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**MPA RAISES \$10.5M AS CONE BAY BARRAMUNDI OPERATIONS  
ACHIEVE KEY GROWTH MILESTONE**  
*FARM BIOMASS INCREASES TO RECORD 1 MILLION KILOGRAMS*

- **\$10.5M raised in strongly supported Entitlements Issue, with \$3.0M shortfall available.**
- **Proceeds to underpin planned expansion of Cone Bay Operations to targeted farm biomass of 2 million kilograms (kg).**
- **Benchmark farm biomass of 1 million kg of live fish achieved.**
- **Continued strong growth averaging over 100,000 kg of biomass increase (including sales) each month since November 2009.**
- **Cone Bay Barramundi granted recognition under the Sustainable Australian Seafood Assessment Criteria (SASAC), and Australian Conservation Foundation Healthy Oceans Program.**
- **Improved feeding practices continue to yield faster growth and lower feed conversion ratios (FCR).**
- **Key items of expansion infrastructure being deployed, with six new 80 metre cages installed and stocked with fish and four 60 metre cages ready for conversion to 80 metres.**

Marine Produce Australia Limited (ASX: **MPA**) is pleased to provide an update on recent operational achievements at its ocean based **Cone Bay Barramundi** operations in the Kimberley region of Western Australia following its recent successful capital raising.

The Company's Entitlements Issue was well supported with investors contributing **\$10.5 million**, with an available shortfall of \$3 million.

These funds will be used to fully commercialise the Cone Bay operations with a significant increase in the scale of operations to supply a targeted **2 million kg of its ocean grown Cone Bay Barramundi** per annum.

The completion of the capital raising follows the achievement of another significant operational milestone at Cone Bay, with total farm biomass reaching the benchmark level of **1 million kg** of live fish, reflecting continued strong growth and low feed conversion ratios (FCRs).

This provides a strong foundation for the Company to attain its initial targeted farm size of 2 million kg.

Building on the excellent results reported in November, monthly farm biomass (including harvest volume) recorded an average increase of **over 100,000 kg each month** in the period from November 2009 to March 2010, which translates to over \$4.5 million at gross sales value.

Feed supply was compromised on several occasions due to delays in clearing quarantine controls, however fish growth continued to be strong together with lower FCRs, particularly in groups of smaller fish.

FCR is one of the key performance indicators for fish farming, measuring the efficiency of converting fish feed to fish. A result of 1.3:1 for the period indicates that 1.3 kg of feed was required to grow 1 kg of fish.

At the current landed price for feed of approximately \$2.20, the cost of feed per kg of production will be \$2.86.

Cone Bay's Farm Management is confident that stronger growth and lower FCRs would have resulted had there been no limitation of feed supply.

Barramundi are cold-blooded animals and display optimal growth at a water temperature of approximately 30 degrees Celsius. With the dry season water temperatures reducing to 25 degrees Celsius, fish growth is expected to slow during the upcoming period from May to October compared to the warmer conditions that prevail from November to May.

## **FINANCIAL PERFORMANCE**

The increased monthly production of barramundi has resulted in a lower unit cost of production at the marine farm. Cone Bay's Farm Management expects this trend to continue as farm production moves towards the targeted level of 2 million kg per annum, with recent investment in labour-saving technologies (*see below*) expected to accelerate this trend.

An improved supply of fish feed will also help to improve fish growth and is expected to further reduce the unit cost of production.

## **NEW 80 METRE CAGE INSTALLATION**

As part of the operational expansion plan at Cone Bay, the Company has implemented a capital investment program to achieve increased farm biomass growth and drive improved cost structures.

As part of this program, six of the total of **13 new 80 metre cages** are now fully deployed at Cone Bay and stocked with fish.

The remaining four 60 metre cages required for conversion to 80 metre cages have been emptied and de-rigged of old nets. Contractors will be on site during May to undertake the necessary work to increase the size of these cages.

