



## PROSPECTUS

12 March 2010

**PRO RATA RENOUNCEABLE ENTITLEMENTS OFFER OF 2 NEW SHARES AT 3 CENTS EACH FOR EVERY 1 SHARE HELD AT THE RECORD DATE, TO RAISE UP TO APPROXIMATELY \$13,499,879 (BEFORE COSTS).**

**Applications for Shares pursuant to this Prospectus may only be made on the forms accompanying this Prospectus**

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### SUMMARY OF IMPORTANT DATES

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<b>Notice of Rights Issue despatched to Shareholders</b>	<b>16/03/2010</b>
<b>Ex Date – Shares commence trading without Entitlements</b>	<b>18/03/2010</b>
<b>Rights Trading Commences</b>	<b>18/03/2010</b>
<b>Record Date to determine Entitlements to New Shares</b>	<b>24/03/2010</b>
<b>Despatch Date of Prospectus and Entitlement and Acceptance Form</b>	<b>29/03/2010</b>
<b>Rights Trading ends</b>	<b>7/04/2010</b>
<b>Closing Date - last day for acceptance and payment</b>	<b>14/04/2010</b>
<b>Despatch of Holding Statements</b>	<b>21/04/2010</b>
<b>New Shares Trade (T+3)</b>	<b>22/04/2010</b>

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The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, without notice to vary the times and dates of the Offer, including extending the Offer or accepting late applications, either generally or in particular cases.

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abn 70 091 805 480

## CORPORATE DIRECTORY

### Directors

Miles Kennedy (Chairman)

John Hutton

Dr Tor Theunissen

### Secretary

Jean Mathie

### Registered Office

12 Walker Avenue

West Perth 6005 Western Australia

### Enquiries

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Website: [www.marineproduce.com](http://www.marineproduce.com)

### Share Registrars\*

Security Transfer Registrars Pty Ltd

770 Canning Highway

Applecross 6153 Western Australia

Telephone: (08) 9315 2333

### Auditors\*

KPMG

235 St Georges Terrace

Perth 6000 Western Australia

Telephone: (08) 9263 7171

### ASX Codes

MPA (ordinary shares)

*\*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 March 2010. Neither ASIC nor ASX takes 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 issued both a printed and electronic version of this Prospectus and the electronic version may be accessed at [www.marineproduce.com](http://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 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 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) and should also give particular consideration to the fact that the Company has announced that the Board of the Company has resolved, subject to all prior approvals from ASX and other regulatory authorities, to put to shareholders a motion to remove the Company from the official list of ASX (refer to Proposed Delisting from ASX and ADDITIONAL INFORMATION - Delisting from ASX).

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 (**the Offer**) of new Shares (**New Shares**) pursuant to a pro rata renounceable entitlements issue offered to eligible shareholders on the basis of 2 New Shares at an issue price of 3 cents each for every 1 Share held at 5.00 pm (WST) on 24 March 2010 (**the Record Date**).

Disregarding any Entitlements relating to Shares issued on the exercise of options before the Record Date, 449,995,962 New Shares will be issued pursuant to the Offer, if it is fully subscribed, raising \$13,499,879 before the costs of the Offer.

The Offer is not underwritten, and there is no minimum amount that must be subscribed for under the Offer.

### Indicative Support of Major Shareholders

Three of the Company's substantial shareholders have separately given the Company an indicative commitment that they (and, if applicable, their respective associated entities) will subscribe for approximately 305,786,867 New Shares as part of their respective Entitlements under the Offer as follows.

TABLE 1		
Shareholder	Indicative Commitment (Number of New Shares)	Indicative Commitment (Issue Price of New Shares)
Denise Hutton Group	112,052,200	\$3,361,566
Lasborough	123,068,000	\$3,692,040
Allen Group	70,666,667	\$2,120,000
<b>Total</b>	<b>305,786,866</b>	<b>\$9,173,606</b>

### Proposed Delisting from ASX

On 25 February 2010, the Company announced that in order to reduce administration and other overhead costs, to restore the underlying value of the Company, the Board of the Company has resolved, subject to all prior approvals from ASX and other regulatory authorities, to put to shareholders a motion to remove the Company from the official list of ASX. The announcement also stated that delisting of the Company would provide significant cost savings as well as allowing the Company much greater flexibility in future developments.

