



PROSPECTUS

12 October 2006

PRO RATA UNDERWRITTEN NON-RENOUNCEABLE ENTITLEMENTS ISSUE OF APPROXIMATELY 227,773,440 NEW SHARES AT 2 CENTS EACH ON THE BASIS OF 1 NEW SHARE FOR EACH 1 SHARE HELD AT THE RECORD DATE.

Entitlement and Shortfall Applications may only be made on the forms accompanying this Prospectus

IMPORTANT DATES

Record Date for determining entitlements	23 October 2006
Closing Date for acceptances	9 November 2006
Securities quoted on ASX (deferred settlement)	10 November 2006

Subject to ASX Listing Rules, the Company reserves the right to alter the above dates, with or without notice.

Manager and Underwriter to the Offer:

ARGONAUT CAPITAL LIMITED

(ABN 18 099 761 547)
(AFSL 221 476)

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abn 70 091 805 480

CORPORATE DIRECTORY

Directors

Miles Kennedy (Chairman)
John Hutton
Nicholas Miller
John Drummond

Secretary

Jean Mathie

Registered Office

Unit 11, 38 Colin Street
West Perth 6005 Western Australia

Enquiries

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Manager and Underwriter to the Offer

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Level 29 Allendale Square
77 St Georges Terrace
Perth 6000 Western Australia
Telephone: (08) 9224 6888

Share Registry*

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross 6153 Western Australia
Telephone: (08) 9315 2333

Auditors*

KPMG
Level 31, Central Park
152-158 St George's Terrace
Perth 6000 Western Australia
Telephone: (08) 9263 7171

ASX Codes

MPA (ordinary shares)
MPAOB (listed options)

** These persons appear for information purposes only.*

IMPORTANT NOTICE

This Prospectus has been issued by Marine Produce Australia Limited (ABN 70 091 805 480) and was lodged with ASIC on, and is dated, 12 October 2006.

Neither ASIC nor ASX take any responsibility for the contents of this Prospectus.

No shares (or other securities) will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. The Company has applied for the listing and quotation on the Australian Stock Exchange Limited of the securities offered by this Prospectus.

The Company has issued both a printed and electronic version of this Prospectus and the electronic version may be accessed at www.marineproduce.com. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. There is no facility for online applications. The Corporations Act 2001 (Cth) prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered electronic version of this Prospectus.

This Prospectus does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. Where this Prospectus has been received, or accessed electronically, in a jurisdiction outside Australia by Non-Residents, and where that jurisdiction's securities legislation requires registration of this Prospectus, this Prospectus is provided for information purposes only. Non-Residents should refer to *ADDITIONAL INFORMATION - Non-Residents* for further details.

The Company reserves the right not to accept an application from any person if it has reason to believe that when the person was given the application, that person was not provided with a complete and unaltered copy of this Prospectus and any relevant supplementary or replacement Prospectus. If you have received an Entitlement and Acceptance Form or Shortfall Application Form for the securities offered by this Prospectus without a complete and unaltered copy of this Prospectus, please contact the Company who will send you a copy of this Prospectus free of charge.

This Prospectus should be read in its entirety before deciding to invest in the securities offered by this Prospectus. The directors consider an investment in the securities offered by this Prospectus to be speculative and recommend that you should consult your financial adviser as to the course you should follow with respect to the Offer.

In particular, potential investors should consider the risk factors that could affect the financial performance of the Company and consider these factors in the light of personal circumstances, including financial and taxation issues (refer to *ADDITIONAL INFORMATION – Risks*).

Neither the Company nor its directors nor any party named in this Prospectus guarantee any return on capital or the performance of the Company, and no person is authorised to give any information or to make any representation in connection with the Offer. Only information and representations contained in this Prospectus may be relied on as having been authorised by the Company in connection with the Offer.

Definitions (often with the first letter capitalised) appear both in the body of this Prospectus (refer to bold type) as well as in the Glossary.

DETAILS OF THE OFFER

The Offer

This Prospectus is for the offer of new Shares (**New Shares**) pursuant to a pro rata non-renounceable entitlements issue offered to eligible shareholders on the basis of 1 New Share at an issue price of 2 cents for every 1 Share held at the Record Date (23 October 2006) (**the Offer**).

The number of New Shares to which a shareholder is entitled (**Entitlement**) under the Offer is shown on the form (**Entitlement and Acceptance Form**) accompanying this Prospectus and headed *Entitlement and Acceptance Form*.

Disregarding any Entitlements relating to Shares issued on the exercise of options prior to the Record Date, 227,773,440 New Shares will be issued pursuant to the Offer, if it is fully subscribed, raising \$4,555,468.80 before the costs of the Offer.

Acting On Your Entitlement

As a shareholder you may:

- a) accept your Entitlement in whole or in part only; or
- b) do nothing (in which case you will receive no benefit from your Entitlement).

