



Clover Corporation Limited

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16 November, 2005.

The Manager – Companies,
Australian Stock Exchange Limited
Exchange Centre,
20 Bridge Street,
SYDNEY. N.S.W. 2000

Dear Sir,

CLV Annual General Meeting – 16 November, 2005.

We enclose two Presentations dealing with Omega³ which were delivered to shareholders at the Company's 2005 Annual General Meeting held today.

Yours faithfully,

R.A. O'Brien,
Secretary,
CLOVER CORPORATION LIMITED

REPORT TO CLOVER CORPORATION LTD 16TH NOVEMBER, 2005

Prepared by P.J.Lancaster, CEO Nu-Mega Ingredients Pty Ltd

Over the last 2 years Nu-Mega has invested resources in working with Prospective customers with innovative new products utilizing our Omega-3 microencapsulated products. We have developed more than 50 applications with stability data to support product development. These are foods with the goodness of Omega-3 DHA but no fishy taste.

During this period we have been raising awareness of Omega-3's importance in the diet and particularly the long chain polyunsaturates, DHA and EPA. Four issues of the electronic newsletter "DHA Update" have been widely circulated to customers, consumers, health professionals and the media. [You can access the Updates through the Clovercorp website. www.clovercorp.com.au] The scientific and medical literature continues to report more and more studies demonstrating the many varied and critical roles of Omega-3 DHA and EPA. We are working with health professionals such as cardiologists, psychiatrists, psychologists and dietitians, as well as the researchers themselves, not only to show the efficacy of our ingredient but to communicate how it can be included in a healthy diet.

Market research globally has shown that consumer awareness has increased significantly and marketers now have several options for positioning foods fortified with long chain Omega-3s in the market. For example, as an essential nutrient in short supply in most people's diet, for heart health and for the growth and development of a healthy brain.

Claims, which can be made about these products, have been restricted in the past

but now food authorities are releasing new amendments to food laws increasing the ability to make consumers aware of the benefits. For example, in the United States qualified health claims relating to consumption of Omega-3 DHA and EPA and reduced risk of cardiovascular disease are now permitted. Food regulators in Australia have indicated that health claims on foods will be permitted in 2006 and

Omega-3 DHA and EPA claims are high on their priority list. For the first time the National Health and Medical Research Council will include recommendations for long chain Omega-3 intakes along with revised vitamin and mineral RDIs. This is expected to be released at the end of this year.

Clinical research in Australia and overseas is well advanced in demonstrating the advantages of including Omega-3 DHA and EPA in the diet with benefits including:

Cardiovascular – researchers at Wollongong University, using our tuna oil, have demonstrated the importance of adequate levels of Omega-3 DHA in heart and muscle tissue for optimal functioning. This is important for everyone but especially for athletes and those with heart disease. Cardiovascular health and disease continues to be the most researched area for Omega-3s¹.

Asthma – a large study at Westmead Children's Hospital using our tuna oil has found that symptoms of asthma, such as wheeze and nocturnal coughing, were reduced in children with higher Omega-3 fatty acid concentrations in their blood².

Overweight and obesity – Research at the University of South Australia (again, using our tuna oil) has demonstrated that people who combine Omega-3s with physical activity lose significantly more body fat than those who exercise without additional Omega-3s³.

Depression – Again many researchers are working in this area. A study published just this month found that the mood profile of healthy people was improved after Omega-3 consumption. They had increased vigour and reduced anger, anxiety and depression states⁴.

Alzheimers - Fish consumption has been associated with slower cognitive decline with age⁵. Animal studies have indicated that Omega-3 DHA reduces indications of Alzheimer-like brain deterioration. It has been suggested that DHA has a much more favourable safety profile compared to other treatments such as non-steroidal anti-inflammatory drugs. Also, DHA has the advantage of providing general anti-aging benefits - anti-cancer and cardioprotective.⁶

Research continues in many areas. The role of long chain Omega-3s in maintenance of good health and disease risk reduction, in the context of its demonstrated safety, supports its increasing use by the community as awareness levels continue to grow. Anticipated new recommendations for intakes of long chain Omega-3s, for reduction of chronic disease risk, means that many Australians need to increase their intake 10 fold!

