

5 November 2008

Australian Securities Exchange Limited
Company Announcements Platform

Dear Shareholder

When I joined the Board of Marine Produce Australia Limited (ASX: MPA) in June 2008 I initiated a review of its operations.

This review was designed to assess:

1. Where the business is in developing its ocean grown Barramundi fish farming operations in terms of its scale and control over key inputs;
2. Are the right people involved in the management of the business?
3. What should this business be looking to achieve in the next 1, 5 and 10 years?
4. Does the business have all of the necessary tools to achieve its objectives?
5. Can the business overcome its weaknesses to mitigate potential threats?

Overriding all of these questions was this - Can this business be developed into a long term, sustainable and profitable business for you, it's shareholders?

Unquestionably the answer to this question is YES.

People within and outside of the business believe in its long term future and opportunities for significant growth. However, with growth comes the need for significant capital investment, for the growout and expansion of fish biomass, additional infrastructure and licensing.

The attached document summarises the outcome of this review into a formal Development Plan, a plan to expand the company's Cone Bay operations from a current level of fish biomass of around 700,000kg to 5,000,000kg by 2018 for an estimated total net investment of around A\$20,000,000 in new equity over the next few years, whereafter the business becomes self funding. The Development Plan will be periodically reviewed, and revised where appropriate, based on the level of funding available to the company.

MPA will shortly issue a prospectus for a rights issue to begin to fund this investment, initially though the funding of around \$4,000,000 in new equity.

You may be interested to know that we are currently harvesting and selling 10,000kg of ocean grown Barramundi per week and expect this to increase to around 15,000kg per week in the lead up to Christmas 2008.

I hope that you can continue to support the company in the development of its operations in Cone Bay, Buccaneer Archipelago in North Western Australia.

Regards

Miles Kennedy
Chairman



MARINE PRODUCE AUSTRALIA LIMITED

(ASX:MPA)

Development Plan for a 5,000,000kg Harvest Capacity
Barramundi Farming Business in the Buccaneer Archipelago,
North-West, Western Australia

**Important - This Development Plan is conditional upon
funding and licensing approvals**



cone bay saltwater
barramundi[™]
AUSTRALIA'S FAVOURITE BARRAMUNDI

 **marineproduce**
australia
the sustainable australian

CONTENTS

	Page
1 Overview	3
2 Management Team	5
3 Key Objectives	7
4 Business Analysis	8
5 Biomass Expansion and Capital Program	10
6 Marketing Plan	16
7 Projected Financial Information	18
8 Funding	22
9 Disclaimer	23

1. OVERVIEW

- ✓ PROJECTED SHORTAGE OF SUPPLY OF QUALITY FISH PRODUCTS
- ✓ SIGNIFICANT BOARD AND MANAGEMENT IP
- ✓ LONG TERM SUSTAINABLE BUSINESS
- ✓ EXCELLENT OCEAN SITE – STRONG FISH GROWTH AND QUALITY
- ✓ NEXT 2 YEARS OF SMALL FISH ALREADY IN THE WATER
- ✓ MAJORITY OF FUNDS GO INTO BIOMASS GROWTH - NOT CAPITAL ASSETS
- ✓ HIGH FIXED COST STRUCTURE (~40% OR \$4/KG) PROVIDES OPPORTUNITY FOR ECONOMIES OF SCALE
- ✓ COMPOUNDING, SELF-FUNDING GROWTH
- ✓ REPEATABLE BUSINESS MODEL
- ✓ BRANDING COULD PROVIDE REVENUE AND MARGIN UPLIFT
- ✓ SUSTAINABLE NON-CYCLICAL EARNINGS

1. OVERVIEW (CONT'D)

Marine Produce Australia Ltd is a publicly listed company (ASX: MPA) operating an expanding marine finfish farming business in the Buccaneer Archipelago, in the north-west of Western Australia.

Over the last five years MPA has made considerable progress in the development of infrastructure and techniques for growing Barramundi in high energy oceanic sites, and has been successful in producing a product that has been widely acclaimed for its excellent eating qualities.

World production from the wild catch sector remained static for over twenty years from the mid 1980s but has declined in recent years due to dwindling resources and increased regulation and management of many fisheries. Meanwhile, demand for all seafood has increased steadily over that period.

Growing consumption of seafood has been met by aquaculture production which is the world's fastest growing food production sector, expanding from supplying 10% of demand in 1984 to the current level of matching or exceeding the wild catch. The United Nations Food and Agricultural Organisation predicts that there will be a shortfall of over 37 million tonnes of seafood by 2020. It is clear that increasing demand for fish products will be met by aquaculture production. One product of particularly high demand is quality white fish suitable for fillet and portion production for sales into western retail, restaurant and food service markets.