As the Offer is non-renounceable, shareholders may not sell or transfer any part of their Entitlements.

Acceptance of your Entitlement must be made on the Entitlement and Acceptance Form accompanying this Prospectus (headed *Entitlement and Acceptance Form*) in accordance with the instructions set out therein.

Shortfall Applications

If any shareholders do not accept their whole Entitlement, the number of unaccepted New Shares (**Shortfall**), may be issued by the Company at the discretion of the directors (subject to the rights of Argonaut under the Underwriting Agreement to nominate to whom the Shortfall will be issued), to shareholders or other investors.

Shareholders may apply for additional New Shares in excess of their respective Entitlements, and other investors may apply for New Shares, by using the Shortfall Application Form (headed *Shortfall Application Form*) accompanying this Prospectus in accordance with the instructions set out therein. As required by ASX Listing Rule 7.11.4, the issue of New Shares to shareholders in excess of their respective entitlements will only be made out of the Shortfall.

Closing Date

The closing date (**Closing Date**) for acceptances (other than by an entity which is a "member organisation" of ASX within the meaning of the Corporations Act 2001 (Cth) - **Participating Organisations**) will be 5:00 pm WST on 9 November 2006. Subject to ASX Listing Rules, the directors may extend this Closing Date (with or without notice and either before or after that date). Acceptances from Participating Organisations will, subject to any approval required by ASX, close 3 business days after the Closing Date for acceptances from other persons, or on such other date as the directors may determine (with or without notice and either before or after that date).

Issue of New Shares

Subject to ASX Listing Rules, the directors reserve the right, in their absolute discretion, to accept any application in whole or in part, or to reject any application. If the directors decide to accept your application, either in whole or in part, they will issue the New Shares and dispatch a holding statement to you as soon as practicable after the Closing Date.

Application Monies

Application monies will be held in a separate bank account on behalf of applicants until the New Shares are issued. If any application is rejected in whole or in part, the amount tendered in respect of New Shares that have not been issued will be repaid to the unsuccessful applicant without interest.

Underwriting and Minimum Subscription

The Offer is:

- underwritten in full by Argonaut on the terms set out in the section headed **ADDITIONAL INFORMATION – Underwriting Agreement**; and
- conditional upon the amount of at least \$2,000,000 (**Minimum Subscription**) being subscribed under the Offer. No New Shares will be issued pursuant to the Offer until the Minimum Subscription is reached.

If the Company does not receive applications for at least the Minimum Subscription, the Company will not proceed with the Offer and all application monies will be returned to applicants, without interest.

Stock Exchange Quotation

The Company will apply within 7 days after the date of this Prospectus for the New Shares being offered to be quoted on ASX. If the application for the quotation of the New Shares on ASX is not made within 7 days after the date of this Prospectus, or if the New Shares are not granted quotation within 3 months after the date of this Prospectus, the Company will:

- repay all application monies received with respect to the Offer; or
- give the applicants a supplementary or replacement Prospectus and 1 month to withdraw their applications and be repaid; or
- issue the New Shares to the applicants and give them a supplementary or replacement Prospectus and one month to withdraw their applications and be repaid.

The fact that ASX may grant quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company and the New Shares.

USE OF PROCEEDS

Table 1 below sets out how the Company intends, as at the date of this Prospectus, to apply the funds raised pursuant to this Prospectus.

Table 1

Details	Minimum Subscription	Full Subscription
The continuation of the commercialisation of the Company's salt water Barramundi operations including the completion and stocking of additional sea-cages, the continued grow out, harvesting, grading, processing and marketing of Barramundi and continued additions and improvements to equipment and infrastructure	\$1,016,267	\$3,271,735
Operations in relation to existing stocks of Prawns at the Aussie Prawn Farm site in the Northern Territory	\$50,000	\$150,000
The consideration and evaluation of strategies to implement the construction of additional ponds and to achieve commercial viability of the Aussie Prawns farm	\$50,000	\$50,000
Repayment of short term loans ¹	\$250,000	\$250,000
Working capital to fund group operational expenditure	\$300,000	\$500,000
Estimated costs of the Offer	\$333,733	\$333,733
Total	\$2,000,000	\$4,555,468

Note¹: In October 2006, Faustus Nominees Pty Ltd (atf GJ Hutton Family Trust) granted the Company two short term loan facilities of \$500,000 each, available to be drawn down by the Company as it required with the amounts drawn down, and interest thereon calculated at 10.5% per annum, to be repaid with from the funds raised by the Offer. As at the date of this Prospectus, a total of \$250,000 has been drawn down under those loan facilities. If further amounts are drawn down after the date of this Prospectus they will be applied towards the matters itemised in Table 1 and will be repaid from the funds raised by the Offer. All interest in respect of amounts drawn down under these loan facilities will be paid from working capital. These short term loan facilities are in addition to, and separate from, the loan of \$500,000 made by Faustus Nominees Pty Ltd (atf GJ Hutton Family Trust) to the Company in August 2006, which is not repayable until after 30 June 2007.

