



Report 2010 Calendar Year

David Jackson, General Manager Operations

Annual General Meeting 2010



Dear shareholders

It is with pleasure that I provide the following list of highlights achieved during this calendar year.

You will appreciate, I am sure, that this has been a milestone year on our journey to becoming a major producer of high quality Australian South Sea Pearls.



I believe these achievements are company defining and mark the transition from a small company building capacity to our place as the second largest producer nearing maturity.

- Major revamp of farming area's to drive efficiency and renew all equipment in the water
- Completion of cleaning vessel fleet upgrade
- Continuation of progress toward full production



- Milestone harvest with improved weight per piece in first and second operation pearls
- Consolidated farming activity in NT with the closure of Beagle Bay farm allowing for the optimum use of our 260,000 shell quota (annual seeding rights of 299,000 first operation shell)



- Selection of superior spat from collectors in record numbers and quality
- Three 'year-classes' of spat from the hatchery in our pipeline to cement company's position as the 2nd largest Australian producer



- Larger first operation shell seeded with larger nuclei and extremely high quality donor tissue to drive quality production
- A record 40,000 shell reseeded together with 150,000 first operation shell



- Full panel x-ray machine acquired and utilized to support substantial savings and greater efficiency
- Successfully transported seeded shells from Beagle Bay and Elizabeth Bay to fully stock our new 'finishing farm' at Point David, Croker Island



These achievements are the result of a lot of hard work from a dedicated team committed to ensuring that the company's future is not only secure but outstanding.



Thanks to the continued support of you,
the shareholders we have been able to
continue building your business despite
the impacts of the GFC.



Arafura alone has continued to expand production at a time when our competitors have reduced their efforts thus providing us an exciting opportunity as world markets recover with constrained supply.



We are on track with our strategy and continue to move towards full production wherein Arafura pearls will be recognized as a major Australian producer of the world's finest pearls.



I commend our company to
you and look forward to
your continued support.



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