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ASX CODE: MCA

ASX ANNOUNCEMENT

22 March 2017

Dear Shareholders,

I am pleased to provide you with an update on progress of MCA since our successful listing on the ASX on 31 January 2017.

1. Melbourne Market Visit

The following information is based on my personal observations for the day. There was no scientific method to my research. I was simply observing and speaking with people.

I recently attended the Melbourne Seafood Centre which deals exclusively with wholesale fish trade. Our fish is delivered there weekly on a Tuesday night and I watched it sold to the wholesale market through McLaughlin's seafood wholesalers. I spoke to several of the retail fishmongers who purchased our fish for resale in their shops. I then travelled around Melbourne to visit the retail shops in Box Hill and Footscray which is where the end consumers purchase the fish.

Several interesting facts were drawn from this visit:

1. Unlike Sydney, none of our fish are purchased from the wholesale market by restaurants in Melbourne, with all fish going to supply Asian retailers;
2. The Asian market appears to have differentiated our pond grown fish from competitors, with our fish attracting a premium over other Murray Cod, which bodes well for the future of the company as it enters overseas export markets; and
3. Our Murray Cod is priced as a premium product relative to other fish for sale in the fish mongers.



Photo of Murray Cod Australia fish in a retail fishmonger in Melbourne

2. Infrastructure Development

a. Construction of New Ponds

As previously announced the Company has signed a Heads of Agreement to lease the property adjoining our Bilbul site. We are pleased to report that 6 new ponds have now been constructed on this property and that the Company intends to finalise the lease agreement over this site within the coming weeks. This expansion will bring the number of productive ponds next summer to 12, giving the Company a minimum expected production capacity of 300 tonnes per annum. Note that Company management has also increased the stocking density of each pond to 25,000 fish as part of ongoing efforts to increase grow-out efficiency (further detail provided below).



Picture of new ponds constructed in the adjacent property to the Bilbul site



Aerial view of existing fish farming operation at the Bibul site

b. Fish Transport Truck

The Company has recently purchased and fitted out a purpose built truck for transporting live fish. This purchase is expected to increase operational efficiency and maintain better fish health during live transport.

c. Design of Additional Nursery

Work is underway for the design of an additional Nursery, planned to be constructed in calendar year 2018. This nursery would increase the Company's fingerling grow-out and over-winter holding capacity up to approximately 1 million fish. This would remove a production bottleneck which could see the Company producing up to 1,000 tonnes per annum of Murray Cod (if each fish grows to an average minimum size of 1kg).

Currently the Company plans to carry approximately 300,000 fingerlings through winter in our Nursery. These fingerlings will be stocked into our existing and newly constructed ponds in the spring. Once they grow to 1 kg each in weight they will equate to 300 tonnes of stock, depending on mortality rates.

In addition we have contracted a second nursery to hold approximately 100,000 fingerlings over winter. It is planned that they will be used to re-stock our contract grow-out ponds in the spring.



Nursery (white shed) on existing Bilbul Site

3. Stocking Rates of Ponds Increased to 25,000 fish per pond (previously 20,000)

We are pleased to advise that, due to increased efficiency of installed pond aeration systems, we are now stocking 25,000 fish per pond. Previously management was stocking each pond with 20,000 fingerlings. This new stocking density increases our production by 25% without any substantial increase in infrastructure costs.

4. Cost Saving Initiatives

Company management continues to focus on cost savings as the scale of operations increases. One example is the installation of bulk vessel oxygen in the nursery which is expected to realise savings of approximately \$60,000 per annum based upon current usage rates, with savings expected to increase with scale.



Bulk Oxygen Vessel Being Installed at Bilbul Site

5. Western Australia - Perth Market Opened

We are pleased to advise that the Company has begun regular shipments of fish to Perth, Western Australia. This is part of our strategy to continue to build our domestic market within Australia. Our Murray Cod are now available from SEAFRESH in Perth.

6. Negotiations with Farmers

We are continuing to negotiate with local farmers and landholders to lease land and water on suitable sites for further fish pond developments. The Company is focusing on larger sites that are capable of holding at least 10 ponds. This enables us to more efficiently utilise our workforce and gain some economies of scale at each site.



Aerial view of contract grower pond in Bilbul NSW, with rice crops adjacent

7. Staffing Initiatives

The Company has made a number of additions to the operations staff recently in order to build an experienced team with suitable aquaculture qualifications to ensure the Company can handle the planned growth in Murray Cod production in the medium term. We have been very fortunate to attract people with skills and qualifications in aquaculture to our region. This gives us a strong skill base to leverage as we grow the production.

8. Marketing Initiatives

a. Website

Work is underway on developing a high quality website targeted at Murray Cod customers, which will include Murray Cod recipes and nutritional information. Completion of the website is likely to take some time as it involves a number of professionals.

b. Food & Wine Shows

Company representatives will attend the upcoming Fine Food and Wine shows in Sydney and Melbourne in order to showcase the Company's high quality product to a wide target audience.

c. Investigations ongoing on Live Market Export

The Company has undertaken a successful pilot of sending live Murray Cod to markets in Sydney and will further examine developing this market. The domestic live market, whilst limited in size, provides significantly higher margins than the chilled market. Further the Company is to commence sales of live Silver Perch from our Grong Grong site to the Melbourne market in the coming weeks. Company management is also examining the feasibility of supplying the live export market as production grows.

d. Overseas and Domestic Visitors

We continue to receive inquiries from both domestic and overseas parties interested in our technology and our product. At this stage our production is insufficient to satisfy the volume of potential orders being received from overseas inquiries. However we are maintaining contact with these buyers for future reference.



Contract Grower pond with Citrus Orchard adjacent.

9. AQIS Approvals

The Company is currently applying to the Australian Quarantine and Inspection Service (AQIS) for export certification in order to export Murray Cod. The Company will update the ASX as this progresses.

The Murray Cod Australian Team continues to work hard to develop the Company as Australia's Premium Native Fish supplier and looks forward to updating shareholders.

Yours Faithfully

A handwritten signature in black ink, appearing to read 'Ross Anderson'.

Ross Anderson
Chairman