



22 February 2019

Half Yearly Update 31 December 2018

The Board of Murray Cod Australia Ltd (“MCA” or “the Company”) is pleased to announce the following in respect of activities of the Company since our last update in conjunction with the release of Appendix 4D.

Revenue increase of 92% over Last Year

Revenue for the 6 months ending 31 December 2018 increased by 92% over the corresponding period in the prior year. All of this growth has come from the domestic market. Average sale weight per fish increased to 1.66Kg. It is pleasing to note that prices received have not fallen as volumes have risen. The sales growth quoted above does not include growth in value of biological assets.

Dynamic Stocking of Fish to Increase Productivity from Existing Ponds

The board is pleased to announce that our team have developed a new dynamic stocking methodology for our pond systems that will significantly increase productivity from the existing ponds in use. To date the results of this new stocking method have been better than the previous method in terms of growth and feed uptake.

Direct Cost of Production per Kg drops to \$7.70/kg

Directors are pleased to report that direct cost of production has now dropped to \$7.70 per kg from a previously reported figure of \$8.50. It is anticipated that as economies of scale and synergistic benefits continue to be realised that this cost will continue to fall.

Successful Results to Date on New Fingerling Stocking

Results to date of our first commercial trials of stocking weaned larvae straight to ponds instead of having to stock them in a nursery system over winter have been pleasing. More testing will need to occur in following seasons before the company would move completely to this method, however, if successful, it will negate the need to build further RAS systems for fingerlings as the company expands.

Fish Stocks have grown well in Extreme Heatwave Conditions

Growth rates and food conversion ratios have been pleasing during the recent heatwave conditions. The company has not been affected by the fish kills on the Darling or Murrumbidgee rivers and does not expect any effect on our stocks from these events.

Processing Plant Development Application Now Approved

The Company has received approval from Griffith City Council for the development application lodged in respect of the processing plant. Construction and fitout will proceed immediately with the operational site expected to be commissioned before 30 June 2019.

Exports to Japan will Commence in Early April

Agreement has been reached with Japanese distributors and the Aquna Brand will be launched at a function to be held at Salt Restaurant in Tokyo on 15 March 2019. MCA expects only limited quantities of fish will be available to the Japanese market over the next few months as the Company is prioritising stocks to meet domestic demand. The expected revenue in Japan over the next few months is unlikely to have any material financial effect on MCA, however this development is an extremely important step for future exports to Japan. Our distributors expect demand to grow as the quality of the fish becomes more widely recognised in Japan.

US Markets - Boston Seafood Show

Negotiations have advanced with a US based distributor. They have invited us to attend the Boston Seafood Show and showcase our fish to their customers. The distributor has been negotiating with us for some time and their actions now are encouraging. We have been invited to trial Aquna Cod with a number of wholesale buyers. We will update the market as developments occur.

Luxury Hong Kong Hotel Group to begin serving Aquna Cod

A distributor from Hong Kong has commenced buying limited quantities of Aquna Cod. It is anticipated that this volume will increase as more stock becomes available. They have stated that a luxury hotel chain in Hong Kong will begin serving Aquna Cod on their menus.

Planning for “Super-Site” Continues

Planning and compliance work is still being undertaken for this site. The initial plan caters for 35 ponds that would vary in size between 15 and 20 megalitres each. This site would provide a holding capacity of a minimum of 1,600,000 fish. This would add to our existing holding capacity of 850,000 fish.

Smoked Product Release Date

As a result of delays with council in relation to the approval of our Development Application for the processing centre the company postponed releasing the Aquana Hot Smoked Murray Cod to the Australian market before Christmas. Packaging design is now finalised and as previously advised agreement in principle has been negotiated with distributors and processors. The smoked product is unique in Australia and many parts of the world as a high fat white fleshed fish. Feedback from taste tests around the world has been outstanding. We anticipate launching this product in limited quantities prior to June 30 this year.

Cash Reduction Partly Due to Timing Differences

The company notes that \$584,000 owing to the company from contract growers at 31 December has created a timing difference in cash flow. This is a seasonal event and should have a positive impact on cash flow in the current quarter.

**For more information contact:
Ross Anderson Chairman
+61 269 625 470**