In the opinion of the directors, the Company will not be materially disadvantaged if the Offer is not fully subscribed. The Company will still be able to pursue its objectives but will do so at a reduced rate than if the Offer had been fully subscribed.

Given the nature of the Company's aquaculture business, the allocation of funds detailed in the above table may change depending on environmental, regulatory, market conditions and other natural and commercial factors.

EFFECT ON COMPANY

Effect on Financial Position

Assuming that the Offer is fully subscribed, the Company's cash reserves, contributed equity and net assets will increase by approximately \$4,221,736, which is the amount that would be raised pursuant to the Offer (approximately \$4,555,469), less the estimated expenses of the Offer (approximately \$333,733 which includes \$317,773 payable to Argonaut as Manager and Underwriter to the Offer).

Table 2 comprises a Pre-Offer pro forma balance sheet and a Post-Offer pro forma balance sheet, each based on the audited accounts and balance sheet of the Company as at 30 June 2006 (**Balance Date**).

Table 2

	Pre-Offer Pro forma (As at 30-09-2006) \$	Estimated Post-Offer Pro forma \$
Current Assets		
Cash	425,659	4,897,395
Receivables	(365,996)	(365,996)
Other Assets	1,184,383	1,184,383
Total Current Assets	<u>1,244,046</u>	<u>5,715,782</u>
Non-Current Assets		
Property, Plant and Equipment	4,824,820	4,824,820
Intangibles	404,738	404,738
Total Non-Current Assets	<u>5,229,558</u>	<u>5,229,558</u>
TOTAL ASSETS	<u>6,473,604</u>	<u>10,945,340</u>
Current Liabilities		
Payables	(528,295)	(778,295)
Interest bearing liabilities	(8,399)	(8,399)
Provisions	(50,337)	(50,337)
Total Current Liabilities	<u>(587,031)</u>	<u>(837,031)</u>
Non-Current Liabilities		
Payables	(28,441)	(28,441)
Total Non-Current Liabilities	<u>(28,441)</u>	<u>(28,441)</u>
TOTAL LIABILITIES	<u>(615,472)</u>	<u>(865,472)</u>
NET ASSETS	<u>5,858,132</u>	<u>10,079,868</u>
Shareholders' Equity		
Net Contributed Equity	19,387,475	23,609,211
Accumulated Losses	(13,529,343)	(13,529,343)
TOTAL SHAREHOLDERS' EQUITY	<u>5,858,132</u>	<u>10,079,868</u>

The unaudited Pre-Offer pro forma balance sheet has been derived from the Balance Date balance sheet adjusted to reflect material changes since the Balance Date.

The unaudited estimated Post-Offer pro forma balance sheet has been derived from the Pre-Offer pro forma balance sheet adjusted to reflect:

- the issue of 227,773,440 New Shares under the Offer at \$0.02 each to raise approximately \$4,555,468.80 (assuming no options are converted after the date of this Prospectus but prior to the Record Date), less the estimated costs of the Offer of approximately \$333,733; and
- the sum of \$250,000 advanced to the Company as at the date of this Prospectus under the loan facilities described in Note 1 to Table 1, which increases current assets and current liabilities by that amount. If further sums are drawn down by the Company under those loan facilities after the date of this Prospectus, the current assets and current liabilities will increase by the amount of the further sums drawn down.

As per the post-Offer pro-forma balance sheet above, the effect of raising a net amount of \$4,221,736 by the Offer is that cash increases by this amount, as does net contributed equity and net assets. If there is a shortfall of cash raised by this Offer, the shortfall will be reflected in a correspondingly lower amount of cash than shown above, and a lower amount of net contributed equity and net assets.

Effect on Capital Structure

The capital structure of the Company following completion of the Offer (assuming that the Offer is fully subscribed and no options are converted after the date of this Prospectus but prior to the Record Date) is summarised in Table 3 below.

Table 3

Shares	Number
Shares on issue at the date of this Prospectus	227,773,440
Shares to be issued pursuant to the Offer ¹	227,773,440
Shares on issue on completion of the Offer	455,546,880
Options	
Listed September 2007 Options (exercisable at \$0.08)	41,702,451
Unlisted July 2007 Options (exercisable at \$0.20)	5,000,000
Unlisted August 2009 Options (exercisable at \$0.30)	10,000,000
Unlisted June 2010 Options (exercisable at \$0.30)	3,090,545
Options on issue on completion of the Offer	59,792,996
Maximum number of Shares on a fully diluted basis following completion of the Offer	515,339,876

¹At the date of this Prospectus, the Company had on issue 41,702,451 listed options to subscribe for Shares exercisable at 8 cents per Share, and 18,090,545 unlisted options to subscribe for Shares exercisable at between 20 cents and 30 cents per Share. The above table does not take into account the Entitlements that would attach to Shares that would be issued if any of those options were exercised before the Record Date.

