



marineproduce
australia

the sustainable australian

**NOTICE OF 2010 ANNUAL GENERAL MEETING
AND EXPLANATORY NOTES AND PROXY FORM**

DATE OF MEETING

MONDAY, 22 NOVEMBER 2010

TIME OF MEETING

10.30AM (WST)

PLACE OF MEETING

LEVEL 1, 34 BAGOT ROAD

SUBIACO 6008 WESTERN AUSTRALIA

Please read the Notice carefully and if you are unable to attend the Annual General Meeting of Shareholders please complete and return the enclosed Proxy Form in accordance with the specified directions.

This is an important document. It should be read in its entirety. If you are in doubt as to the course you should follow, consult your financial or other professional adviser.

MARINE PRODUCE AUSTRALIA LIMITED

ABN 70 091 805 480

34 Bagot Road

Subiaco, Western Australia 6008

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Telephone: +61-8 9381 4483 Facsimile: +61-8 9381 5817

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The 2010 Annual General Meeting of the Shareholders of Marine Produce Australia Limited will be held at:

LEVEL 1, 34 BAGOT ROAD

SUBIACO 6008 WESTERN AUSTRALIA

Commencing 10.30AM (WST) on Monday, 22 November 2010

VOTING ENTITLEMENTS

For the purposes of the Corporations Act, all securities of the Company that are quoted securities at 10.30AM (WST) two days prior to the Meeting will be taken, for the purposes of the Meeting, to be held by the persons who held them at the time and such persons are eligible to vote at the Meeting.

HOW TO VOTE

The business of the Meeting affects your shareholding and your vote is important. Please take action by voting in person (or authorised representative) or by proxy.

VOTING IN PERSON

To vote in person, attend the Meeting on the date and at the place set out above. The meeting will commence at 10.30AM (WST).

PROXIES

A Proxy Form accompanies this Notice of Annual General Meeting. To be effective the Proxy Form must be completed and received at either the Company's registered office or its share registry, Security Transfer Registrars, no later than 48 hours before commencement of the Meeting.

Registered Office

Company Secretary
Marine Produce Australia Limited
34 Bagot Road
Subiaco WA 6008
PO Box 298 West Perth WA 6872
Or by facsimile to: +61-8 9381 5817
Or by electronic mail: admin@marineproduce.com

Share Registry

Security Transfer Registrars
770 Canning Highway
Applecross WA 6153
PO Box 535 Applecross WA 6953

If any Shareholder wishes to lodge a proxy electronically, it will be necessary to scan an image of a signed proxy form and e-mail that image of the proxy form with the signature affixed to be received no later than 48 hours before commencement of the Meeting. This is needed to comply with the requirements of section 250A of the Corporations Act that a valid proxy be in writing and be signed by the Shareholder appointing the proxy.

If you are entitled to attend and cast a vote at the Meeting you may appoint up to two proxies. A proxy may be an individual or a corporation but need not be a shareholder. If you appoint two proxies each proxy may exercise half of the Shareholders votes if no proportion or number of votes is specified.

If you appoint a proxy but attend the Meeting yourself, the rights of the proxy to speak and vote on your behalf at the Meeting will be suspended while you are present.

CORPORATE REPRESENTATIVES

A corporation may appoint an individual as a representative to exercise its powers as Shareholder or as a Shareholder's proxy. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it was previously given to the Company's share registry.

POWERS OF ATTORNEY

A person appearing as an Attorney for a Shareholder should produce a properly executed original (or certified copy) of an appropriate Power of Attorney for admission to the Annual General Meeting.

NOTICE is hereby given that the 2010 Annual General Meeting of Shareholders will be held at 10.30AM (WST) on Monday, 22 November 2010 at Level 1, 34 Bagot Road, Subiaco, Western Australia. The Explanatory Notes and Proxy Form accompanying this Notice of Meeting are incorporated in and form part of this Notice of Meeting. Some terms used in this Notice of Meeting are defined in the Explanatory Notes.

AGENDA

GENERAL BUSINESS

2010 Financial Statements

To receive, consider and discuss the Company's financial statements and the reports of the Directors' and Auditors' for the year ended 30 June 2010.

ORDINARY BUSINESS

To consider and if thought fit to pass the following resolutions as ordinary resolutions.

RESOLUTION 1 - RE-ELECTION OF MR MILES KENNEDY

"That Mr Miles Kennedy, who retires by rotation in accordance with the Company's Constitution and being eligible offers himself for re-election, is hereby re-elected as a director of the Company."