If the Company were to be delisted from the ASX:

- it would become an unlisted public company;
- the Shares, including any New Shares issued under this Prospectus, would cease to be quoted or tradeable on ASX;
- Shareholders would still be able to trade Shares, including any New Shares issued to them under this Prospectus, in accordance with the Company's constitution, with trading enabled through the Company's share registry.

Further information on the possible delisting of the Company and its potential impact are set out in ADDITIONAL INFORMATION - Delisting from ASX.

### Shortfall

If any shareholders do not take up their whole Entitlement, the number of New Shares not taken up will form the Shortfall (**Shortfall**).

Pursuant to the exception contained in Exception 3 of ASX Listing Rule 7.2, the directors, as part of the Offer, reserve the right to issue the Shortfall at their discretion within three (3) months after the close of the Offer, at an issue price of not less than 3 cents for each New Share comprised in the Shortfall.

### Acting On Your Entitlement

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.

As the Offer is renounceable, shareholders may sell or transfer the whole or any part of their Entitlements.

If you do not accept your full Entitlement, your percentage shareholding in the Company may be diluted as a result of New Shares issued under this Prospectus.

As a shareholder you may:

- accept all or part of your Entitlement;
- sell or transfer all of your Entitlement;

- c) accept part of your Entitlement and sell or transfer the balance;
- d) accept part of your Entitlement and allow the balance to lapse;
- e) do nothing (in which case you will receive no benefit from your Entitlement).

#### **Closing Date**

The closing date (**Closing Date**) for acceptances will be 5:00pm WST on 14 April 2010. Subject to ASX Listing Rules, the directors may extend this Closing Date (with or without notice and either before or after that date).

#### **Accepting all or part of your Entitlement**

If you wish to accept all or part of your Entitlement, you must:

##### **EITHER:**

1. complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in that form, specifying the number of New Shares applied for by you; and
2. forward the completed form, together with a cheque or bank draft payable in Australian Dollars for the amount due in respect of New Shares applied for, calculated at 3 cents per New Share, to reach the Company's Share Registrars no later than 5.00pm WST on 14 April 2010. Cheques or bank drafts must be made payable to "Marine Produce Australia Limited" and crossed "Not Negotiable";

##### **OR, ALTERNATIVELY**

1. pay the amount due in respect of New Shares applied for, calculated at 3 cents per New Share, by BPAY no later than 5.00pm WST on 14 April 2010, by following the instructions set out in the accompanying Entitlement and Acceptance Form.

Your acceptance must not exceed your full Entitlement (as shown on your Entitlement and Acceptance Form) and if it does it will be deemed to be for your full Entitlement only, and any surplus application monies will be returned to you.

**Note:** Any part of your Entitlement not taken up will lapse, and you will receive no benefit from that part. Instead of letting part of your Entitlement lapse, you may wish to consider selling or transferring that part of your Entitlement as described below.

#### **Selling your full Entitlement on ASX**

To sell your full Entitlement on ASX, you must instruct your stockbroker in the manner specified in the accompanying Entitlement and Acceptance Form and lodge that form with your stockbroker or provide your stockbroker with details of your Entitlement appearing on the accompanying Entitlement and Acceptance Form. Allow sufficient time for your instructions to be carried out.