One of four marine brass nets has been installed and stocked with fish. The remaining three will be assembled and rigged in June, with stocking to follow soon after. These nets will form part of a large project to assess their resistance to bio-fouling, suitability for the environmental conditions at Cone Bay and cost effectiveness compared to nets made from rigid plastic wire.

Purchase orders have been placed for the three remaining cages required to increase farm capacity to 2 million kg.

## **SALES PROJECTIONS**

The availability of Cone Bay Barramundi continues to lag well behind demand. However, forecast increases in the numbers of harvest size fish is expected to underpin a significant improvement in sales from the start of September 2010.

## **SUSTAINABLE AUSTRALIAN SEAFOODS ASSESSMENT CRITERIA (SASAC)**

During 2009, MPA was assessed for production sustainability using SASAC by a panel of independent scientists as part of the Australian Conservation Foundations Healthy Oceans Program.

As a result, the Cone Bay farm received a “green light” in recognition of its excellent site and strong management practices aimed at minimising environmental impacts from the farming operations. MPA is the first aquaculture company to receive this accreditation.

Australian and overseas buyers are increasingly searching for seafood from sustainable sources, particularly for high-end markets. This recognition will contribute to the Company’s already strong market position and support the anticipated sales growth.

## **PRODUCTION LICENCES**

With the Cone Bay 1 million kg licence already in place, the Company’s focus has moved to securing a further 1 million kg licence in the adjoining Crawford Bay.

The final benthic mapping survey required to secure this licence has been completed by expert environmental consultants Oceanica, with the results to be included in the otherwise completed Public Environmental Review (PER) document. The Company expects to submit this application to the WA Department of Fisheries by June this year.

As part of a co-operative project between MPA, the Department of Fisheries and external consultants, a comprehensive Strategic Assessment will be undertaken of the Cone Bay area commencing in June, in order to establish a sustainable environmental carrying capacity.

This work will form the basis of a Public Environmental Review to establish an aquaculture zone to allow further development of the Company's marine farming operations in the area.

This Project is expected to take approximately six months to complete.

#### **FEED TRIALS**

Initial trials to assess the benefit of using high energy diets for growing Barramundi delivered very pleasing results, clearly demonstrating significant increases in growth and lowering of FCR, without detriment to product quality.

More comprehensive trials will resume in June in cooler weather conditions.

#### **AUTOMATION**

The Cone Bay farm technical team has commissioned an underwater video fish sizing system produced by AQ1 Systems from Tasmania. The equipment is based on collecting video using stereo video cameras and processing the images using specialised software produced by the company.

Comparison with traditional weight sampling has shown the system to be very accurate and reliable for Barramundi.

A worthwhile reduction in sampling costs is achieved by a significant reduction in labour and reduced dependency on weather conditions for collection of accurate data.

#### **CHALLENGER INSTITUTE OF TECHNOLOGY**

MPA recently received its first batch of juvenile Barramundi produced at Challenger Institute, Fremantle WA. A second batch is currently in the larval rearing unit and is ready for shipping to the Cone Bay nursery.

One day old larvae were sourced from the Darwin Aquaculture Centre and Kimberley TAFE's aquaculture facility in Broome, and were air-freighted to the Challenger Aquaculture Development Unit (ADU) at Fremantle for on growing to a size suitable for stocking into a nursery facility. The service provided and quality of juveniles supplied has been excellent.

MPA is currently negotiating a long term arrangement for the Challenger ADU for supply of broodstock management, spawning and larval rearing services.

The Company is confident that this Group has the expertise and facilities to supply quality seed stock on an ongoing basis.

#### **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 had 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 Company's Shares would cease to be quoted or tradeable on ASX.

Shareholders would still be able to trade Shares, in accordance with the Company's constitution, with trading enabled through the Company's share registry.

**- ENDS -**

Released by  
Nicholas Read  
Read Corporate  
Tel: +61-8 9388 1474

On behalf of  
Miles Kennedy – Chairman  
Marine Produce Australia Limited  
Tel: +61-8 9321 9200