Should the Offer not be fully subscribed, the number of Shares specified in the above table on completion of the Offer will decrease by the under-subscribed amount.

ADDITIONAL INFORMATION

Interests, Fees and Benefits

Other than as set out below or elsewhere in this Prospectus, no (a) director of the Company or (b) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation and distribution of this Prospectus or (c) stockbroker or manager to the offer of securities under this Prospectus, has or had within 2 years before lodgement of this Prospectus with ASIC any interest in (i) the formation or promotion of the Company or (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of securities under this Prospectus or (iii) the offer of securities under this Prospectus; and no amounts have been paid or agreed to be paid and no amounts have been given or agreed to be given to any of those persons as an inducement to become or to qualify as a director of the Company or for services rendered in connection with the formation or promotion of the Company or the offer of securities under this Prospectus.

- a) Miles Kennedy has a relevant interest in 35 Shares held by Kennedy Holdings (WA) Pty Ltd as trustee for the Kennedy Family Trust, and an indirect interest in 2,704,827 Shares, 450,805 September 2007 Options and 1,000,000 July 2007 Options all held by Resource Development Company Pty Ltd (**RDC**) as trustee for the Resource Development Discretionary Trust (**RDC Trust**).
- b) John Hutton has a relevant interest in 22,131,912 Shares and 4,546,440 September 2007 Options held by Faustus Nominees Pty Ltd ATF the GJ Hutton Family Trust, 10,831,936 Shares, 2,096,990 September 2007 Options and 1,000,000 July 2007 Options held by JCO Investments Pty Ltd ATF JH Family Trust, 1,750,000 Shares held by JCO Investments Pty Ltd (JCO Super Fund) and 3,440,000 Shares held by Maxima Fish Farms Pty Ltd (**Maxima**).
- c) Nicholas Miller has a relevant interest in 774,000 Shares, 387,000 September 2007 Options and 1,000,000 July 2007 Options held by NA Miller Pty Ltd ATF The Miller Superannuation Fund and 3,440,000 Shares held by Maxima.

- d) John Drummond has a relevant interest in 15,000 Shares held by him personally and a relevant interest in 650,000 Shares and 87,500 September 2007 Options held by his wife, Diane Drummond.
- e) The remuneration paid to directors or their related entities during the period of 2 years prior to the date of this Prospectus is set out Table 4 below.

Table 4

Director	Period	Primary	Post-employment	Equity Compensation
	12 Months Ended	Salary & Director's Fees	Superannuation Benefits (paid or due to be paid)	Value of Options
Miles Kennedy	12-Oct-05	-	-	-
	12-Oct-06	-	-	-
John Hutton	12-Oct-05	\$137,614.68	\$12,385.32	-
	12-Oct-06	\$57,853.74	\$5,160.55	-
Nicholas Miller	12-Oct-05	\$70,000.00	\$6,300.00	-
	12-Oct-06	\$38,320.81	\$2,625.00	-
John Drummond	12-Oct-05	-	-	-
	12-Oct-06	-	-	-

Directors are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

- f) Miles Kennedy is a director of RDC (as trustee for the RDC Trust) and has a 50% relevant interest in RDC. He, and his associates, are discretionary beneficiaries of the RDC Trust. During part of the 2 years prior to lodgement of this Prospectus, RDC (as trustee for the RDC Trust) provided office accommodation and general corporate, financial, administration and secretarial management services to the Company in terms of an agreement that ended on 30 June 2005. Pursuant to that agreement, an aggregate of \$62,755.79 (exclusive of GST) was paid to RDC by the Company during the 12 months ended 12 October 2005.
- g) John Hutton and Nicholas Miller each have a 45% relevant interest in, and are directors of Maxima. During the 2 years prior to lodgement of this Prospectus, Maxima incurred operating and capital expenses on behalf of the Company and provided aquaculture management and research services and facilities to the Company in relation to its Barramundi fish farming operations. An aggregate of \$2,378,450.90 (exclusive of GST) was paid by the Company to Maxima during the 2 year period in reimbursement of those capital and operating expenses and in payment for those services and facilities.
- h) John Hutton is a director of Maxima Pearling Company Pty Ltd (**MPC**) and has a 66.66% relevant interest in MPC and Nicholas Miller is a director of MPC. During the 2 years prior to lodgement of this Prospectus, MPC provided office facilities to the Company in Broome, Western Australia and was paid an aggregate of \$33,396.95 (exclusive of GST) in respect of the provision of those facilities.
- i) John Hutton is a director of Faustus Nominees Pty Ltd (as trustee for the GJ Hutton Family Trust) and a discretionary beneficiary of that Trust which advanced \$500,000.00 as a loan to the Company on 29 August 2006 (repayable after 30 June 2006) and a further \$250,000 on 4 October 2006 (repayable after completion of the Offer). Both of these loans accrue interest at the rate of 10.5% per annum from the date the loans were advanced to the date of repayment.
- j) Drummond Law, a firm of which John Drummond is the sole proprietor, will be paid a fee of approximately \$2,500 (exclusive of any applicable GST) for services rendered in connection with the preparation of this Prospectus and other services in relation to the Offer. During the 2 years prior to lodgement of this Prospectus, Drummond Law was paid \$85,125.00, and will be entitled to be paid \$10,500 (both amounts exclusive of GST) for fees and disbursement for legal services rendered to the Company prior to his appointment as a director of the Company.
- k) For acting as Manager and Underwriter to the Offer, Argonaut will be paid a management fee of \$90,000 plus an underwriting commission equal to 5% (plus GST) of the total offer price of all New Shares to be issued pursuant to the Offer (ie an underwriting commission of \$227,773.44) (both amounts exclusive of any applicable GST). (See *ADDITIONAL INFORMATION – Underwriting*