**Rights trading on ASX starts on 18 March 2010 and ends on 7 April 2010.**

#### **Accepting part of your Entitlement and selling the balance on ASX**

To accept part of your full Entitlement and sell the balance on ASX, you must instruct your stockbroker in the manner specified in the accompanying Entitlement and Acceptance Form **AND**

##### **EITHER:**

1. complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in that form, specifying the number of New Shares applied for by you; and
2. forward the completed form, together with a cheque or bank draft payable in Australian Dollars for the amount due in respect of New Shares applied for, calculated at 3 cents per New Share, to reach the Company's Share Registrars no later than 5.00pm WST on 14 April 2010. Cheques or bank drafts must be made payable to "Marine Produce Australia Limited" and crossed "Not Negotiable";

##### **OR, ALTERNATIVELY**

1. pay the amount due in respect of New Shares applied for, calculated at 3 cents per New Share, by BPAY no later than 5.00pm WST on 14 April 2010, by following the instructions set out in the accompanying Entitlement and Acceptance Form.

Allow sufficient time for your instructions to be carried out.

**Rights trading on ASX starts on 18 March 2010 and ends on 7 April 2010.**

#### **Transferring your Entitlement to another person other than on ASX**

To transfer your Entitlement to another person other than on ASX, you must complete and forward:

1. the accompanying Entitlement and Acceptance Form;
2. a standard renunciation form (obtainable from your stockbroker or the Company's Share Registrars) in favour of the transferee. The renunciation must be signed by both you and the transferee; and

3. the transferee's cheque or bank draft payable in Australian Dollars for the amount due in respect of New Shares applied for, calculated at 3 cents per New Share,

to reach the Company's Share Registrars no later than 5.00pm WST on 14 April 2010. Cheques or bank drafts must be made payable to "Marine Produce Australia Limited" and crossed "Not Negotiable".

#### Doing nothing

If you do nothing, any part of your Entitlement that is not accepted and paid for by 5.00pm WST on 14 April 2010 will lapse.

#### Issue of New Shares

The New Shares will be issued, and holding statements dispatched to shareholders to whom New Shares have been issued, 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.

#### Issue of New Shares

The New Shares will be issued, and holding statements dispatched to shareholders to whom New Shares have been issued, as soon as practicable after the Closing Date.

#### Brokers' Commission

If any Entitlement and Acceptance Form received by the Company's Share Registrars bears a stamp that purports to be the stamp of the applicant's broker (**Broker**), the Company will pay to the Broker concerned a commission (**Brokers' Commission**) of 4% of the issue price of New Shares issued pursuant to the Entitlement and Acceptance Form purportedly bearing that Broker's stamp.

#### 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:

- a) repay all application monies received with respect to the Offer, without interest; or
- b) give the applicants a supplementary or replacement Prospectus and 1 month to withdraw their applications and be repaid; or
- c) issue the New Shares to the applicants and give them a supplementary or replacement Prospectus and 1 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 2 below sets out how the Company intends, as at the date of this Prospectus, to apply the funds raised pursuant to this Prospectus.

<b>Details</b>	<b>Full Subscription \$</b>
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	10,118,813
Full repayment of loans and borrowings from Denise Hutton and Mathry	3,361,566 <sup>1</sup>
Estimated costs of the Offer	19,500 <sup>2</sup>
<b>Total</b>	<b>13,499,879</b>

Note<sup>1</sup>: A total of \$3,361,566 (**the Hutton Loan Debt**) has been drawn down by MPA under a loan facility provided by Denise Hutton and Mathry (an entity associated with Denise Hutton). This amount of \$3,361,566 due by MPA in respect of the Hutton Loan Debt will be repaid in full by applying that sum, at the request of Denise Hutton and Mathry, in settlement of the issue price of

112,052,200 New Shares to be taken up by Denise Hutton and her associated entities as part of their respective Entitlements to New Shares under the Offer.

Note<sup>2</sup>: This does not include Brokers' Commissions that may be payable to any Brokers (refer to Brokers' Commission), and if any such commissions are payable by the Company, the estimated costs of the Offer will increase by the amount of those commissions, and the funds available for the other purposes described in Table 2 will correspondingly decrease.

