



Murray Cod Australia Ltd

ASX:MCA

ASX ANNOUNCEMENT

13 December 2019

Murray Cod Australia to raise \$15.0 million through a placement to institutional and sophisticated investors

- **Firm commitments have been received for an institutional placement of \$15.0 million before costs at 14.5 cents per share (the “Placement”)**
- **The Placement is well supported by new professional and sophisticated investors**
- **The proceeds from the Placement are to be applied towards ongoing production scale-up including new fish hatchery and grow-out infrastructure, as well as funding the general working capital requirements of the business**

Murray Cod Australia Limited (ASX:MCA) (the “Company”) is pleased to advise that it has received firm commitments for a capital raising of \$15.0 million before costs by way of an institutional placement of 103,448,276 ordinary shares (“Placement Shares”) to professional and sophisticated investors. The Placement was managed by Ord Minnett Limited, who acted as the Sole Lead Manager.

The Placement issue price was \$0.145 per share which represents a:

- 12.1% discount to the Company’s last traded share price of \$0.165 on 11 December 2019; and
- 7.8% discount to the previous 10-day volume weighted average traded share price of \$0.157 up to and including 11 December 2019.

The Placement Shares will utilise the Company’s placement capacities as follows:

- 57,814,634 shares within LR 7.1 placement capacity; and
- 45,633,642 shares within LR 7.1A placement capacity.



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Indicative timetable

The timetable below is indicative only and subject to change. The Company reserves the right to alter the below dates at its full discretion and without prior notice, subject to ASX Listing Rules and the Corporations Act.

Trading Halt	Thursday, 12 December 2019
Announcement of Completion of Equity Raising	Pre Market Open, Friday, 13 December 2019
Trading Halt Lifted, Trading Recommences	Pre Market Open, Friday, 13 December 2019
Settlement of New Shares Issued Under the Placement	Tuesday, 17 December 2019
Allotment and Ordinary Trading of New Shares Issued Under the Placement	Wednesday, 18 December 2019

Use of Funds

The Company intends to use funds raised from the Placement towards the following key activities:

- acquisition or construction of additional fish hatchery to increase fingerling stock available for grow-out;
- continued development and partly fund construction of the 'super site' to grow-out ponds to accommodate increased fingerling stock;
- marketing and branding initiatives to drive sales of planned increase in stock production and to maintain price margin of "Aquna" branded Murray Cod relative to competitors and other fish species; and
- pay transaction costs of Placement and provide for general working capital.

Ross Anderson, the Executive Chairman of Murray Cod Australia, commented on the successful Placement:

"Murray Cod Australia is pleased to welcome its new shareholders to the Company. We look forward to the next phase of our growth as we apply the funds from the capital raising to scaling-up production and driving sales and profitability for the benefit of all shareholders."



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Trading Update

Fish Hatchery Expansion

To achieve the Company's targeted fish production of 10,000t per annum in the next decade, a new hatchery will be required by the year 2021. Company management is currently considering two options for the Hatchery expansion; either by:-

- purchasing an existing facility, which the Company is currently discussing with a potential vendor; or
- constructing a new hatchery, by either developing its existing facility or a new 'greenfield' development.

The hatchery expansion, whether done by purchasing an existing site or constructing a new one, is planned to provide the Company with a source of additional fingerlings for stocking and grow-out at the planned 'super site' to increase future production.

Further, if a hatchery purchase is completed it could provide an additional \$0.4 million of EBITDA, for the year ending 30 June 2021, to the Company from sales of excess fingerlings to government re-stockers. In following years it is anticipated increasing numbers of fingerlings would be utilised in Company grow out ponds and that external fingerling sales (and thus any incremental EBITDA from that site) would dwindle.

New Product and Marketing

The Company has continued its brand building activities in USA, Japan and Europe, coinciding with the launch of its new hot smoked product. MCA continues to market Aquana Cod as one of the world's rarest fine dining fish, not a commodity.

MCA has successfully launched the Aquana hot smoked product, with the product on track to be released in selected stores in New South Wales, Victoria and ACT, Australia this week.

Company management is working to ensure that its marketing activities will support sales of the increased fish stock from the planned production ramp up in future years, as well as to maintain and grow the premium price margin of the "Aquana Cod" branded Murray Cod.



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Sales & Production Update (unaudited)

The Company provides an update to shareholders of its unaudited financial year-to-date results to 30 November 2019:

	<i>Financial YTD 30 Nov 2019</i>	<i>Financial YTD 30 Nov 2018</i>
<i>\$'000</i>	<i>Actuals</i>	<i>Actuals</i>
Sales		
Processed fish sales	1,117	746
Fingerlings & larvae sales	222	693
Cages to contract growers	21	185
Total Sales & Other Income	1,739	1,733
Operating expenses	2,251	1,939
EBITDA	(512)	(206)

The Company achieved total sales for the 5 months to 30 November 2019 of \$1.74 million which although consistent with the prior period to 30 November 2018, it is worth noting the following:

- Processed Fish sales are up 50% to the prior period, despite the fact that MCA's strategic decision to hold fish back for increased growth in size to the 2.5kg - 3.0kg range, which is the fish size more favoured by USA and Japanese markets;
- Contract grower cage and fingerling sales difference to the prior period is driven by the strategic decision to not add any new contract growers this season thereby allowing the Company to grow out higher margin fish in-house and ensure quality control; and
- Export sales have grown from ~2% of sales to ~26% of sales over the past 12 months. The Company has a long-term target of 95% of total sales as export sales.

As at 30 November 2019 the Company had total stock on hand of approximately 0.85 million fish in line with previous announcements, including 0.65 million 'in-house' fish and 0.2 million of contract grower fish.



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The value of fish stock (excluding contract grower fish) is \$8.3 million (based on the normal accounting policies adopted by the Company in its prior annual reports) up 88.6% from 30 November 2018 of \$4.4 million. Current forecasts projected an additional 1.2 million fish to be stocked out over the coming two months.

About the Company

Murray Cod Australia is a vertically integrated producer, including the breeding, growing and supply of premium “Aquna” branded Murray Cod to domestic and export markets. The production process produces a unique fish with some of the best culinary qualities in the world. Murray Cod Australia uses an innovative farming technique with market-leading bio-security techniques whilst being environmentally friendly and sustainable. The Company has developed a land-based aquaculture model, using dams and irrigation water, allowing control of the breeding, feeding, water conditions and biological inputs throughout the entire lifecycle of the fish. This provides confidence for customers in the quality and sustainability of the produce. The business is located in the Riverina region of New South Wales, Australia.

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Forward-Looking Statements

This announcement includes forward-looking statements. These forward-looking statements are based on the Company's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company, which could cause actual results to differ materially from such statements. The Company makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of this announcement.

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