RESOLUTION 2 – ADOPTION OF REMUNERATION REPORT

"That the Remuneration Report contained in the 2010 Financial Report be adopted by the Company."

SPECIAL BUSINESS

To consider and if thought fit to pass the following resolutions as ordinary resolutions.

RESOLUTION 3 – APPROVAL AND RATIFICATION OF ISSUE OF SHARES

"That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders hereby approve and ratify the issue of 29,333,333 shares at an issue price of \$0.03 each as described in the Explanatory Notes accompanying this Notice."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by any person who participated in the issue of securities referred to in this Resolution and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any votes cast by an associate of such person. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 4 - DE-LISTING OF COMPANY

"That the Company be removed from the official list of ASX in accordance with Listing Rule 17.11 on a date to be decided by ASX (being no earlier than one month after this Resolution is passed) and that the directors be authorised to do all things reasonably necessary to give effect to the de-listing of the Company from the ASX."

RESOLUTION 5 - NON INSURANCE OF ASSETS

"That the directors be and are hereby authorised and empowered to not to keep the assets of the Company insured and that none of the directors will be liable to the Company or any of its Shareholders for any loss or damage of any kind that the Company or its Shareholders may sustain as a direct or indirect consequence of any of the Company's assets not being insured at any time or times".

OTHER BUSINESS

To deal with any other business that may be brought forward in accordance with the Company's Constitution and the Corporations Act.

By order of the Board of Directors
DATED this 15th day of October 2010



Jean Mathie
Company Secretary

These Explanatory Notes have been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of the Company, and provides Shareholders with the information required to be provided to Shareholders by the Corporations Act and the Listing Rules.

RECEIVING FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires that Shareholders view the annual company and consolidated financial statements and reports of the directors and auditors every year. Shareholders will be given the opportunity to ask question of the directors and the auditors in relation to the financial statements that have been provided to Shareholders. No resolution is required to be moved in respect of this item.

RESOLUTION 1 - RE-ELECTION OF MR MILES KENNEDY

In accordance with Listing Rule 14.4 and the provisions of the Company's Constitution, Mr Miles Kennedy retires by rotation and being eligible offers himself for re-election as a director of the Company. Details regarding Mr Kennedy are set out in the Company's 2010 Annual Report.

RESOLUTION 2 – ADOPTION OF REMUNERATION REPORT

Section 298 of the Corporations Act requires that the Annual Directors' Report contain a Remuneration Report prepared in accordance with section 300A of the Corporations Act. The Remuneration Report for the financial year ended 30 June 2010 is set out in the Directors' Report of the 2010 Annual Report. Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. Shareholders should note that pursuant to Section 250R(3) of the Corporations Act, Resolution 2 is an "advisory only" resolution which does not bind the directors or the Company. During the consideration of this item, there will be an opportunity for Shareholders to comment on and ask questions about the Company's Remuneration Report.

RESOLUTION 3 – APPROVAL AND RATIFICATION OF ISSUE OF SHARES

Resolution 4 has been proposed so that Shareholders may consider and if thought fit approve and ratify, for the purposes of Listing Rule 7.4, the issue by the Company of 29,333,333 shares described which were issued by the Company on 17 February 2010 at an issue price of \$0.03 each by way of a placement under Section 708A of the Corporations Act to various persons or entities, comprising sophisticated and professional investors to whom disclosure was not required to be made under Part 6D.2 of Chapter 6D of that Act. The funds raised from the placement were predominantly for use towards the continuation of the commercialisation of the Company's salt water Barramundi operations.

Listing Rule 7.1 restricts the number of securities the Company may issue without Shareholder approval in a 12-month period to the number which is 15% of its issued capital.

Listing Rule 7.4 allows Shareholders to subsequently approve previous issues of securities for the purposes of Listing Rule 7.1. In order to replenish its capacity to issue shares in accordance with Listing Rule 7.1, the Company is seeking Shareholder approval of the above issue pursuant to Listing Rule 7.4 to give the Company the flexibility to raise further funds up to the 15% limit without the need to obtain further Shareholder approval.

If, however, Resolution 4 is not approved, this will have no impact on the shares issued, which are already officially quoted on ASX. It does however mean that those shares would be included in calculating the 15% limit of additional securities, which may be issued by the Company in a 12-month period.

RESOLUTION 4 – DE-LISTING OF COMPANY

This resolution is put to Shareholders, for the purpose of Listing Rule 17.11 to resolve that the Company be removed from the official list of ASX.