MPA is well placed to capitalise on this demand and, subject to funding and licensing approvals, plans to increase harvesting volumes from the current level of 300,000kg to 2,000,000kg by 2012 through new sites and licenses, and thereafter to annual harvest volumes of 5,000,000kg by 2018.

This will place MPA as a major Australian aquaculture company and will deliver strong and sustainable financial returns to MPA's shareholders.

2. MANAGEMENT TEAM

Executive Management

Guy Westbrook
General Manager

- Over 20 years experience in the management of large marine farming and hatchery operations
- Extensive experience with industry development and R&D programs
- Previously Group Operations Manager – Nortas Pty Ltd, and Special Projects Manager – Tassal Group

Matthew Fitzgerald
Chief Financial
Officer

- Extensive experience in corporate reporting and compliance, business planning, and management reporting in developing and established businesses.
 - Former Director and Chief Financial Officer of Kimberley Diamond Company NL
 - Former Director of Blina Diamonds NL
 - Chartered Accountant
-

Non-Executive Board

Miles Kennedy
Non-Executive
Chairman

- Held directorships of Australian listed companies for the past 25 years
- Extensive experience in the management of public companies
- Non-Executive Chairman of Sandfire Resources NL
- Former Executive Chairman of Kimberley Diamond Company NL and Non-Executive Chairman of Blina Diamonds NL
- Barrister and Solicitor of the Supreme Court of Western Australia, High Court of Australia and Attorney of the Supreme Court of South Africa

John Hutton
Non-Executive
Director

- Experience in merchant banking, accounting, financial planning and taxation
- Director of Maxima Pearling Company Pty Ltd
- Non-executive Director of Sandfire Resources NL and Resource and Investment NL
- Member of the Australian Institute of Company Directors

Prof Mehdi Doroudi
Independent Non-
Executive Director

- Chief of Aquatic Sciences for South Australian Research and Development Institute
- Holds a DVM degree in Veterinary Medicine and a PhD degree in Aquaculture
- Has worked in the fields of fisheries and aquaculture as a policy maker, an academic researcher and as an industry consultant in policy advice, science innovation and commercial operation for the last 20 years

Dr Tor Theunissen
Independent Non-
Executive Director

- Principal of a management consulting company that specialises in the strategic resourcing of new projects
- An experienced public company director and a former Chairman of Marine Produce Australia Limited

3. KEY OBJECTIVES

Secure

Marine farming production assets

- Including the expansion of the existing marine farm, and applications for further marine farm leases in the Buccaneer Archipelago

Supply of quality juveniles

- Development of a Barramundi hatchery and juvenile production in the Kimberley Region
 - Implementation of a Selective Breeding Program (SBP) for Barramundi
-

Expand

Harvest capacity

- Stage1 - Current level of 300,000kg to 2,000,000kg by June 2012 with license extensions required
- Stage 2 – To 5,000,000kg by 2018 through further licensing
- Operational strategies to ensure the highest quality and lowest production costs are achieved

Brand awareness

- First choice supplier of premium, ocean-grown Barramundi products
-

Develop

Processing and value-adding capability

- Supply whole Barramundi as fillets, portions and other products suitable for sale into domestic food service and export markets
- Either through strategic partnership or direct investment, receive a share of processing costs and allow for the addition of other marine species

Export marketing plan

- Fully operational by June 2010
-

4. BUSINESS ANALYSIS

Strengths

- Intellectual property
 - Board diversity
 - Aquaculture lease access agreement to 2018 at Cone Bay
 - Excellent ocean site characteristics to obtain price premium and growth rates
 - Superior and consistent fish quality (visual and taste) compared to competitors
 - Regular production of industry's largest fish
 - Improving market position
 - Knowledge of Northern Australian Region
 - Strong and committed management team
-



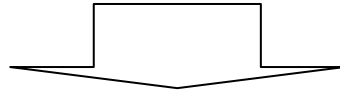
Opportunities

- Vertical integration and value adding
 - Control of and investment in processing facilities
 - License and applications for additional licenses in Cone Bay area
 - Further develop the indigenous employment program
 - R&D tax concessions and research grants to fund development
 - Selective breeding program
 - Form close business relationships/contracts with key suppliers
 - Further development of sales and marketing channels
 - Roll out of business model to different places
 - Further improve feed conversion ratio to increase margins
 - High fixed cost structure (~40% or \$4/kg) provides opportunity for economies of scale
-

4. BUSINESS ANALYSIS (CONT'D)

Weaknesses

- Further harvest licensing required for the intended scale of operation
 - MPA does not control hatchery production of juveniles
 - Isolation leading to higher logistics costs
 - High cost of personnel
 - Under-capitalised
 - Under-developed brand
 - Lack of efficient processing capacity
-

