

ASX / MEDIA ANNOUNCEMENT

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MPA TARGETS SIGNIFICANT NEW GROWTH OPPORTUNITY WITH TIWI ISLANDS BARRAMUNDI FARMING OPERATION

*Commences 3-month Exclusive Due Diligence
for New Production Facility on Melville Island*

Key Points

- **Due diligence commences on new ocean-based Barramundi farming operation on Melville Island with up to 5 million kg farming capacity by 2018**
- **Tiwi Land Council (TLC) planning significant infrastructure investment towards set up of cages, moorings, feeding equipment and support facilities**
- **Potential to double MPA's projected annual biomass harvest capacity to 10 million kg per annum by 2018**
- **MPA well placed to capitalise on growing shortfall in supply of quality seafood to meet strong demand over the next two decades**

Marine Produce Australia Limited (ASX: MPA – “MPA”) is pleased to announce that it has entered into a three-month exclusive due diligence arrangement with the Tiwi Land Council (TLC) with a view to establishing a **new ocean-based Barramundi farming operation** on Melville Island, part of the Tiwi Islands, north of Darwin in northern Australia.

The agreement lays the foundation for a significant expansion and geographic diversification of MPA's existing business, which currently comprises its Saltwater Barramundi Operations at Cone Bay in the Kimberley region of Western Australia.

The Company is currently harvesting and selling over 12,000kg of premium-quality, ocean grown Barramundi per week. Subject to funding and licensing approvals, MPA plans to increase annual harvesting volumes from the current level of 0.3 million to 2 million kg per annum by 2012, and thereafter to 5 million kg per annum by 2018 as part of a long-term A\$20 million Development Plan.

The addition of a new ocean-based Barramundi farming operation in the Northern Territory has the potential to double the Company's projected biomass harvest capacity to 10 million kg per annum by 2018, with a projected sales value of more than \$100 million per annum based on current market prices for premium quality saltwater Barramundi.

Tiwi Islands Development Opportunity

This agreement has been reached following various discussions and site visits in recent months between MPA and the TLC.

Snake Bay is the proposed site of the new farming venture and offers:

- **Excellent site characteristics** for the ocean-based grow-out of Barramundi, similar to the superior characteristics of MPA's current Cone Bay farming operations in the north west of Western Australia;
- **Plans already in place for significant infrastructure investment by the TLC** towards the set-up of cages, moorings, feeding equipment and support – providing a return on capital and employment opportunities. This will allow MPA to focus its funding on stocking a grow-out of fish without the up-front constraints of capital expenditure on infrastructure development;
- **Up to 3 million kg per annum farming capacity within 5 years** at the Snake Bay site (with a further target of up to **5 million kg per annum** with additional sites by 2018), which would provide for a combined MPA Group farming capacity of some **5 million kg per annum** within 5 years when combined with the planned Cone Bay Development Plan and a combined farming capacity of **10 million kg per annum** by 2018;
- **A township of over 300 Tiwi Islanders**, providing an excellent community base from which to draw for future farm employment;
- **Logistical advantages** for the Tiwi Island and Cone Bay operations given the proximity of the new farm to the main port of Darwin. Major benefits are expected in both final product and fish food delivery, as well as the provision of a potential export point for planned entry into export markets for both operations;
- **Economies of scale** in the production of large quantities of superior quality product for both the Tiwi Island and Cone Bay sites, including food, freight, distribution and overhead costs;
- **Expected improvement in growth rates and feed conversion** with warmer average sea temperatures;
- **Improved security of supply of juveniles** and access to technical expertise;
- **Geographic diversity** of the two operations, which will diversify MPA's environmental and disease risks; and
- **Market dominance** in the domestic Australian market with the potential to add NT-based value adding facilities.

MPA is planning to work with the TLC over the next 3 months, to the end of May 2009, to formulate a detailed plan for the development of the farm and associated funding and operating arrangements. At the end of this 3-month period, MPA will formally advise the TLC of its intentions with respect to the project.

Commenting on the announcement, MPA's Chairman, Miles Kennedy, said: "This is a substantial and very exciting growth opportunity for MPA which would complement our existing long-term Development Plan at Cone Bay in Western Australia and potentially double our annual farming capacity of premium quality ocean-grown Barramundi by the end of next decade.

"That would position MPA at the forefront of the global aquaculture industry, the world's fastest growing food production sector. This is part of the long-term development vision we have outlined which is based on positioning MPA to meet the forecast shortfall in supply of high quality seafood which is projected to increase in the decades ahead.

"The UN Food and Agriculture Organisation predicts that there will be a shortfall of over 37 million tonnes of seafood by 2010 – and it is clear that increasing demand for fish products will be met by aquaculture production. "We are looking forward to working closely with the TLC during the due diligence period and strengthening our relationship. The TLC has a clear and focussed plan for the Project, which has been reflected in our dealings with them to date. "This exclusive agreement is a further acknowledgement of MPA's position as a leader in the Barramundi farming industry in Australia. Through the development of the Cone Bay operation, MPA has demonstrated that it is capable of planning, establishing and operating a world-class farming operation."

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