Agreement for further details). From the underwriting commission, Argonaut will pay all fees required to be paid to sub-underwriters, brokers and investors in connection with the Offer. During the 2 years ended 12 October 2006 Argonaut has been paid approximately \$358,166.73 (exclusive of GST) and has received 1,400,000 September 2006 Options (which were not exercised and lapsed on 30 September 2006) as management and placement fees and underwriting commission for previous capital raisings undertaken by the Company. Argonaut and its employees and/or clients may hold securities in MPA and these holdings of securities may change at any time or times.

Underwriting Agreement

Argonaut and the Company have entered into an agreement (**Underwriting Agreement**) under which Argonaut has agreed to manage and underwrite the entire Offer on the basis that, inter alia:

- a) The Underwriting Agreement is conditional, inter alia, on Argonaut being able to obtain sub-underwriting commitments to its sole satisfaction, receiving binding written commitments from certain specified shareholders that they will take up their Entitlements and completing a due diligence review of the Company to its sole satisfaction. The conditions are solely for the benefit of Argonaut and they may either waive the conditions, or extend the time for satisfaction of the conditions. If the conditions are not satisfied in full or waived by Argonaut by 26 October 2006, or a later date or dates stipulated by Argonaut, the Underwriting Agreement will immediately terminate.
- b) Any Entitlement arising from the conversion of the Company's options after the date of the Underwriting Agreement and prior to the Record Date are not underwritten or covered by the Underwriting Agreement.
- c) Argonaut will be paid a management fee of \$90,000 (plus GST) (for managing the Offer) and an underwriting commission of 5% (for underwriting the Offer) of the total funds to be raised by the Offer.
- d) The Company will reimburse Argonaut for all costs and expenses reasonably and properly incurred by Argonaut in connection with the Offer and Placement. These costs and expenses are not to exceed \$10,000 without the prior approval of the Company.
- e) The Company has agreed to indemnify and keep indemnified Argonaut, its related corporations and their respective directors, officers, employees, agents, representatives and advisers (**Indemnified Parties**) from and against any and all claims, actions, damages, losses, liabilities, costs, or expenses, including costs for legal advice on a solicitor-client basis, (**Losses**) which any Indemnified Party incurs or suffers in respect of or in any way relating to the Offer, this Prospectus or the Underwriting Agreement, including any Losses in connection with any investigation, enquiry or hearing by the ASIC, ASX, a government or any Governmental Agency. It is acknowledged and agreed that, in relation to the indemnity, Argonaut is contracting for the benefit of each of the Indemnified Parties and that any Indemnified Party may enforce the indemnity on his or her behalf or Argonaut may enforce it on their behalf. The Company has also agreed to reimburse or provide for payment of any Losses suffered personally by any other Indemnified Party in respect of certain matters and has agreed to reimburse the Underwriter and each of its Indemnified Parties for expenses, and to pay Argonaut and the Indemnified Parties at their standard professional charge out rate for all time spent in connection with any investigations, enquiries or legal proceedings, or defending any claim or potential claim whatsoever and from whomsoever, relating to or arising out of this Prospectus, the Offer or the Underwriting Agreement.
- f) The indemnity under the Underwriting Agreement does not extend to and is not an indemnity against any amount in respect of which the indemnity would be illegal, void or unenforceable under any law; or to any Losses, to the extent that they arise, either directly or indirectly, out of the negligence, wilful misconduct or fraud on the part of the Indemnified.
- g) The indemnity under the Underwriting Agreement survives completion or termination of the Underwriting Agreement, and if the indemnity is held invalid in whole or in part, Argonaut and the Company will share the Losses on a proportional basis with Argonaut contributing that proportion of the Losses that its fees as bear to the total amount of the capital raised by the Offer and the Company contributing the balance of the Losses.
- h) Argonaut may elect to terminate the Underwriting Agreement if, inter alia:
 - Argonaut reasonably forms the view that there is a material omission from this Prospectus or that it contains a material statement which is misleading or deceptive, or a material statement has become misleading or deceptive, or that any projection or forecast in the Prospectus becomes, to a material extent, incapable of being met or unlikely to be met in the projected time, or ASIC gives