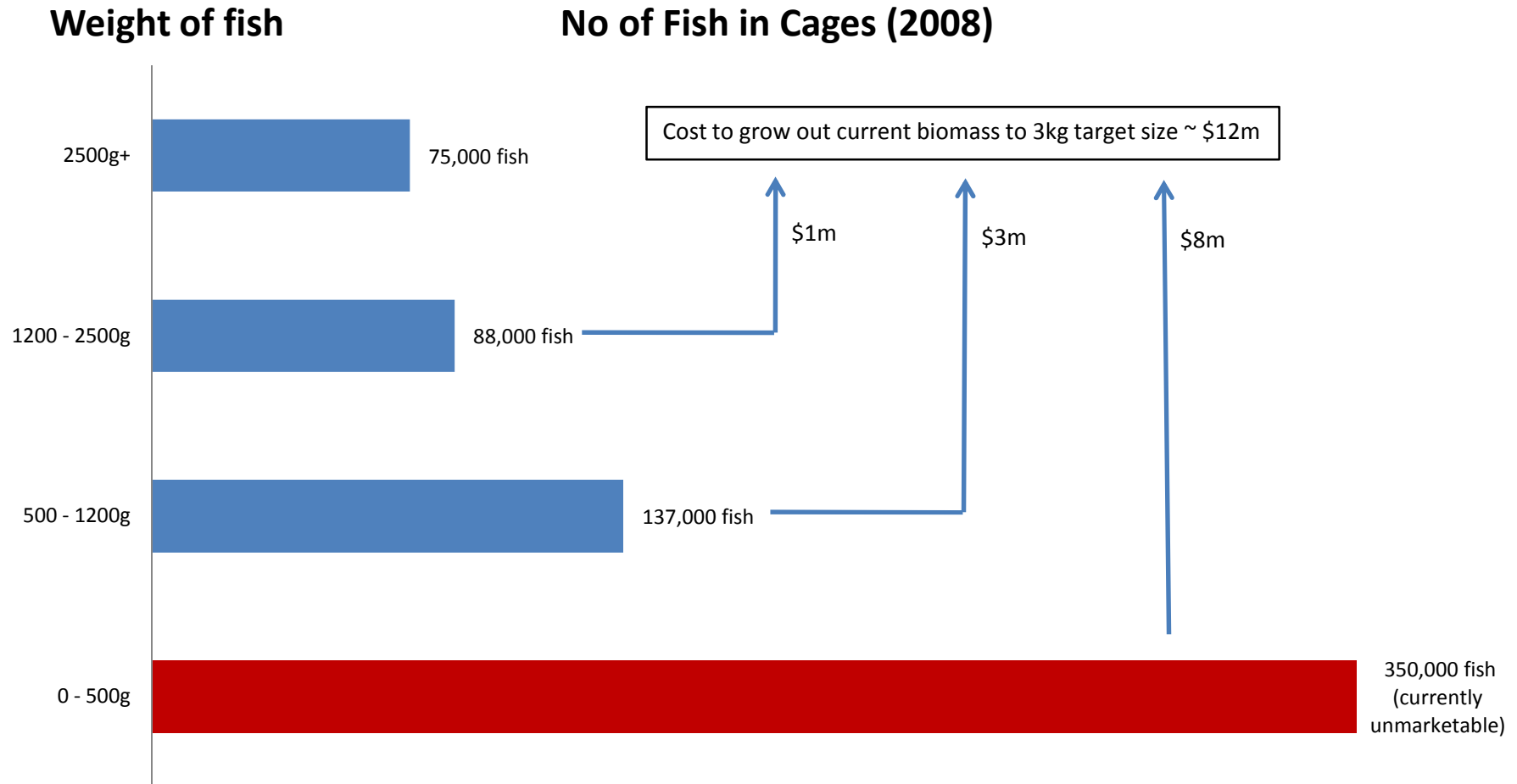


Threats

- Global financial crisis restricting access to capital
 - Poor sales and marketing practices by many domestic suppliers taints the market for Barramundi
 - Higher fish food prices
 - Shortage of skilled labour
 - Operating costs increasing excessively
 - All production risk is centralized in one area
 - Business is centred around single species
 - Lack of government licensing process
-

