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ASX ANNOUNCEMENT

7th July 2016

– Timpetra to create a vertically integrated aquaculture company –

Timpetra to acquire Established Aquaculture Businesses in Riverina NSW, Roger Commins and Mathew Ryan to be Appointed Directors, Aquaculture Veteran Ian Charles to take Management Role, Land Based Aquaculture Model

Highlights

- Timpetra signs binding terms sheets to acquire New South Wales based businesses for the breeding, growing and supply of premium Murray Cod to wholesalers and restaurants and export markets
- Transactions are intended to consolidate existing, successful operations along the supply chain to create a vertically integrated Murray Cod producer that will control the complete production lifecycle of the fish
- Part of the new integrated aquaculture business is made up of a long term established business with supply contracts already in place
- Acquisition of aquaculture businesses include:-
 - two farming properties (combined size of 173 hectares) with caged & stocked ponds and attaching water licenses
 - specialised plant & equipment including fish 'hatchery' and 'nursery' infrastructure
 - significant fish stock across all stages of growth
 - existing management to sign employment contracts with Timpetra to bring considerable operational experience to the combined business
- Pond grown (as opposed to recirculating aquaculture system produced) Murray Cod is a highly sought after product at top-end restaurants and with Asian export markets, with growing demand. It occupies the premium end of the fin fish market
- The land based production model being used has a low eco-footprint and facilitates strong biosecurity measures as production sites increase
- Timpetra to undertake a capital raising of up to \$10 million to fund the acquisitions, to expand the existing aquaculture operations to meet excess product demand and to provide working capital, including costs of the transactions

Timpetra Resources Limited (**Timpetra** or the **Company**) is pleased to announce that it has entered into binding heads of agreements (**Agreements**) to acquire three separate established aquaculture businesses located in New South Wales, which together currently undertake the breeding, growing and supply of premium Murray Cod to wholesalers and restaurants (**Transactions**).



The Transactions are intended to consolidate existing successful operations along the Murray Cod supply chain with ongoing trading relationships, to consolidate the ownership and running of the operations under one entity.

Company Chairman, Mr Ross Anderson commented on the Transactions:-

"This has all the main ingredients of a great business. It has quality people who have a proven innovative methodology of producing a high quality product into a market with growing demand. There is almost no direct competition in either farmed or wild caught cod and barriers to entry are high. I believe this is the beginning of a major new industry in the Riverina area."

Following completion of the Transactions the Company will become a vertically integrated Murray Cod producer, with the Company's new business components being set out below.



Hatchery Business

Timpetra is to acquire an existing 20 year old hatchery business, situated on a 88 hectare farm, called Silverwater Native Fish (**Silverwater**). The business and assets of Silverwater comprise land, water licences, buildings (including a large fish shed and residence), fish ponds, fish stock and associated plant and equipment such as hatchery tanks. Principals of the business, Ian and Michelle Charles, will enter into employment agreements with the Company for 3 years. They have over 20 years of experience in the industry with Ian Charles regularly providing consulting services to Asian aquaculture companies.

The Company will breed fry (baby fish) at the hatchery which include native species Murray Cod, Silver Perch and Golden Perch. Fry are grown into fingerlings in dedicated “fry ponds” then weaned onto a pelletised diet inside the hatchery facilities. The vendor of Silverwater is not a related party of the Company.



Nursery Business

Timpetra is to acquire Bidgee Fresh Pty Ltd (**Bidgee**) which owns and operates a customised fish nursery, where fish are received as fingerlings and grown into “advanced stockers” that are then considered large enough to transfer to custom-built cages within ponds on the Farm (see below). One of the vendors of Bidgee, Mathew Ryan is a substantial shareholder of the Company and proposed director of the Company post-completion of the Transactions. The other vendor of Bidgee is an entity associated with Mr Roger Commins, proposed director of the Company (see further information below). In addition, there are existing performance rights in Bidgee that are held by Mr Ross Anderson, one of the Company’s existing directors, which will be replaced with performance rights in the Company (see below for further details).



Farm Business

Timpetra is to acquire the land and assets of a fish farming operation known as Riverina Aquaculture (**Riverina**) which consists of six ponds on an 85-acre property and associated plant and equipment (the **Farm**). Two ponds on the Farm are already fitted out with cages and stocked with fish. Water licences attaching to the Farm will also be acquired. The Farm is owned by Mathew Ryan and his wife together with their associated trust.