notice of intention to hold a hearing under section 739(2) of the Corporations Act 2001 (Cth) or makes an interim order under section 739(3) of that act, or any person other than Argonaut who consented to being named in this Prospectus withdraws that consent;

- Argonaut reasonably forms the view that a supplementary or replacement document (as appropriate) must be lodged with ASIC, and the Company does not lodge such a document in the form and content, and within the time reasonably required by Argonaut;
- ASX does not give approval for the New Shares to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;
- The S&P/ASX Small Ordinaries Index (ASX Code: XSO) falls more than 10% from the date of the Underwriting Agreement for a period of 3 continuous business days;
- A director of the Company or any Related Corporation is charged with an indictable offence;
- The Company or a Related Corporation takes any steps to undertake a proposal contemplated under section 257A of the Corporations Act 2001 (Cth) or passes or takes any steps to pass a resolution under section 260B of that Act, without Argonaut's prior written consent;
- The Company's bankers not terminating or issuing any demand or penalty notice or amending the terms of any existing facility or claiming repayment or accelerated repayment of any facility or requiring additional security for any existing facility;
- Any change occur to laws, regulations or policies which does or is likely to prohibit, restrict or regulate the principal business of the Company, the Offer or the operation of stock markets generally;
- The Company or any Related Corporation fails to comply with any provision of its Constitution, any statute, a requirement, order or request, made by or on behalf of the ASIC or any Governmental Agency; or any material agreement entered into by it;
- Except as described in this Prospectus, the Company alters its capital structure or its constitution without the prior written consent of Argonaut;
- There is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, Philippines, Indonesia, Japan, Russia, the United Kingdom, the United States of America, or the Peoples Republic of China, other than hostilities involving Afghanistan or Iraq, any country bordering Afghanistan or Iraq or any Arab country (being a country the majority of whose inhabitants are of Arab ethnicity);
- A Force Majeure, which prevents or delays an obligation under the Underwriting Agreement, lasting in excess of 2 weeks occurs;
- The Company is in default of any of the terms and conditions of the Underwriting Agreement or breaches any warranty or covenant given or made by it under that Agreement;
- Any adverse change occurs which materially impacts or is likely to impact the assets, operational or financial position of the Company or a Related Corporation (including but not limited to an administrator, receiver, receiver and manager, trustee or similar official being appointed over any of the assets or undertaking of the Company or a Related Corporation);
- Any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a Related Corporation;
- The Company suspends payment of its debts generally, an Event of Insolvency occurs in respect of a Related Corporation or a judgment in an amount exceeding \$50,000 is obtained against the Company or a Related Corporation and is not set aside or satisfied within 7 days.

Risks

Aquaculture by its nature contains elements of significant risk. The ultimate success of aquaculture depends on the availability and capture of suitable broodstock, obtaining a sufficient yield of juveniles from hatcheries and harvesting an economic yield from grow out to a marketable size of those juveniles, the possibility of high mortality rates due to a variety of factors, maintenance of the necessary licences, adhering to other governmental regulations, conditions and approvals, obtaining and servicing funding arrangements and otherwise funding the aquaculture operations.

The Company has commenced commercial Barramundi sea cage farming operations at Cone Bay in Western Australia and plans to apply part of the funds raised through the Offer towards those operations (See: *USE OF PROCEEDS* for further details) and has reconstructed the prawn hatchery and 12 hectares of prawn farming ponds on the Aussie Prawns site in the Northern Territory.

The performance of these aquaculture operations and thus the value of the Company's securities could be impacted by various factors including: weather conditions; the possibility of disease and high mortality rates; the price of and market for its products; exchange rates; unexpected variations in aquaculture development and operating costs; general economic and stock market conditions in Australia and worldwide. Many of these factors are beyond the company's control.

In addition, on 29 September 2006 the Company announced that for its prawn farming operations to be commercially viable at least 30 hectares of ponds will need to be developed and that this seemed to be beyond the Company's financial capability at that point in time and that a strategy to achieve that objective will be developed to determine its future viability over the next few months. The Company plans to apply part of the funds raised through the Offer towards the consideration and evaluation of strategies to implement the construction of additional ponds and to achieve commercial viability of the Aussie Prawns farm site in the Northern Territory (See: *USE OF PROCEEDS* above for further details). Until these strategies are developed and funds are available to implement them, the future and commercial viability of the Company's prawn farming operations remains uncertain.