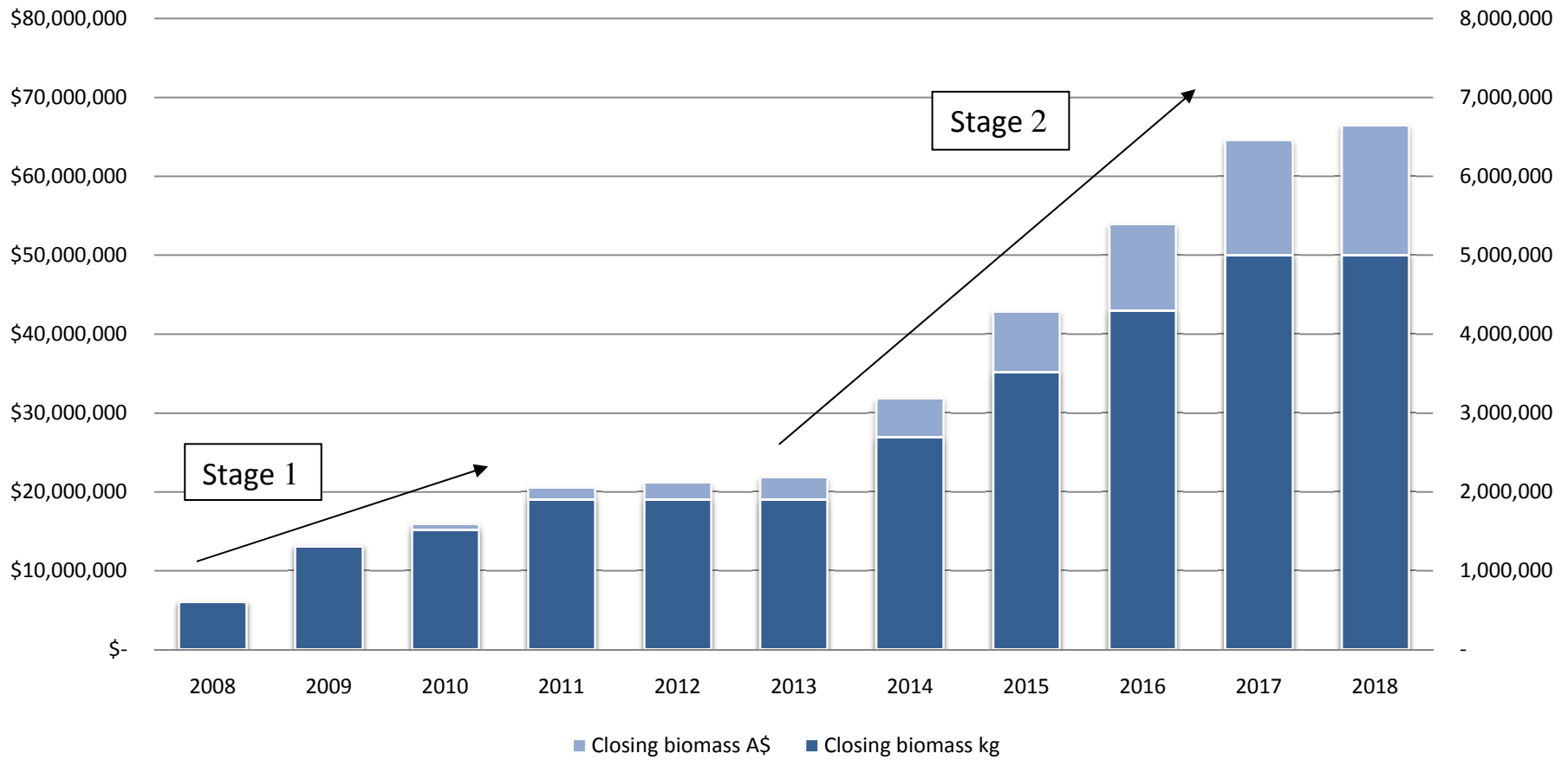
5. BIOMASS EXPANSION AND CAPITAL PROGRAM