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, share capital and net assets will increase by approximately \$13,480,379, which is the amount that would be raised under the Offer (approximately \$13,499,879), less the estimated expenses of the Offer (approximately \$19,500).

Table 3 is an unaudited Pre-Offer pro forma balance sheet and an Estimated Post-Offer pro forma balance sheet, each based on the Interim Financial Report for the Half Year Ended 31 December 2009 (**Balance Date**).

**TABLE 3**

	Pre-Offer Pro forma \$000s	Estimated Post-Offer Pro forma \$000s
<b>Current Assets</b>		
Cash and cash equivalents	308	10,427
Trade and other receivables	535	535
Inventories	375	375
Biological assets	7,281	7,281
Other Assets	467	467
<b>Total Current Assets</b>	8,966	19,085
<b>Non-Current Assets</b>		
Property, plant and equipment	1,403	1,403
Intangible assets	-	-
<b>Total Non-Current Assets</b>	1,403	1,403
<b>TOTAL ASSETS</b>	10,369	20,487
<b>Current Liabilities</b>		
Trade and other payables	1,450	1,450
Loans and borrowings	3,362	-
Employee benefits	111	111
<b>Total Current Liabilities</b>	4,923	1,561
<b>NET ASSETS</b>	5,446	18,926
<b>Equity</b>		
Share capital	34,594	48,074
Reserves	1,014	1,014
Accumulated Losses	(30,162)	(30,162)
<b>TOTAL EQUITY</b>	5,446	18,926

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 449,995,962 New Shares under the Offer at 3 cents each to raise approximately \$13,499,879 (assuming that the Offer is fully subscribed and 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 \$19,500.

As indicated in the estimated Post-Offer pro-forma balance sheet above, the effect of raising a net amount of \$13,480,379 by the Offer is that cash increases by \$10,118,813, loans and borrowings reduce to nil and net contributed equity and net assets increase by \$13,480,379. 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 current 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 4 below.

<b>TABLE 4</b>	
<b>Shares</b>	<b>Number</b>
Shares on issue at the date of this Prospectus	224,997,981
Shares to be issued pursuant to the Offer <sup>1</sup>	449,995,962
<b>Shares on issue on completion of the Offer <sup>1</sup></b>	<b>674,993,943</b>
<b>Options</b>	
Unlisted June 2010 Options (exercisable at \$3.00)	309,055
Unlisted September 2012 Options (exercisable at \$0.20)	15,000,000
<b>Options on issue on completion of the Offer</b>	<b>15,309,055</b>
<b>Maximum number of Shares on a fully diluted basis following completion of the Offer</b>	<b>690,302,998</b>

Note <sup>1</sup>: The above table does not take into account the Entitlements that would attach to Shares that would be issued if any of the 15,309,055 unlisted options described in the table, were exercised before the Record Date.

If the Offer is not 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.

- Miles Kennedy has a relevant interest in 1,100,004 Shares held by Kennedy Holdings (WA) Pty Ltd (ACN 003 118 438) (as trustee for the Kennedy Family Trust) and 1,700,483 Shares held by MAK Super (WA) Pty Ltd (ACN 010 657 959) (as trustee for the MAK Superannuation Fund).
- John Hutton has a relevant interest in 13,140,571 Shares held by Faustus, 1,343,474 Shares held by JCO Investments Pty Ltd (ACN 100 562 918) (as trustee for the JCO Superannuation Fund) and 13,333,333 Shares held by MPC.
- Dr Tor Theunissen has a relevant interest in 614,917 Shares held by Indigo Holdings Pty Ltd (ACN 009 194 530) (as trustee for Theunissen Superannuation Fund).
- The remuneration paid to the directors or their related entities during the period of 2 years prior to the date of this Prospectus is set out in table below.