Nu-Mega is operating in 3 geographical areas:

- Asia Pacific, which is headquartered in Brisbane utilizing our own sales staff and a network of agents.
- Europe, where we have our own staff based in England
- USA with our own office in Chicago

Asia Pacific:

This was the initial market our Driphorm® HiDHA products were launched for the food industry. The major success of course was Weston's Tip Top Up bread followed by other bread manufacturers, juices, smallgoods, breadings for frozen fish fillets, infant formula, eggs, tortillas, pizza, health bars, weight loss drinks, yogurt, etc. International competition in the bread market has impacted on the business in the last 12 months but strategies are in place to minimize the impact of the heavily discounted Canadian product. A major initiative is underway in raising the efficiency of our microencapsulation process to put us ahead of the

opposition. This research project in conjunction with FSA will be ongoing.

A number of new products are scheduled for launch by our customers between December 05 and March 06 which will bring in new revenues over \$0.5 million per annum.

The infant nutrition market in Asia is growing significantly and through our relationships with major global companies in this market we are seeing significant growth as well as introduction of our products in food items. New products scheduled for launch between Dec 05 and Mar 06 will increase revenues by \$2.5 million per annum.

Europe

Clover has had representation for some time in the EU but it is only in the last 12 months that we have started to make in roads in this market to the point that this office is now making a contribution to bottom line profits.

Apart from infant formula, we now have our products in juices, bread, with planned launches between Dec 05 and March 06 in yogurt, frozen foods, health bars and cheese which will generate new revenues of \$2.0 million.

USA

We have only established a presence in this market in the last 18 months and anticipate that significant revenues will not be seen til the end of this financial year.

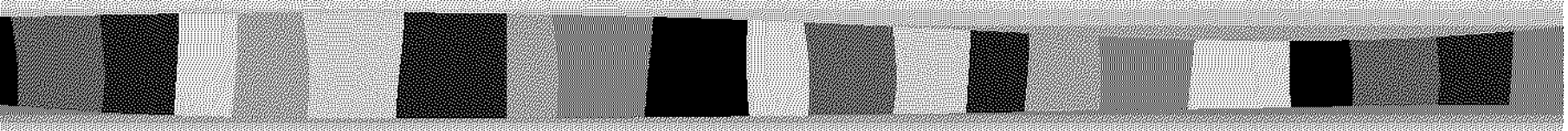
Nu-Soya

With commissioning of the new mill in Moree we are starting to see excellent quality flour to build on the initial pilot plant product in our innovation and application trials. 3 large soy milk producers in Oceania are conducting pilot and production scale up trials with the expectation of sales breakthroughs in the first quarter of calendar 2006.

References

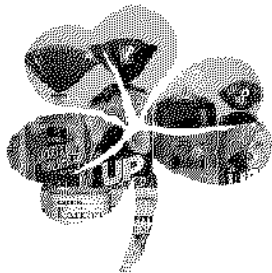
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3. <http://www.unisa.edu.au/researcher/issue/2005March/obesity.asp>
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5. Morris MC et al. Fish consumption and cognitive decline with age in a large community study. *Arch Neurol*. 2005 Oct 10; [Epub ahead of print]
6. Cole GM et al. Prevention of Alzheimer's disease: Omega-3 fatty acid and phenolic anti-oxidant interventions. *Neurobiol Aging*. 2005 Oct 30; [Epub ahead of print]

PRESENTATION TO CLOVER CORPORATION LTD AGM 16 NOVEMBER 2005

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1. Tuna Oil Quality Improvement
 2. Single Cell Omega 3 Oils