5.1 BIOMASS EXPANSION TO 5,000,000KG HARVEST CAPACITY



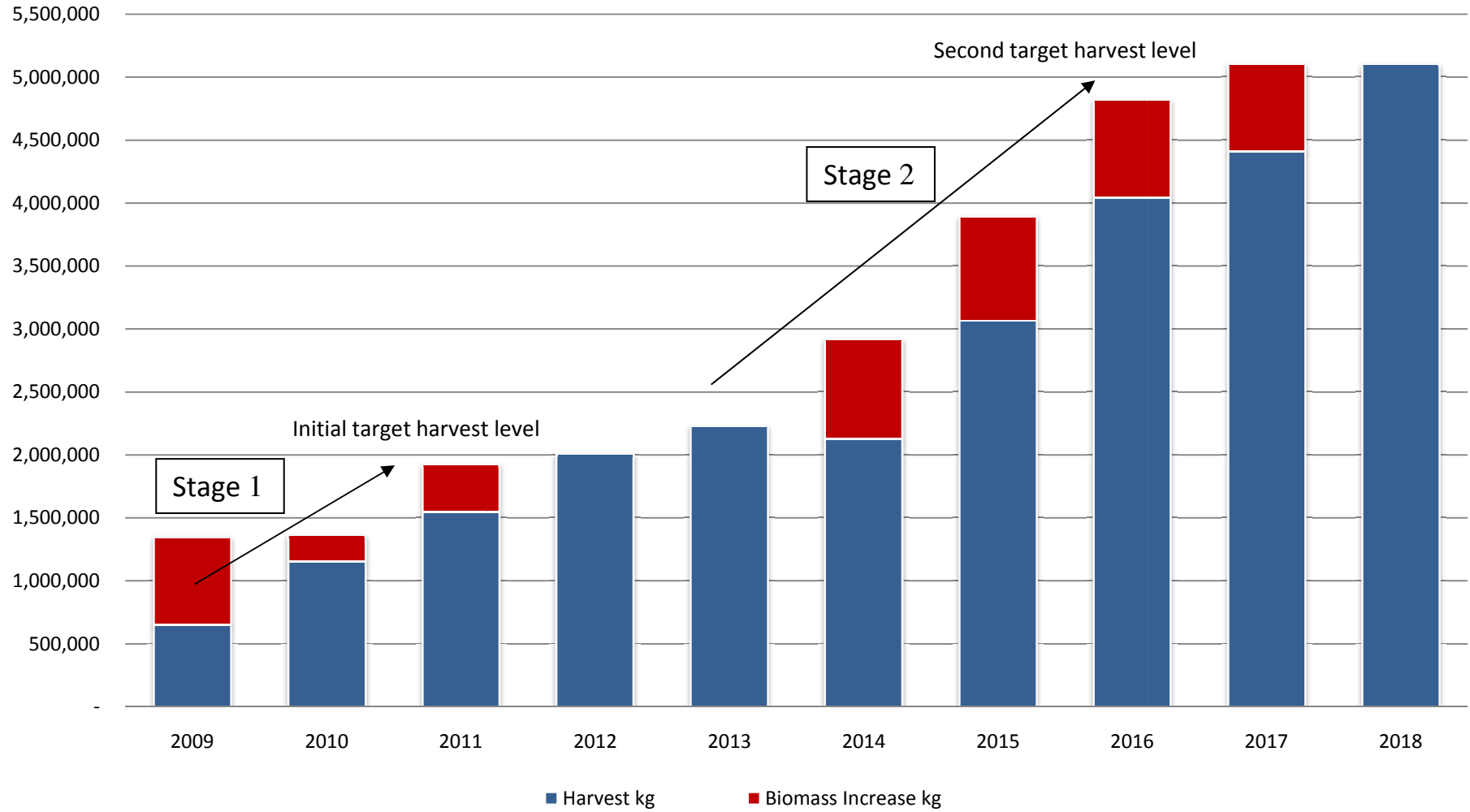
5.1 BIOMASS EXPANSION – TO REACH 5,000,000KG HARVEST CAPACITY (CONT'D)

**Projected Biomass (A\$ and kg)
Fish in sea cages**



5.1 BIOMASS EXPANSION – TO REACH 5,000,000KG HARVEST CAPACITY (CONT'D)

Projected Harvest and Biomass Increase (kg)



5.2 HATCHERY/NURSERY

MPA plans to improve the certainty of supply of juvenile stock through investment in hatchery capacity.

Currently, the majority of juveniles are sourced from a Northern Territory supplier, without a supply contract due to their charter of supporting the Northern Territory Barramundi businesses as a priority.

High quality juveniles have also been purchased from another source in South Australia. However, the cost of transport to Cone Bay makes this option expensive.

There are several major benefits of MPA investing in hatchery capacity, including the ability to:

- Focus hatchery production to ensure meeting the needs of the marine farm through the careful timing of production and culling of poor performing stock
- Establish in-house or co-operative selective breeding program (SBP) to improve stock performance and product quality
- Sell stock to external customers
- Produce other tropical marine species suitable for aquaculture

5.3 HARVEST CAPACITY AND PRODUCTION METHODS

The Cone Bay farm will move to optimal production methods by adopting modern technology which will allow it to operate with the smallest possible workforce in an area where labour is both expensive and difficult to attract and retain.

- Purchase and installation of a centralised feeding system for each farm to allow one person to feed all fish on site
- Purchase and installation of remote monitoring technology in cages to provide instant feedback to the feeding system allowing automated feeding
- Purchase of electronic counting equipment to enhance accurate stock biomass management and traceability
- Increase cage size from 60 metre (1,500 m³) to 80 metre circumference (3,000 to 4,000m³). At planned stocking density of 40 kg/m³ this will increase cage holding capacity from 60t to 120t plus per cage

A further opportunity exists to set up an export certified facility and cold storage business in Derby, Western Australia to provide efficient processing capacity - in particular, a factory with certification to allow entry to EU markets.