<b>Director</b>	<b>Period (12 Months Ended)</b>	<b>Gross Salary</b>	<b>Directors' Fees</b>	<b>Superannuation</b>
Miles Kennedy	12/03/2009	-	43,681	3,931
	12/03/2010	-	60,000	5,400
John Hutton	12/03/2009	-	30,000	1,869
	12/03/2010	-	30,000	2,700
Tor Theunissen	12/03/2009	-	33,000	-
	12/03/2010	-	33,000	-

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.

- Miles Kennedy was a director of Resource Development Company Pty Ltd (ACN 063 197 900) (**RDC**) (as trustee for the Resource Development Discretionary Trust (**RDC Trust**)) and had a 50% relevant interest in RDC. He and his associates were discretionary beneficiaries of the RDC Trust. Miles Kennedy ceased to be a director and shareholder of RDC on 11 August 2009. During the 2 years prior to lodgement of this Prospectus, RDC (as trustee for the RDC Trust) provided the services of a qualified Chartered Accountant to perform management, financial and accounting services for the Company and was reimbursed for the actual costs incurred by it in providing the Chartered Accountant's services for the Company, an

aggregate of \$196,304 (exclusive of GST) for the year ended 12 March 2009 and an aggregate of \$100,000 (exclusive of GST) for the period from 12 March 2009 to 11 August 2009, being the date Miles Kennedy ceased to be a director and shareholder of RDC.

- f) John Hutton is a director of MPC and has a 66.66% relevant interest in MPC. During the 2 years prior to lodgement of this Prospectus, MPC provided access to aquaculture infrastructure and facilities for the Company in Cone Bay and Derby, Western Australia and also incurred operating and capital expenses on behalf of the Company in relation to its Barramundi fish farming operations. \$905,018 and \$800,000 (both inclusive of GST) were paid by the Company in cash and Shares, as directed by MPC, for the facilities and the provision of those services and in reimbursement of those operating and capital expenses during the years ended 12 March 2009 and 2010 respectively.
- g) John Hutton is director of Ustov Pty Ltd (ACN 069 514 227). During the 2 years prior to lodgement of this Prospectus Ustov Pty Ltd provided office, workshop and storage premises to the Company and was paid aggregates of \$37,450 (exclusive of GST) and NIL as rent and variables in respect of the provision of that accommodation during the years ended 12 March 2009 and 2010 respectively.
- h) John Hutton is related to Denise Hutton. During the year prior to lodgement of this Prospectus Denise Hutton trading as Kimberley Palm Factory provided office, workshop and storage premises to the Company and was paid \$26,000 (exclusive of GST) as rent and variables in respect of the provision of that accommodation during the year ended 12 March 2010.
- i) Denise Hutton, related to director John Hutton, and her associated entity, Mathry, have provided a loan facility of \$3,400,000 to the Company. At the date of this Prospectus a total of \$3,361,565 had been drawn down under this facility which is secured by the assets of the Group, accrues interest at the rate of 12.0% per annum (variable in accordance with variations made to the Official Interest Rate by the Reserve Bank of Australia) from the dates of drawdown and is repayable on demand.
- j) MPC has conditionally agreed, inter alia, to assign and transfer all its right, title, interest, claim and demand in and to an Aquaculture Licence (**Licence**) in respect, inter alia, of an area of sea of approximately 700 hectares in Cone bay, Western Australia to MPA free from encumbrances. No consideration is payable to MPC under this agreement. MPC is responsible for, and must indemnify MPA against, any obligations under the Licence until it is transferred to MPA, and MPA will be responsible for, and must indemnify MPC against all obligations incurred or attributable to the Licence for the period after the transfer. MPA has agreed that after Licence is transferred to it, it will ensure that the Licence is maintained in full force and effect and in good standing, and that the Licence is used by it, or another corporation in the Group, for the purpose of commercially farming finfish, and if it does not do so and fails to rectify that default, MPC may require MPA to transfer the Licence back to MPC. The agreement also gives MPA certain discretionary rights of first and last refusal in relation to the acquisition of any other licences, leases or other rights in respect of any aquaculture activities of any kind in Cone Bay, Western Australia that MPC may wish to assign or transfer at any time. The agreement is conditional on MPA raising at least \$6,000,000 in capital through the issue of its securities after the date of the agreement and before 30 June 2010, excluding MPA securities that may be issued in payment or reduction of any loans or other debts owing by MPA, and this condition may be waived by MPC. The agreement is also subject to compliance with the Listing Rules and all applicable laws.

