

The Manager
Companies Announcements Office
Australian Securities Exchange

26 July 2017

Dear Sir/Madam,

Seabed investigation underway

The Company is pleased to announce the commencement of investigative drilling of the seabed at Smith Bay, the site of its proposed timber export wharf. The necessary licence for this work has now been issued by the Department of Planning, Transport and Infrastructure.

The investigative drilling is necessary in order to finalise the wharf design, and to ensure that it can be constructed and operated with no negative effect on environmental water quality. The Environment Protection Authority of South Australia is satisfied that the investigation itself will have no such negative effects, which is a precondition of the licence.

The information gathered by means of this geotechnical investigation will be used to determine the exact soil composition. For the last six months, the Company has positioned a monitoring buoy just north of its Smith Bay property to measure the quality of the water in real time. The Company has also measured wave, tide and current movements for over a year. The resulting data will be used, in conjunction with information about the seabed composition, to devise and populate a coastal process model. This is an essential element of the Environmental Impact Statement for the wharf project.

The management of the onshore abalone farm at Smith Bay has been notified of the works, which are, to a significant extent, being conducted for the benefit of that business. The investigation will be suspended when and if the natural background turbidity rises significantly above observed baseline measurements

Further information about the seabed investigation is available on the Company's website and on www.smithbayeis.com.

Yours sincerely,



Victoria Allinson
Company Secretary