The nearby Curtin Airbase could be used to export all processed product.

5.4 ADDITIONAL FARMING SITES

Potential options for further medium and long term business development:

- Acquisition of existing aquaculture businesses
- Acquisition and conversion of existing aquaculture operations to Barramundi
- Applications for new leases and establishment of new operations
 - Cone Bay – Current site under Access Agreement to 2018
 - Crawford Bay – Potential future site close to Cone Bay
 - Gerald Bay – Potential future site close to Cone Bay
 - Further regional sites

6. MARKETING PLAN

6.1 PRODUCTS

Cone Bay is currently producing large Barramundi in the 2.5 to 5.0 kg range suitable for the production of fillets and consumer ready products such as set weight portions.

Our aim is to maximise sales into the lucrative whole fish market, and to sell both branded and unbranded packaged Barramundi products.

Future processing capacity will provide the opportunity for MPA to use its brand to market other quality fish products from both wild catch and aquaculture sources.

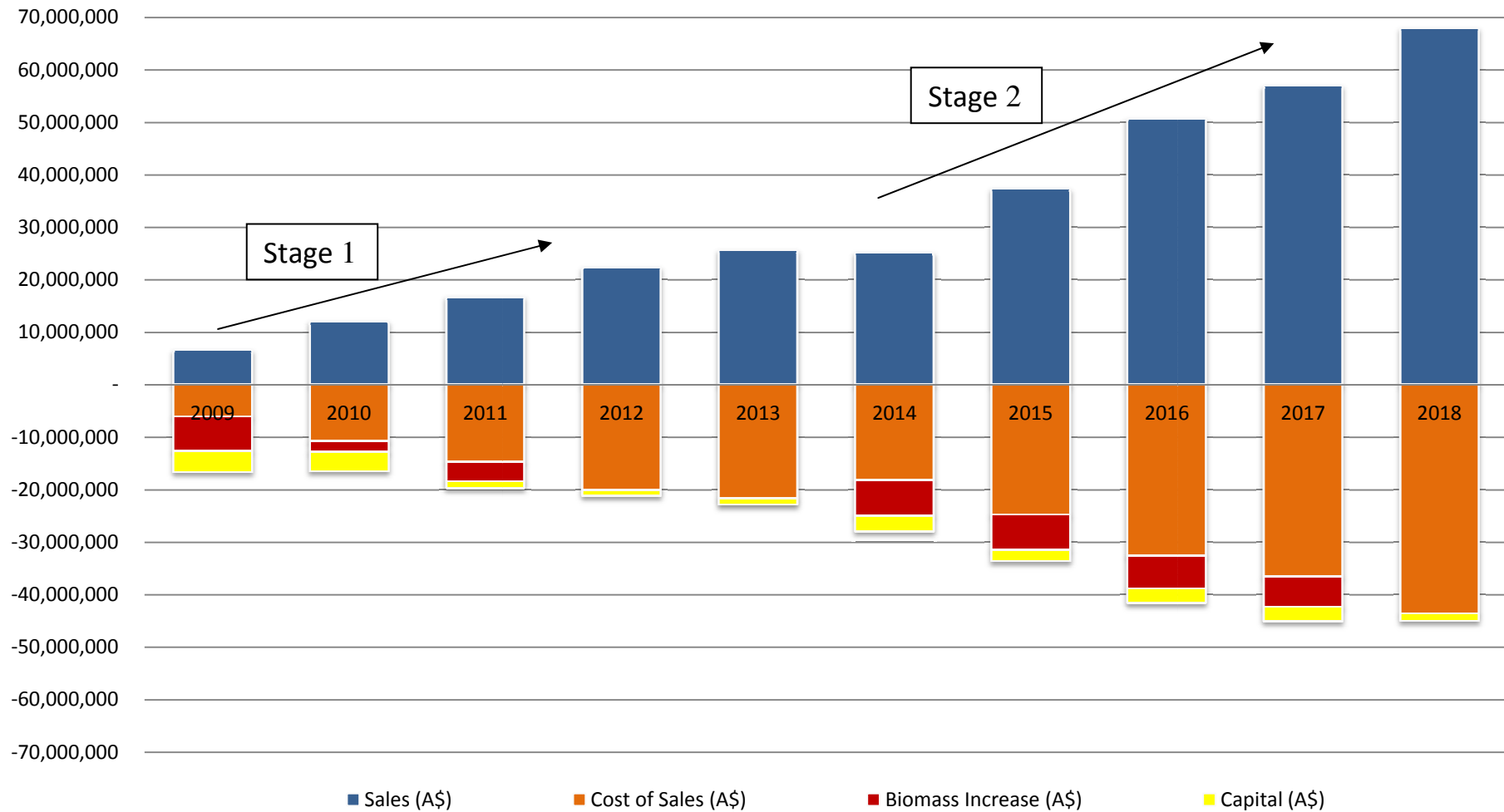
The objectives laid out below are in line with predicted farm production. The aim is to fully develop Australian domestic sales and secure maximum market share while exploring potential for increased export sales that are forecast to be necessary in the medium to long term.