#### **Delisting from ASX**

If the Company is removed from the official list of ASX, Shareholders would still be able to trade Shares, including any New Shares issued to them under this Prospectus, in accordance with the Company's constitution, with trading enabled through the Company's share registry but would no longer be able to buy, sell or transfer Shares in the Company on ASX.

A Shareholder wishing to dispose or transfer Shares would need to locate a buyer/transferee and execute a paper transfer in the form required by the Company's constitution. If a Shareholder's Shares are held in a CHESSE subregister, that holding will be recorded on a register maintained by the Company on and from the date on which the Company is removed from the ASX. Although Shareholders would not be able to transfer Shares merely by giving instructions to their brokers, they would still be able to transfer Shares by way of a paper transfer lodged with the Company's Share Registrars.

In general, shares which are not available for trade on ASX are less liquid than shares which are available for trade on ASX and it may accordingly be more difficult for Shareholders to dispose of their Shares or find a purchaser for their Shares if the Company is delisted. Furthermore, Shares which are able to be traded on ASX may command a premium as a result of the additional disclosures, liquidity and ease of trade.

Shareholders should seek independent legal and financial advice with respect to the potential impact of the possible removal of the Company from the official list of ASX.

#### **Risks**

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

The Company presently carries on commercial Barramundi sea cage farming operations at Cone Bay in Western Australia under an agreement with MPC for the use of and access to assets and infrastructure in connection with its sea farming operations and the

Company plans to apply the funds raised through the Offer towards the continuation and expansion of those operations (see USE OF PROCEEDS for further details). The Group plans to harvest and sell significantly less than the projected total fish biomass growth during the 2010 Financial Year to expand the biomass of the farm. This planned biomass expansion, predominantly of the fish currently on hand, is subject to harvest licensing approvals and will require significant additional investment capital which the Company anticipates will be provided by funds raised from the placement of 29,333,333 Shares at 3 cents, described in the Company's Section 708A Notice dated 22 February 2010, which raised \$880,000 before costs, and the funds expected to be raised under this Prospectus. The relevant government agencies are presently considering applications to increase the existing licence and to grant further licences.

The performance of the Group's aquaculture operations and thus the value of the Company's securities could be impacted by various other 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 view of the indicative support of the Offer that the Company has received from certain major shareholders (see: Indicative Support of Major Shareholders for further details) the directors are confident, as stated in the Company's Half Yearly Report and Accounts for the half year ended 31 December 2009, that the Group will be able to raise sufficient funding to continue as a going concern and continue to pay its debts as and when they fall due.

If, however, the Company is not able to secure funding from the Offer or from other capital raisings, and is unable to make other alternative funding arrangements, there is material uncertainty which may cast significant doubt as to whether the Company and Group would be able to continue as a going concern and continue to pay its debts as and when they fall due. If the Group is unable to continue as a going concern, it will be required to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts that may be different to those stated in the Company's financial reports. This includes, but is not limited to, the Group's major assets, being its biological assets, which represent approximately 74% of the Group's current assets and 64% of the Group's total assets.

The above statement of risk factors is by way of illustration only. Risk factors are also identified in the Company's Annual Financial Report for the year ended 30 June 2009 which was lodged with ASIC/ASX on 30 September 2009.

