
MPA ON TRACK TO MEET KEY BARRAMUNDI SALES TARGETS

TOTAL FARM BIOMASS AT CONE BAY INCREASES TO 1,320,400 KG

- **Record farm biomass increase of 369,300kg for June 2010 Quarter, with total farm biomass of 1,320,400 kg as at 31 July 2010.**
- **Industry-high fish prices maintained despite seasonal drop-off in demand in the winter period.**
- **Large numbers of +3kg fish available to support increased sales – expected to commence in September 2010.**
- **\$12.5 million received from recent rights issue and shortfall placement used to pay off debt, build inventory and fund key equipment purchases including purchase of a new supply vessel to support farming operations.**
- **Contracts finalised for external supply of juvenile Barramundi stock, with first batches of 250,000 juvenile fish successfully transported from Fremantle to Derby and shipped to Cone Bay with no mortalities.**
- **Conversion of 60m to 80m cages completed, with introduction of new grading equipment delivering consistent premium grade fish growth.**
- **\$37,000 loss from operations for six months ended June 2010 (December 2009 loss \$2.392 million).**

Marine Produce Australia Limited (ASX: **MPA**) is pleased to report further strong operational results for its **Cone Bay Ocean Barramundi** Operations in the Kimberley region of Western Australia, with recent fish growth and production supporting forecasts for a significant increase in sales for the 2011 financial year.

Production has been in line with forecasts, with recent innovations including the introduction of new grading equipment expected to deliver a more consistent product size and premium grade fish.

Biomass (including harvest volume) as at 31 July 2010 was 1,320,400 kg, representing an average increase of 105,656 kg per month over the past four months. With strong support from the Company's feed supplier, MPA has been able ensure adequate supply of feed at all times, which has been an important factor in achieving the excellent growth results.

Feed trials based on high-energy diets re-commenced during May with two groups of fish selected for these trials – each held in two cages with similar populations for control purposes. After three months, growth and FCR will be assessed for each group to establish the production gains and cost efficiency of each diet. Samples will be assessed to ensure no loss of product quality.

FINANCIAL RESULTS FOR YEAR ENDED 30 JUNE 2010 AND SALES PROJECTIONS

1. The second half (January to June 2010) of the reporting period delivered the best financial and operational results yet seen in the Company's seven year history. These results stem mainly from March 2010 when proper funding arrangements were put in place thus enabling an increase in the scale of operations and continued improvement in feeding, growth and feed conversion ratios (**FCRs**). This had an immediate positive impact on farm cash operating cost per kg, reducing to \$7.62 per kg in the six months to June 2010.

2. The results from operations to 30 June included:

<i>In thousands of AUD</i>	6 months ended	6 months ended	12 months ended
Consolidated	Jun 2010	Dec 2009	Jun 2010
Profit (Loss) from farming operations	777	(1,465)	(688)
Administration and marketing expenses	(814)	(927)	(1,741)
Results from operating activities	(37)	(2,392)	(2,429)

<i>In thousands of AUD and kg</i>	6 months ended	6 months ended	12 months ended
Consolidated	Jun 2010	Dec 2009	Jun 2010
Farm cash operating costs (AUD)	5,229	3,989	9,218
Fish biomass growth before harvest (kg)	686	350	1,036
Farm cash operating cost per kg	7.62	11.40	8.90

The Group's results from operating activities for the year to June 2010 was a loss of \$2,429,000, most of which was attributable up to December 2009 (2009- \$2,392,000). Total comprehensive income (after all impairments, finance costs, depreciation and amortisation) was a loss of \$3,828,000 (2009 - \$8,143,000).

3. Farm production is in line with forecasts and is expected to support a major increase in sales from September 2010. Increased farm stocks will allow MPA to better support existing customers with quality product and also to target new sales, particularly in major east coast markets. The forecast harvest of fish in the year to June 2011 is expected to increase to 1 million kg (up from 385,000 kg in the year ended 30 June 2010).