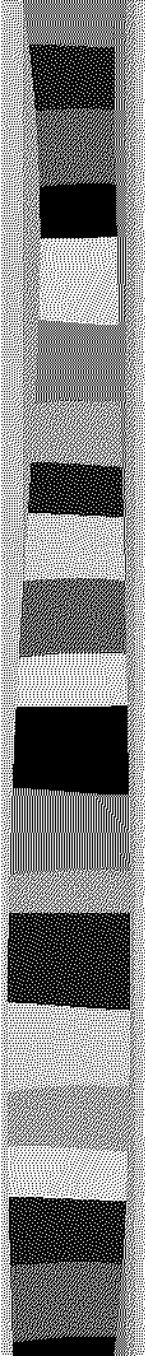
PROJECT OBJECTIVES

- Improve the tuna oil quality to enable more successful incorporation of omega 3 powder into finished products by:
 - Further reducing the fish taste and odour of the oil and powder
 - Reducing pesticide levels, eg PCBs and organochlorines such as DDE & DDT
 - Improving shelf life and stability of oil



Deodorization Technology

- Various deodorization technology is being used overseas in the vegetable and fish oil refining industries
- Reviewed two leading technologies in Europe and have selected best elements of both
- Refined tuna oil produced at the Nu-Mega refinery in Melbourne was sent to Europe and tested on the equipment with very good results



Deodorisation Results

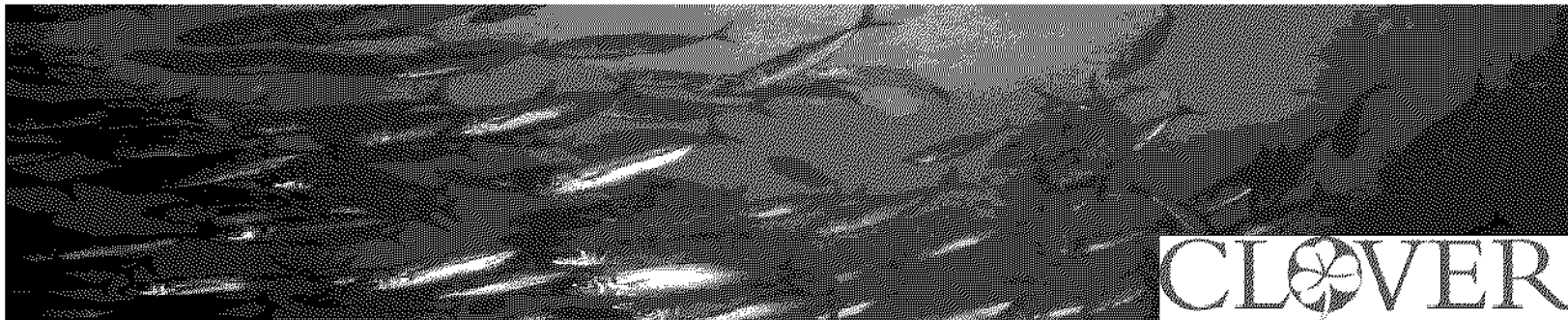
- Excellent Odour and Taste
- Good Pesticide Reduction
- Microencapsulation trials have resulted in superior quality powders
- Foods formulated with the powder have less fish odour and taste

Strategy

- Target date for commissioned new deodorisation equipment at Altona factory May 2006
- Lead time of 7 months for construction, installation and commissioning
- Have secured contract deodorization until new equipment is installed
- From December 2005 Nu-Mega powders will be made with low odour, low taste and low environmental contaminant oil
- CAPEX approx \$650K

Single Cell Omega 3 oils

- The primary natural source of omega 3's is algae and other marine microorganisms such as thraustochytrids .
- Fish, like humans, cannot produce essential fatty acids which are the precursors of omega 3's and must consume them as part of their diet.
- These microorganisms can be grown heterotrophically by fermentation using methods similar to the beer and wine brewing industries.