The above statement of risk factors is by way of illustration only. There are numerous other risk factors inherent in an investment in the Company's securities and there can be no assurance whatsoever that a return on investment will be obtained by investing in the Company's securities or that the investment therein will not be lost. Further, an investment in the Company's securities should be considered in light of recent world events, which have had a significant impact on the stability of financial markets in Australia and worldwide and the ultimate consequences of which cannot be predicted with any certainty.

Share Trading History

The highest and lowest market sale price of the Shares on ASX during the 3 months immediately preceding the date of this Prospectus, and the respective dates of those sales and the last sale on the business day immediately preceding the date of this Prospectus, were:

	Dates	Cents
Highest	15 September 2006	5.6
Lowest	6 October 2006	2.8
Latest	11 October 2006	3.0

The highest and lowest market sale price of the Shares on ASX during the 12 months immediately preceding the date of this Prospectus, and the respective dates of those sales, were:

	Dates	Cents
Highest	1 November 2005	11.5
Lowest	6 October 2006	2.8

Continuous Disclosure and Documents Available for Inspection.

For the purposes of the Corporations Act 2001 (Cth), the Company is a "disclosing entity" and as such, it is subject to regular reporting and disclosure obligations. This Prospectus is issued in accordance with section 713 of the Corporations Act 2001 (Cth) and incorporates by reference into this Prospectus the documents itemised below that have been lodged by the Company with either of ASIC or ASX. Copies of documents lodged with ASIC in relation to the Company may be obtained from or inspected at an office of ASIC.

Any person has the right to obtain a copy of the following documents and the Company will provide a copy of each of the following documents, free of charge, to any person who asks for it during the application period for this Prospectus:

- a) the financial report of the Company for the financial year ended 30 June 2006, being the last annual financial reported lodged with ASIC on 29 September 2006 in relation to the Company before the issue of this Prospectus;
- b) all documents used to notify ASX of the information relating to the Company under ASX Listing Rules since the lodgement of the financial report referred to in (a) above. As at the date of this Prospectus, the only such documents were:

Date Lodged	Description of Document
04/10/2006	Options Lapsed
09/10/2006	Notice to Optionholders
11/10/2006	Non-renounceable Entitlements Issue Revised Timetable

Non-Residents

Non-Residents should consult their professional advisers as to whether any formalities need to be observed (either by themselves or the Company) to enable them to subscribe for Shares. It is the responsibility of Non-Residents to obtain all necessary approvals so they may legally subscribe for (and be issued) the Shares. The return of a completed application form from a Non-Resident applicant will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained and that the Company may legally issue the Shares to the applicant.

Rights and Liabilities Attaching to Shares

New Shares issued under this Prospectus will, from the time they are issued, rank *pari passu* in all respects with the Company's existing Shares. The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights, privileges, and restrictions attaching to all Shares.

- a) Subject to any special rights or restrictions for the time being attached to any class or classes of Shares (at present there are none), at a general meeting every shareholder present in person or by proxy, representative or attorney has on a show of hands one vote and on a poll one vote for each share held.
- b) Subject to the rights of Shares issued with any special or preferential rights (at present there are none), any profits of the Company, which the Company from time to time distributes by way of dividend, will be divisible amongst the shareholders in proportion to the Shares held by them respectively.
- c) Subject to the rights of shareholders (if any) with Shares with special rights in a winding-up (at present there are none), on a winding-up of the Company, all assets which may be legally distributed amongst the shareholders will be distributed in proportion to the Shares held by them.
- d) Subject to payment of stamp duty and to some limited restrictions contained in the Company's Constitution, ASX Listing Rules, SCH Business Rules and the Corporations Act 2001 (Cth), Shares are freely transferable.
- e) Where Shares of different classes are issued, the rights attaching to the Shares of a class can thereafter only be varied by a special resolution passed at a general meeting of the holders of the Shares of that class, or with the written consent of the holders of at least three quarters of the issued Shares of that class.
- f) Each shareholder is entitled to receive notice of and to attend and vote in person or by proxy, representative or attorney at general meetings of the Company and to receive all notices, financial reports and other documents required to be furnished to shareholders under the Constitution of the Company or the Corporations Act 2001 (Cth).

