $2.5m for the full year. As a result Clover is likely to report a profit before tax result of $1.5m for the period ending 30th June 2004 (L/Y $600,000). The expected profit is below forecast due primarily to lower sales from it's UK and European division and the inability of Martek to supply Arasco oil which is a key ingredient to Omega³DHA enriched infant formula. Based on the most recent information received from Martek oil supply will not return to normal until after September 2004.

On the marketing side Nu-Mega continues to work closely with large multinationals in Australia and overseas. In Scotland a new Omega³DHA enriched orange juice branded 'Supajus' has been released which is targeted at the school canteen market and supported by the government's 'green machine' campaign. This campaign is aimed at providing a more health conscious diet to Scotland's school children. The product which has a unique packaging design is now being considered by a number of UK supermarket chains. In Australia, interest in Omega³DHA fortified breads continues with all prominent bakeries seeking to launch products based on the success of GWF Tip Top Up range and GF Wonder White to name a few. We are seeking to broaden the Omega³DHA range with a range of projects set to meet the spring retail launch window in August/September. The meat industry continues to show interest in both domestic and international markets. Infant nutrition trends continue to assist Asian sales growth.

The awareness level of Omega³DHA and its health related benefits continues to grow in the USA. To capitalize on this trend Nu-Mega has appointed a US Development Manager who is currently working with at least 6 multinationals who have various trials underway using Clover's microencapsulated Omega³DHA product. Results from a number of these trials look promising.

As the health benefits of Omega³DHA have become widely known worldwide a number of competitive products have been introduced to the market. Clover/Nu-Mega continues to refine its product to ensure the quality remains at the highest level. However a number of less expensive products are now available which has caused Clover/Nu-Mega to look for alternative less costly sources of Omega³. The research continues to ensure we have a product offering across all markets.

Clover's JV with Austgrains to manufacture and market a unique soy flour is well underway with civil works commenced on site in Moree. The manufacturing plant is expected to be commercialized in December 2004. A pilot plant will be installed at Nu-Mega's Queensland operations at the end of July which will allow product application work to commence. The pilot plant will allow our R & D staff to work on technology applications in the bakery, cereal *and beverage areas. Marketing will commence immediately with the view to having a number of potential customers ready to take product early 2005.*

This month Clover's major shareholder Washington H Soul Pattinson and Company Limited informed the company that it intended to convert its 4,113,149 options to ordinary shares. At the same time Clover's other main shareholder the Drummond family confirmed that they intended converting part of their option holding to ordinary shares.

On the basis of Clover's continuing strong cash position, Nu-Mega's expected sales growth, a return to normal supply by Martek and the positive outlook for the JV with Austgrains, Clover's Directors intend to declare a maiden dividend of 1¢ per share for the year ending June 2004. The dividend is likely to be franked to 42% and will be payable during November 2004.

Peter Robinson
Chairman
Clover Corporation Limited

CLOVER CORPORATION LIMITED
A.C.N. 003 622 866
(Incorporated in New South Wales)

OPTIONS EXPIRING 31 JULY, 2004

TERMS AND CONDITIONS OF OPTIONS

1 The Options shall expire on 31 July, 2004 ("Expiry Date").

2 Each Option shall entitle the holder to subscribe for One Ordinary Share in the capital of the Company.

3 There is no obligation to exercise the Options.

4 Ordinary Shares issued on the exercise of Options shall be issued on the same terms and conditions as, and will rank equally with, the Ordinary Shares then on issue.

5 The Options may be exercised at any time prior to the Expiry Date.

6 The Exercise Price shall be 30 cents per Option.

7 To exercise an Option, the holder must complete and execute a notice of exercise of Option in the form that will be forwarded to all option holders on allotment, and lodge the completed notice and payment of the exercise price with the Company's Share Registry at any time prior to the Expiry Date. Cheques must be made payable to Clover Corporation Limited and crossed "Not Negotiable".

8 The Company will apply for official quotation by the ASX of the Shares issued upon the exercise of Options within 3 business days of allotment of the Shares.

9 The Exercise Price or number of Options issued may be changed in accordance with the Listing Rules of the ASX from time to time in respect of any pro rata rights issue or bonus issue.

10 In the event of any reconstruction, the rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules of the ASX applying to a reorganisation of capital at the time of the reorganisation; and

11 The Option holder has no right to participate in a new issue of shares without first exercising the Option.

PLEASE SEE OVER FOR THE APPLICATION FORM TO EXERCISE THE NEW OPTIONS

NOTICE OF EXERCISE OF OPTION

To exercise an Option the holder must complete the Notice of Exercise of Option form set out immediately below and forward it with payment of $0.30 for each Option exercised, to the Company's Share Registry. Cheques should be made payable to Clover Corporation Limited and crossed "Not Negotiable". Shares will be issued and allotted on the basis of the Notice of Exercise Forms within the time permitted by the Listing Rules of the ASX.

NOTICE OF EXERCISE OF OPTION

TO: Clover Corporation Limited (A.C.N. 003 622 866)(the "Company")

I/We ………………………………………………………………..

………………………………………………………………..

Of ………………………………………………………………..

………………………………………………………………..

SRN/HIN ………………………………………………………………..

the registered holder/s of the Options specified HEREBY GIVE NOTICE OF EXERCISE of my/our Options to subscribe for …………………….. shares of the capital of the Company and enclose subscription moneys of $ ………………………

I/We authorise you to register me/us as the holders of the shares to be allotted to me/us and agree to be bound by the Constitution of the Company.

DATED the ……………………………..day of ………………………………..

Signed ………………………………………………………………..

………………………………………………………………..

This notice may be signed as follows:

- If the holding is held in the name of one person (individual holding), that person must sign.
- If the holding is held by more than one person (jointly) each joint holder must sign.
- If you are signing as an Attorney, then the Power of Attorney must have either been noted by the registry or be duly stamped and accompany this form.
- If the holding is held by a company, please sign in the authorised manner, stating the office held by the signatory/signatories.

THIS NOTICE OF EXERCISE OF OPTION, WITH THE APPROPRIATE REMITTANCE, SHOULD BE LODGED AT THE COMPANY'S SHARE REGISTRY:
COMPUTERSHARE INVESTOR SERVICES PTY LIMITED
GPO BOX 7045, SYDNEY NSW 1115