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 Australian and 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 last business day on which any sales were recorded immediately preceding the date of this Prospectus, were:

	Date	Cents
Highest	14/12/2010	4.2
Lowest	3/3/2010	2.2
Latest	11/3/2010	2.5

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:

	Date	Cents
Highest	11/5/2009	6.5
Lowest	3/3/2010	2.2

#### Taxation implications for Shareholders

The directors do not consider it appropriate to give shareholders advice regarding the potential taxation consequences of subscribing for New Shares under the Offer and the Company, its officers and advisors do not accept any liability or responsibility in respect of any such taxation consequences to shareholders.

Furthermore, the taxation implications for each shareholder will also depend on their particular circumstances, and the directors accordingly recommend that you seek your own professional tax advice concerning the tax consequences for you which arise from the Offer. You should seek this advice whether or not you wish to take up your Entitlement.

#### 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 2009, being the last audited annual financial report lodged with ASIC on 30 September 2009 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:

<b>Date Lodged</b>	<b>Description of Document</b>
14/10/2009	Appendix 4C
16/10/2009	Change in substantial holding
29/10/2009	Notice of Annual General Meeting and Proxy Form
29/10/2009	Annual Report to shareholders
2/11/2009	Appendix 4C
10/11/2009	Change of director's interest notice x 2
11/11/2009	Response to ASX query
27/11/2009	Results of meeting
15/12/2009	Operations update
28/1/2010	Appendix 4C
2/2/2010	Response to ASX query
12/2/2010	Appendix 4C
17/2/2010	Appendix 3B and Form 604
22/2/2010	Section 708A notice
23/2/2010	Trading halt
25/2/2010	Capital raising and debt restructure to fund major expansion
26/2/2010	Half yearly report and accounts
5/3/2010	Change of director's interest notice
10/3/2010	Appendix 4C

#### **Non-Residents**

Non-Residents should consult their professional advisors as to whether any formalities need to be observed (either by themselves or the Company) to enable them to subscribe for New Shares. It is the responsibility of Non-Residents to obtain all necessary approvals so they may legally subscribe for (and be issued) the New 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 New 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 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. Shareholders should refer to Proposed Delisting from ASX and ADDITIONAL INFORMATION – Delisting from ASX for information in the event that the Company is removed from the official list of ASX.
- 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

<b>Allen Group</b>	T&E Allen Investments (ACN 138 179 334) and Weybridge Pty Ltd (ABN 87 008 947 411)
<b>ASIC</b>	Australian Securities & Investments Commission
<b>ASX</b>	ASX Limited (ABN 98 008 624 691)
<b>cents</b>	Australian cents
<b>Company or MPA</b>	Marine Produce Australia Limited (ABN 70 091 805 480)
<b>Company's Share Registrars</b>	Security Transfer Registrars Pty Ltd (ACN 008 894 488) 770 Canning Highway, Applecross WA 6153 and PO Box 535, Applecross WA 6953
<b>Denise Hutton Group</b>	Denise Hutton and her associated entities
<b>Faustus</b>	Faustus Nominees Pty Ltd (ACN 008 874 315) (as trustee for the GJ Hutton Family Trust#2)
<b>Group</b>	The Company and its wholly owned subsidiaries
<b>June 2010 Options</b>	Unlisted options, exercisable on or before 30 June 2010, each entitling the holder to acquire a Share at an issue price of \$3.00
<b>Lasborough</b>	Lasborough Investments Limited
<b>Mathry</b>	Mathry Pty Ltd (ACN 134 550 379) (as trustee for the DMH Superannuation Fund)
<b>MPC</b>	Maxima Pearling Company Pty Ltd (ABN 70 009 251 441)
<b>Non-Residents</b>	Persons domiciled outside Australia
<b>Record Date</b>	24 March 2010
<b>September 2012 Options</b>	Unlisted options, exercisable on or before 28 September 2012, each entitling the holder to acquire a Share at an issue price of \$0.20
<b>Share</b>	Fully paid ordinary share in the capital of the Company
<b>WST</b>	Australian Western Standard Time
<b>\$</b>	Australian dollar

## CONSENTS

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.

**DR TOR THEUNISSEN**  
**DIRECTOR**

12 March 2010