4. Revenue from the sale of fish was \$3,753,000 for the period to 30 June 2010 from the sale of 385,000 kg of fish, with fish growth linked to increasing total farm biomass taking preference to short term sales. Fish sales were deliberately reduced to allow farm biomass to reach current record levels.

5. Recent cash flow forecasts indicate that MPA has sufficient funds to fund the necessary inventory increases until the Company becomes cash flow positive, which is forecast to occur during the 2012 financial year.

6. Impairment

The Group has undertaken a review of the carrying value of its assets and recognised impairment charges for property, plant and equipment of \$1,662,000 and intangible assets of \$11,000, resulting in those assets being carried at their estimated net fair value.

NEW 80M CAGE INSTALLATION

All cage conversions are now complete with nets being installed as required for cage splits and grades. All cages are expected to be deployed and stocked by October. An order will be placed in November 2010 for four new 80-metre cages to allow for delivery and construction by the end of the current financial year.

Two brass nets have been deployed and stocked with fish with construction of the two remaining nets currently being completed subject to consultation with the Japanese supplier on modifications to the base frames to suit the tidal conditions.

The first brass net deployed has been in the water for over three months and has remained free of predator damage and shows no signs of bio-fouling.

Accordingly, the Company now has 16 operational sea cages, plus 2 sea cages presently being commissioned, plus 8 nursery cages for a total of 26 cages, rising to 30 cages by financial year end.

PRODUCTION LICENCES

The Company has continued its efforts to increase its portfolio of Production Licences in the Kimberley region by:

- lodging an application with the WA Department of Fisheries to transfer the Cone Bay Aquaculture Licence from Maxima Pearling Company to MPA;
- preparing an application with the assistance of the Aquaculture Council of WA to amend Cone Bay's Office of the Environment Protection Authority (OEPA) Licence with the aim of increasing the production capacity of the site;
- reviewing documents to support a Public Environmental Review (PER) to establish a fish farming lease at Crawford Bay so that they are consistent with new EPA licensing guidelines – with the application to be submitted to the Department of Fisheries in September;
- developing a major environmental assessment and modelling project, with the assistance of the WA Dept of Fisheries and the Australian Institute of Marine Sciences, to establish a clear understanding of the characteristics of the marine environment in the area and to develop a model to predict the fate of nutrients produced by fish farming. This will underpin an application to develop an aquaculture zone for expansion of finfish production.

CHALLENGER INSTITUTE

MPA has entered into an agreement with the Australian Centre for Applied Aquaculture Research (ACAAR) at Challenger Institute, Fremantle for Barramundi broodstock management and juvenile supply. Under this arrangement, MPA will purchase 100% of its juvenile fish from the Fremantle facility on a three year plus three year renewable contract.

ACAAR has an excellent production and research team with a track record in the production of a number of marine finfish species such as Dhufish, Yellowtail Kingfish, Snapper, Black Brim and Mulloway. Barramundi production will take place in a separate section of the facility set up specifically for this purpose.

The first group of broodstock has been collected from MPA's Cone Bay marine farm and transported to Fremantle by boat and road – a trip of over 2,300km – without mortalities. The fish were then held in quarantine until veterinary inspection cleared them for transfer into the main facility. Further broodstock transfers are planned for September and November 2010. To support the facility, MPA has purchased essential items such as biological filters, heat pumps and tank covers.

To date, two batches of 250,000 juveniles of 0.25 grams have been road freighted from the ACAAR facility by road to Derby and boat to Cone Bay. The quality of these fish has been high with subsequent strong performance at the farm.

DELISTING

On 25 February 2010, the Group announced that in order to reduce administration and other overhead costs, allow greater flexibility in future developments and to restore the underlying value of the Group, the Board had resolved subject to all approvals from ASX and other regulatory authorities, to put to shareholders a motion to remove the Company from the official list of the ASX at the Annual General Meeting in November 2010.

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