On Friday, 8 October 2010, in response to an application made by the Company, ASX advised that, based solely on the information provided, ASX had resolved to remove the Company from the official list at the request of the Company pursuant to Listing Rule 17.11, on a date to be decided by the ASX, subject to compliance with the following conditions:

- a. the request for removal of the Company from the official list be approved by an ordinary resolution of ordinary shareholders of the Company;
- b. the Notice of General Meeting seeking that shareholder approval must include a statement to the effect that the removal will take place no earlier than one month after that approval is granted; and

- c. the Company releasing the full terms of ASX's decision to the market immediately, which the Company did on Monday, 11 October 2010.

The Board, after due consideration, decided that it is in the best interests of the Company and all of its Shareholders that the Company be removed from the official list of the ASX and, in accordance with conditions a. and b. above the Company seeks Shareholder approval to the removal of the Company from the official list on a date to be decided by the ASX and advises that the removal will take place no earlier than one month after Resolution 4 is passed.

The primary reasons for the Board's decision are summarised below.

1. Lack of Liquidity

As at the date of this Notice, the Company had approximately 904 members holding 664,337,276 shares but, despite this, there has been a significant lack of liquidity in trading in the MPA's shares on ASX, as evidenced by the following statistics.

Month	Number of Trades	Total Number of shares Traded	Total Price of shares Traded
August 2010	13	1,037,668	\$38,263
July 2010	8	373,480	\$10,728
June 2010	9	256,042	\$7,042
May 2010	10	335,000	\$8,475
April 2010*	73	6,729,367	\$160,753
March 2010*	39	1,037,668	\$38,263

(*A Prospectus for a 2:1 renounceable entitlements issue was lodged on 12 March 2010 and that offer closed on 14 April 2010.)

Recent trading history shows not only little volume trading in MPA shares on ASX, but long periods with little or no market trading.

2. Disproportionate Impact on Price

Because only small numbers of MPA shares are being traded, this has on occasion had a disproportionate impact on the Share price. A low value trade or a trade in a small number of MPA shares could have a marked impact on the official reported market price, and there is a risk that a trade of only a few MPA shares could cause the reported price to change significantly as some recent trades have proved. This potential volatility could make it difficult for investors to make an accurate assessment of the actual value of their MPA shares and increase exposure to a person effecting trades with the intention of manipulating the reported price.

3. Lack of Representative Value

The Board believes that the value of the Company's net assets is not reflected in the trading price of MPA shares on ASX, which dropped from a 52 week high of \$0.06 to \$0.03 calculated on the VWAP for August 2010. On the 5 trading days during preceding the date of this Notice, an aggregate of 1,031,509 MPA shares were been traded for a total consideration of \$42,021 - an average price of \$0.04 per Share.

The Company has an established sea cage Barramundi fish farming operation in Cone Bay off the coast of North Western Australia. The size of this operation and the value of infrastructure involved has continued to expand, and the Company has plans to continue that expansion in the future.

Similarly, ASX announcements have advised that:

- the biomass of Barramundi from those operations has increased from approximately 700,000 kg in November 2008 to its current biomass of approximately 1,320,400 kg as at 31 July 2010, with plans to continue that expansion to a stage that the operations begin to generate an operating profit for the benefit of its Shareholders;
- the forecast harvest and sale of Barramundi by the Company is expected to increase from 385,000 kg for the year ended June 2010 to 1 million kg for the year ended June 2011;
- production costs per tonne of biomass produced and harvested have dropped significantly due to economies of scale and improved techniques, and will continue to decrease as volumes increase and more processes are mechanised and refined; and
- the demand for its Barramundi has increased, as have the prices being achieved for the sale of its product.

The Board considers that these factors are not adequately reflected in the market price of MPA shares.

The Company has released several very positive announcements in relation to its operations. In its announcement on 15 June 2010 it reported, inter alia:

- record monthly result for May which represented an improvement of +80% over the recent average monthly biomass gain;
- the achievement of a new all-time record with a lower Feed Conversion Ratio (FCR) of 1.1:1;
- total growth of 625,000kg of Ocean Barramundi achieved since the start of 2010;
- improved growth and FCR that resulted in a significant decrease in the farm's operating costs with further improvements expected.