6.2 MARKETING OBJECTIVES

- Recognition as the major supplier of quality farmed Barramundi to all sectors in the Australian domestic market
- Penetrate into all market sectors in Australia, and make MPA's Barramundi available to all consumers, not only for whole fish, but also for fresh and frozen value-added consumer ready products
- Achieve the best possible returns for our fish
- Cement the 'Cone Bay' Brand as Australia's best
- Gain recognition of our products for quality and consistency by supplying the highest quality seafood to all its customers all of the time
- Heighten awareness of benefits of MPA Barramundi compared to all competitors, particularly imported products
- Develop a processing/value adding and export strategy for MPA products
- Develop promotional material and website
- Further participation in key seafood/food shows
- Further develop export market opportunities with large contracts able to be supplied with increased harvest volumes

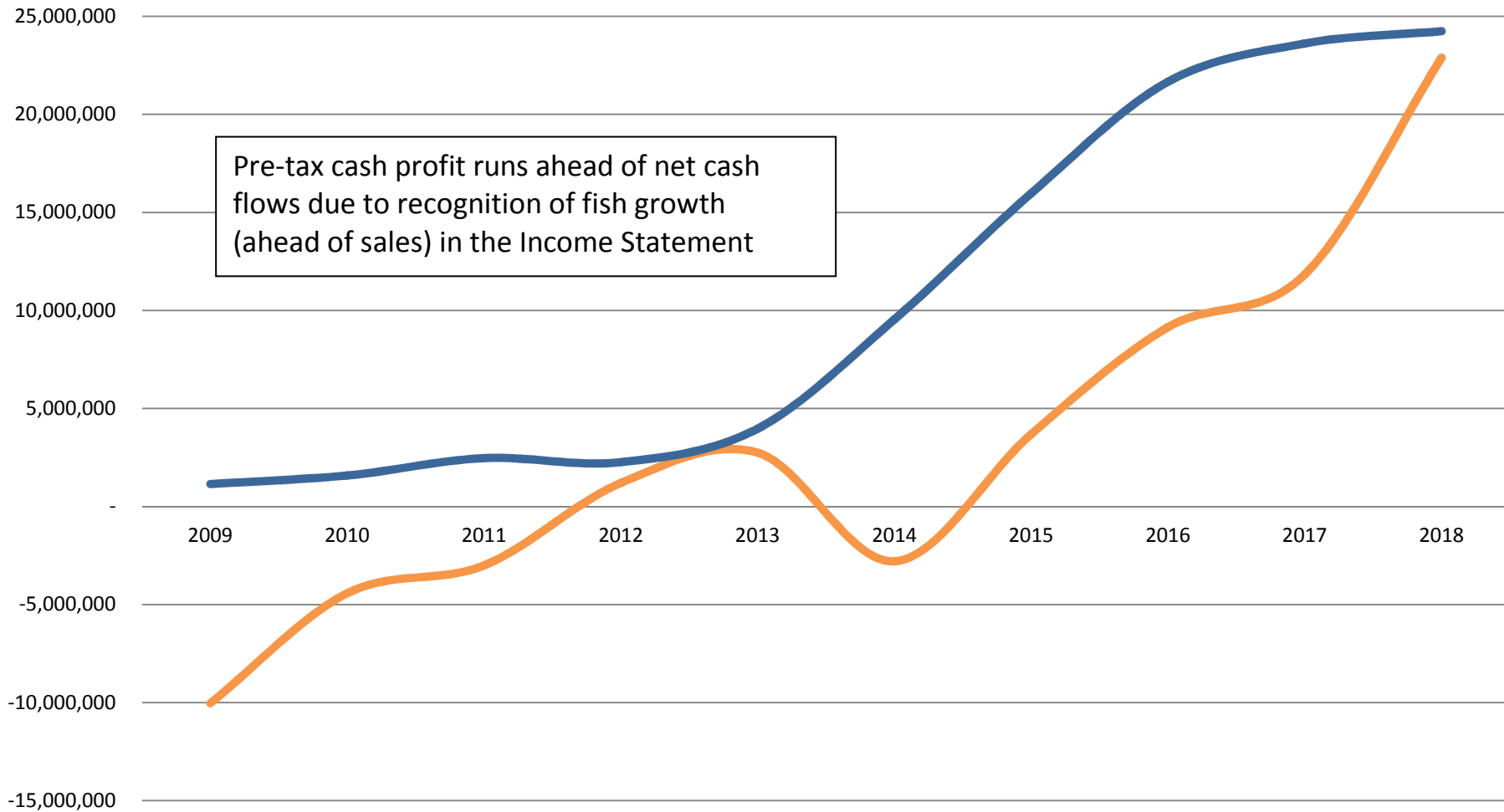
7. PROJECTED FINANCIAL INFORMATION

Projected Cash Flows (A\$)



7. PROJECTED FINANCIAL INFORMATION (CONT'D)

Projected **Net Cash Flows** and **Pre-Tax Cash Profit (A\$)**



7. PROJECTED FINANCIAL INFORMATION (CONT'D)

Stage 1: Projected Biomass Expansion and Capital Expenditure to 2,000,000kg	June 2009	June 2010	June 2011	June 2012	June 2013	Total
	(A\$'000)	(A\$'000)	(A\$'000)	(A\$'000)	(A\$'000)	(A\$'000)
Biomass Expansion –						
to reach 2,000,000kg harvest capacity	6,498	2,020	3,635	-	-	12,153
Hatchery/Nursery	1,250	1,500	300	-	-	3,050
Harvest Capacity and Production Methods (Cages, feeding and counting equipment)	2,402	1,594	221	171	321	4,709
Equipment overhauls and maintenance	85	289	476	543	597	1,990
Additional Licensing	350	350	350	350	300	1,700
Biomass and Capital Expenditure Outflows	(10,585)	(5,753)	(4,982)	(1,064)	(1,218)	(23,602)
Offset by: Margin on Fish Sales	552	1,329	1,978	2,261	3,964	10,084
Total Pre-Tax Cash Flows	(10,033)	(4,424)	(3,004)	1,197	2,746	(13,518)
Cumulative Pre-Tax Cash Flows	(10,033)	(14,457)	(17,461)	(16,264)	(13,518)	(13,518)