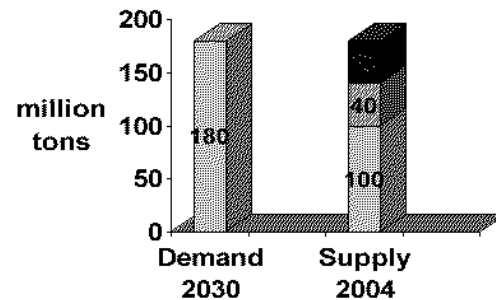


CLOVER

Why do we need another source of omega 3 oil?

- The market for functional foods containing LCPUFA omega 3's with high levels of DHA is growing rapidly. As research demonstrates the key human disease areas addressed by DHA the demand for omega 3 oils high in DHA will not be met by current fish oil sources.
- Predicted demand and supply of seafood products, 2004 and 2030. Aquaculture production will need to at least double to meet increased demand predicted for 2030.

Fish Demand/Supply



Why do we need another source of omega 3 oil? cont.

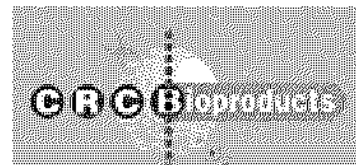
- The micro-organisms selected have high levels of DHA
- There are other potential omega 3 and omega 6 fatty acids that could be produced
- The micro-organisms produce natural pigments and anti-oxidants
- Project Objectives
 - Production of a biomass suitable for animal feed and aquaculture
 - Production of polyunsaturated oils for human nutrition / pharmaceuticals
 - Formulation of food products containing the biomass and oil
 - Feeding studies in animals and humans
 - Regulatory approvals for animal and human consumption
- **Commercialisation activities**
 - Partnership discussions with a major global fermentation company for cost efficient production and product distribution.

Clovers Research Partners

- CSIRO Marine and Atmospheric Research
 - Supply of micro-organisms from marine algal collection
 - Supply of analytical services and technical support
- CRC Bioproducts
 - Supply of fermentation pilot plant
 - Supply of technical expertise and staff for scale up work

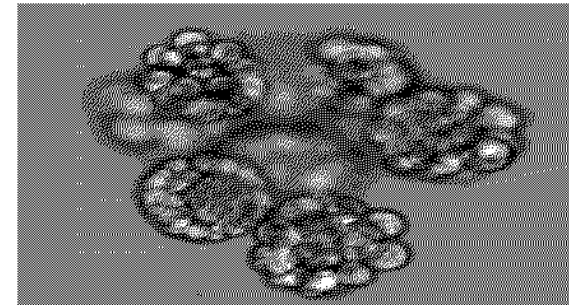
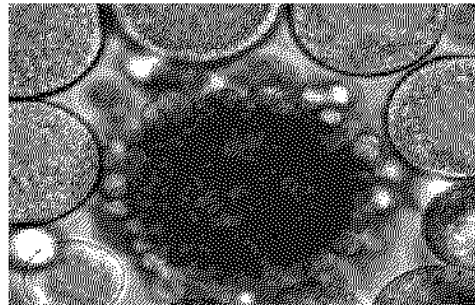
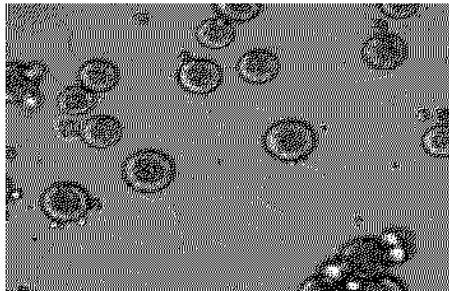


Marine and Atmospheric Research



What are Thraustochytrids?

- Unicellular marine eukaryotes
- Heterotrophic
- Have been previously classed as fungi, slime moulds, protozoa, primitive algae



Project Funding

- Clover Corporation 50%
- National Food Industry Strategy 50%
- Food Innovation Grant \$998,850
- Total project spend to 30 June 2007 \$1.997 mill assuming project milestones are met.
- We acknowledge the support of the Federal Government and their funding of this research with a Food Innovation Grant