In its most recent announcement on 31 August 2010, it reported inter alia:

- record farm biomass increase of 369,300kg for June 2010 Quarter, with total farm biomass of 1,320,400 kg as at 31 July 2010;
- the maintenance of industry-high fish prices despite seasonal drop-off in demand in the winter period and that it had large numbers of +3kg fish available to support increased sales expected to commence in September 2010;
- the \$12.5 million received from recent rights issue and shortfall placement had been used to pay off debt, build inventory and fund key equipment purchases including purchase of a new supply vessel to support farming operations;
- contracts had been finalised for external supply of juvenile Barramundi stock, with the first batches of 250,000 juvenile fish being successfully transported from Fremantle to Derby and shipped to Cone Bay with no mortalities;
- that the conversion of 60m to 80m cages had been completed, with the introduction of new grading equipment delivering consistent premium grade fish growth;
- significantly improved financial results, with a \$37,000 loss from operations for six months ended June 2010 with most of the Company's loss for the year to 30 June 2010 being attributable to the period to December 2009.

These announcements did not have any significant positive impact on the MPA Share price, the demand for MPA shares or the volume of MPA shares being traded. The same has occurred with other previous positive announcements by the Company.

The Board is accordingly of the view that the market is not recognising nor rewarding the Company's operational performance, and the market price does not represent the "true value" of the Company and its underlying assets.

Attempts to redress this problem by appropriate positive ASX announcements have not, as yet, in the Board's view, been successful and the value of the Company and its operation imputed by its current share price remains discounted below what the Board, and major Shareholders, consider to be its true value. This is to the disadvantage of Shareholders whose investment in the Company is correspondingly diminished in value.

The Company has been considering a further expansion of its operations by the acquisition of an interest in a Barramundi fish farming project elsewhere in Australia. Any acquisition of an interest in that project in return for the issue of MPA shares would be unduly dilutionary to existing Shareholders if it was done, as it would have to be, on the basis of a market price for MPA shares that was below the true value of those shares. The same would apply to any fund raising, whether by way of placements or entitlements issues, based on prevailing market prices that were below the true value of MPA shares. In the circumstances, any significant acquisition that uses the ASX reported market price of MPA shares as a factor in the transaction itself or the funding for it would be unfairly dilutionary to existing Shareholders at those share prices, and unlikely to be as beneficial as it otherwise would to existing Shareholders.

4. Funding

For a significant period, the majority of the funds required for the Company to maintain and expand its operations have had to be provided by the major Shareholders, disproportionately to their respective shareholdings, due, in part at least, to the fact that many minority Shareholders have elected not to take up their entitlements under recent entitlements issues.

In recent years the major Shareholders have advanced funds to the Company as loans on standard commercial terms to fund its operations and these that have been repaid through entitlements issues offered to all Shareholders, by applying

the amounts due by the Company under those loans to paying up the entitlements of the lenders under those entitlements issues. To ensure the success of its entitlement issues under its Prospectus of August 2009 (supplemented by its Supplementary Prospectus of September 2009), two major Shareholders underwrote the entitlements issue on terms favourable to the Company. There was a shortfall which those Shareholders were obliged to take up in accordance with their underwriting commitments.

In its Prospectus in March 2010 for a pro rata renounceable issue, it was deemed necessary to record that three of the Company's substantial Shareholders had separately given the Company an indicative commitment that they would subscribe for approximately 305,786,867 new shares as part of their respective entitlements, and those Shareholders honoured those commitments.

In general, the majority of members of the Company have not taken up their rights under recent entitlements issues. The shortfall under the August/September 2009 Prospectus was 72,433,635 shares and this was taken up by the two major Shareholders in compliance with their respective underwriting commitments.

The shortfall under the March 2010 Prospectus was 100,006,665 shares taken up by various investors.

The Board considers that the lack of liquidity described above and the fact that the market price of MPA shares does not reflect the value of its underlying assets and has not improved when the value of those assets have increased or when positive announcements have been made are factors contributing members not taking up their entitlements under recent pro rata issues.

5. Reduction in Minority Members' Holdings

The top three Shareholders currently hold approximately 75% of the entire issued share capital of the Company.

The respective percentage shareholdings of the top two Shareholders have increased as they took up their respective entitlements under the last two pro-rata entitlements issue (and in the case of the August/September 2009 issue, were obliged to acquire additional MPA shares to comply with their respective underwriting obligations) while many minority Shareholders elected not to take up their entitlements and if this trend continues, the percentage of shares held by the majority Shareholders will continue to increase.

In light of the number and holding of the Shareholders and the trading patterns outlined above, the Board considers it unlikely that the spread of Shareholders or trading volumes will increase.