Glossary

Argonaut	Argonaut Capital Limited (ABN 18 099 761 547).
ASIC	Australian Securities & Investments Commission.
ASX	Australian Stock Exchange Limited (ABN 98 008 624 691).
August 2009 Options	Unlisted options, exercisable on or before 25 August 2009, each entitling the holder to acquire a Share at an issue price of \$0.30.
Cent	Australian cent.
Company or MPA	Marine Produce Australia Limited (ABN 70 091 805 480).
December 2009 Options	Unlisted options, exercisable on or before 6 December 2009, each entitling the holder to acquire a Share at an issue price of \$0.30.
July 2007 Options	Unlisted options, exercisable on or before 30 July 2007, each entitling the holder to acquire a Share at an issue price of \$0.20.
Non-Residents	Person domiciled outside Australia.
Record Date	23 October 2006.
September 2006 Options	Listed options, exercisable on or before 30 September 2006, each entitling the holder to acquire a Share at an issue price of \$0.04.
September 2007 Options	Listed options, exercisable on or before 30 September 2007, each entitling the holder to acquire a Share at an issue price of \$0.08.
Share	Fully paid ordinary share in the capital of the Company.
WST	Western Standard Time.
\$	Australian dollar.

Consents

Argonaut has given its written consent to be named in this Prospectus as Manager and Underwriter to the Offer in the form and context in which it is named, and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Security Transfer Registrars Pty Ltd (the Company's share registrars) and KPMG (the Company's auditors) have been named in this Prospectus for information purposes only and have not consented to being named herein.

Directors' Consent

This Prospectus has been issued by Marine Produce Australia Limited and each director has consented to the lodgement of this Prospectus with ASIC.

**JOHN DRUMMOND
DIRECTOR**

SHORTFALL APPLICATION FORM

Applicants should read the Prospectus dated 12 October 2006 (*Prospectus*) in its entirety before completing this form. A person who gives another person access to this application form, must at the same time and by the same means give that person access to this Prospectus.

No of New Shares applied for:	Identifying Stamp Only
Application monies at \$0.02 per New Share: \$	

Given Names/Company Name	Surname/ACN/ABN
Joint applicants or account designation	

Postal Address		
City/Town	State	Postcode
Email Address		

Contact Name	Daytime Contact No.
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CHESS HIN

Tax File No/Exemption Category	Applicant 2	Applicant 3
Cheque Details Drawer	Bank	Branch
		Amount
		\$
		\$

DECLARATION
<p>By lodging this application form and a cheque for the application money the applicant hereby:</p> <p>a) applies for the number of New Shares specified in this application form or such lesser number as may be allocated by the directors;</p> <p>b) agrees to be bound by the Constitution of the Company;</p> <p>c) authorises the directors to complete or amend this application form where necessary to correct any errors or omissions;</p> <p>d) authorises the Company to send the applicant a substituted application form (if this application form ceases to be current) to the applicant's email address set out in this application; and</p> <p>e) declares that the applicant has received a full and unaltered version of the Prospectus either in an electronic or paper format.</p>

Cheques must be made payable to "MARINE PRODUCE AUSTRALIA LIMITED" and be in Australian dollars.

NOTES

- 1 Enter the number of New Shares you wish to apply for. **Applications must be for a minimum of 10,000 and thereafter for multiples of 1,000 New Shares.**
- 2 Enter the total amount of application monies payable. To calculate this amount, multiply the number of New Shares you are applying for by the issue price (i.e. \$0.02 per New Share).
- 3 Enter the full name(s) of all legal entities that are to be recorded as the registered holder(s).
- 4 Enter the postal address for all communications from the Company.
- 5 Enter the name and telephone number of the person who should be contacted if there are any questions with respect to this application.
- 6 If you are CHESSE sponsored, enter your Holder Identification Number (**HIN**) in the CHESSE HIN box, otherwise leave this box blank and a Shareholder Reference Number (**SRN**) will be allocated to you on issue.
- 7 Enter the tax file number(s) of the applicant(s) – this is not mandatory.
- 8 Unless otherwise agreed by the Company, payment must be made to “**MARINE PRODUCE AUSTRALIA LIMITED**” by cheque drawn or payable on a bank within Australia, crossed “**Not Negotiable**” and be in Australian dollars. Receipt of payment will not be acknowledged.
- 9 This application form does not need to be signed. Return of this application form with the required application monies will constitute acceptance of that number of New Shares stated on this application form.
- 10 **If you have received an application form without a complete and unaltered copy of the Prospectus detailing the offer pursuant to which this application is made, please contact the Company for a free printed or electronic version of the Prospectus.**
- 11 Please note that if an application form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the directors as to whether to accept an application form, and how to construe, amend or complete it, shall be final. An application form will not be treated as having offered to subscribe for more New Shares than is indicated by the amount of the accompanying cheque.
- 12 Please deliver the completed application form (accompanied by a cheque for the application monies) at any time prior to Closing Date (9 November 2006) to the Company’s Share Registry, **Security Transfer Registrars Pty Ltd:**

Delivery:

770 Canning Highway
Applecross WA 6153

Post:

PO Box 535
Applecross WA 6953

Please telephone the Company’s Share Registry on (08) 9315 2333 if you have any questions with respect to this application form.

Applications are for fully paid ordinary shares as detailed in the Prospectus dated 12 October 2006.