7. PROJECTED FINANCIAL INFORMATION (CONT'D)

Stage 2: Projected Biomass Expansion and Capital Expenditure to 5,000,000kg	June 2014	June 2015	June 2016	June 2017	June 2018	Total	Grand Total
	(A\$'000)	(A\$'000)	(A\$'000)	(A\$'000)	(A\$'000)	(A\$'000)	(A\$'000)
Biomass Expansion – to reach 5,000,000kg harvest capacity	6,757	6,705	6,246	5,807	-	25,515	37,668
Hatchery/Nursery	-	-	-	-	-	-	3,050
Harvest Capacity and Production Methods (Cages, feeding and counting equipment)	2,042	1,064	1,562	1,386	-	6,054	10,763
Equipment overhauls and maintenance	657	807	916	1,055	1,055	4,491	6,481
Additional Licensing	300	300	300	300	300	1,500	3,200
Biomass and Capital Expenditure Outflows	(9,756)	(8,876)	(9,025)	(8,548)	(1,355)	(37,560)	(61,162)
Offset by: Margin on Fish Sales	6,962	12,566	18,173	20,379	24,246	82,326	92,410
Total Pre-Tax Cash Flows	(2,794)	3,690	9,148	11,831	22,891	44,766	31,248
Cumulative Pre-Tax Cash Flows	(16,312)	(12,622)	(3,474)	8,357	31,248	31,248	31,248

8. FUNDING

	June 2009 (A\$'000)	June 2010 (A\$'000)	June 2011 (A\$'000)	June 2012 (A\$'000)	June 2013 (A\$'000)	Total (A\$'000)
Pre-Tax Cash Flows	(10,033)	(4,424)	(3,004)	1,197	2,746	(13,518)
To be funded by:						
Equity	12,000	5,000	3,000	-	-	20,000
Debt	-	-	-	-	-	-
	12,000	5,000	3,000	-	-	20,000

Further expansion to 5,000,000kg to be funded by positive operating cash flows.



Compounding growth projected to deliver superior long term returns
 Self-funding Stage 2 expansion to 5,000,000kgs
 Sustainable non-cyclical earnings



Time to see returns – patience required for long term sustainable returns

9. DISCLAIMER

This material contains certain forecasts and forward-looking information, including funding, licensing approvals, possible or assumed future performance, costs, harvest levels or rates, prices, industry growth or other trend projections.

Such forecasts and information are not a guarantee of future performance and involve unknown risks and uncertainties, as well as other factors, many of which are beyond the control of Marine Produce Australia Limited.

Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.