6. ASX and Related Costs

Maintaining an ASX listing adds additional costs to the Company's business. The Board estimates that costs attributable to the Company's ASX listing were in excess of \$36,575 for the 2009/2010 financial year. In addition there are indirect costs associated with the need to devote management time attending to matters relating to the listing which could be directed elsewhere if the Company was unlisted. In view of the limited on-market trading that is taking place in MPA shares, the Board considers these costs are not warranted.

7. Effect of the De-listing

If Resolution 4 is passed, the Company will be removed from the Official List on a date to be decided by the ASX (**Removal Date**). This Removal Date will be no earlier than one month after the date Resolution is passed. Upon notification by ASX of the Removal Date, the Company will release a timetable of the indicative dates for the de-listing process.

Before the Removal Date, MPA shares can continue to be traded on the ASX. This will give Shareholders an opportunity to seek to trade their MPA shares on ASX to exit the Company before the Removal Date if they do not wish to remain Shareholders in the Company.

If the Company is de-listed, the Listing Rules will no longer apply to it. However, those Shareholders who remain on the Company's register after the Removal Date retain the protections afforded to them under the Corporations Act whether or not the Company remains listed on the ASX, and the Company will continue to be subject to its various obligations under the Corporations Act and must also continue to comply with the provisions of its Constitution in relation to the affairs of the Company.

Any shareholder who remains registered on the Company's CHESSE sub-register as at 5.00pm (WST) on the Removal Date will be moved to issuer sponsored and will be issued share certificates reflecting their shareholding.

8. Disadvantages

The Board has considered the potential disadvantages and risks associated with de-listing the Company from the ASX. In particular, the de-listing of the shares will directly impact liquidity that may have otherwise been available to Shareholders as the MPA shares will no longer be capable of being traded on the ASX. However, as noted in Table 1 above, there has been limited trading in MPA shares on the ASX.

9. Exit mechanism

If Shareholders approve Resolution to de-list, there will be no redemption or other facilities which will replace the Company's ASX listing. However, Shareholders will continue to be entitled to sell and transfer their shares off-market to a willing third party purchaser in accordance with the Company's Constitution both before and after the Removal Date.

However, such a third party market may not be liquid and Shareholders are personally responsible for sourcing potential purchasers.

10. Other Information

The de-listing of the Company is not expected to impact upon the Company's strategies in relation to its aquaculture operations. When the Company's projects are further advanced and if the Board considers it likely that there will be a fair and reasonable market for MPA shares at appropriate prices that recognise the true value of the Company and its operations, the Company may, at the absolute discretion of the Board at that time, consider listing again on ASX.

RESOLUTION 5 – INSURANCE

Resolution 5 will, if passed, authorise the directors NOT to keep the assets of the Company insured if they so elect without the directors being liable for any loss (costing \$880,000 a year and rising).

There is obviously a risk of loss to the Company if any of its assets are lost or damaged and are not fully insured against such risks. However, the cost of insuring against those risks is significant, having increased over recent years to approximately \$880,000 a year, and the Board expects that this annual cost of insurance will continue to increase.

While the Board considers that the funds currently spent on insurance could be better used in connection with other aspects of the Company's operations, the Board stresses that in considering this Resolution, Shareholders must be aware that that if the Board elects not to insure the Company's assets and the Company suffers any loss or damage because its assets are not insured, neither the Company nor any of its Shareholders will have any claim against the directors for not keeping the assets of the Company insured.

VOTING EXCLUSION STATEMENT

Please refer to the Voting Exclusion Statements contained in the Notice of Meeting for details regarding votes to be disregarded in relation to Resolution 4.

GLOSSARY

In the Notice of Meeting and these Explanatory Notes, unless the context otherwise requires, the following expressions have the following meanings:

ASX means Australian Stock Exchange Limited.

Listing Rules means the listing rules of ASX.

Board means the Board of Directors.

Corporations Act means Corporations Act 2001 (Cth).

Director means a director of the Company.

Explanatory Notes means these explanatory notes.

MPA Share means a fully paid ordinary voting share issued in the capital of the Company.

Meeting or **General Meeting** means the Annual General Meeting of Shareholders convened by this Notice of Meeting.

Notice of Meeting or **Notice** means the notice of the Annual General Meeting of which these Explanatory Notes form part.

Resolution means a resolution referred to in the Notice of Meeting.

Shareholder means a shareholder of the Company.

WST means Western Standard Time.