In addition, the Company will also purchase three purpose built integrated cage systems that are to be used on the farm to expand production capacity. These will be purchased from an entity associated with incoming proposed director, Mr Roger Commins. Significant investment to expand the Farm's production capacity has already been made, with a further four ponds to be fitted out with cages and stocked by Q3 2016 to assist with meeting overwhelming customer demand.

Work to construct the Farm began in early 2012 and the first Murray Cod sales were made in March 2014. There is an outstanding debt over the farm land of approximately \$1.2 million which is to be settled by the Company as part of the Transactions. Refer to the use of funds table below for details.



About the products/industry

Murray Cod is an Australian native fish, and only occurs naturally in freshwaters of the Murray-Darling Basin in Queensland, New South Wales, Victoria and South Australia. The Murray Cod is the largest exclusively freshwater fish in Australia, and one of the largest freshwater fish in the world. There is no wild catch of Murray Cod for commercial sale. Murray Cod is highly sought after at top restaurants and Asian export markets. The NSW Department of Primary Industries reports¹ that:

"Murray Cod has generated much interest in the live fish trade, due to its appearance and premium quality flesh and taste. Murray Cod sold as a live product has been very well received, and is perceived by some chefs to be one of the best tasting freshwater fish in the world. This is reflected in the average price paid for live Murray Cod; around \$20/kg at the farm gate (this varies depending on size of fish - larger fish (1-3 kg) usually attract higher prices)."

In addition to growing their own Murray Cod, the Company proposes to expand operations by selling fingerlings to contract growers who will grow fish on behalf of the Company using proven methods. The Company also plans to sell purpose-built cage systems to contract growers and market fish on behalf of the contract growers.

By using a land based aquaculture model the Company will have one of the lowest environmental footprints in the industry. Effectively the same irrigation water is used twice: once through the fish ponds; then the nutrient enriched water is used to irrigate crops or pastures on the farms. Cropping and grazing can be integrated with fish farming as part of the Company's operations.

¹ Website source <http://www.dpi.nsw.gov.au/fishing/aquaculture/publications/species-freshwater/murray-cod-aquaculture-prospects>

Heads of Agreements

On 6 July 2016, Timpetra executed binding heads of agreement with the major shareholders, trustee and owners (individuals) (as the case may be) of Bidgee, Silverwater and Riverina (**Vendors**) that, subject to the satisfaction of a number of conditions precedent outlined below, will result in Timpetra acquiring 100% of the issued capital of Bidgee, the business and assets of Silverwater and Riverina and owning the Farm land and the Cage Assets (including associated intellectual property). All the acquisitions are interdependent and completion of each acquisition is to occur, to the extent possible, simultaneously with the other acquisitions.

Under the Agreements, Timpetra will acquire the following aquaculture assets on the following terms and conditions:

- In accordance with the terms of a separate contract for the sale and purchase of land, the Company will acquire the Farm land assets from Matthew Ryan in consideration for a cash payment of \$1,450,000, of which approximately \$1,200,000 will be applied against an outstanding loan held over the Farm;
- In accordance with the terms of a separate asset sale and purchase agreement, the Company will acquire the Riverina Assets, from an entity associated with Matthew Ryan in consideration for:
 - the issue of 38,571,429 fully paid ordinary shares in the Company (**Shares**);
 - a right to receive 12,857,143 deferred Shares upon the Company producing and selling 100 tonnes of Murray Cod within 4 years from the date the Company's securities are reinstated to ASX (**Milestone**) (**Deferred Shares**); and
 - 20,000,000 unquoted options exercisable at \$0.075 each, expiring 5 years from the date of issue and vesting only if the Milestone is met (**Options**).
- In accordance with the terms of a separate share sale agreement the Company will acquire, from entities associated with Matthew Ryan and Roger Commins, the assets of Bidgee and 100% of the issued capital of Bidgee, in consideration for:
 - a cash payment of \$1,100,000 (or such other amount representing the total amount of funds lent by the vendors to Bidgee);
 - the issue of 40,714,286 Shares;
 - a right to 13,571,428 Deferred Shares; and
 - the issue of 40,000,000 Options
- In addition, an entity associated with the Company's Chairman, Mr Ross Anderson, holds performance rights in Bidgee which will be exchanged for performance rights in the Company (subject to shareholder approval). See the Indicative Capital Structure for further information.
- In accordance with the terms of a separate asset sale and purchase agreement, the Company will acquire the three custom designed fish cages and a fish grading machine (**Cage Assets**) from an entity associated with Mr Roger Commins, in consideration for a cash payment of \$550,000; and
- In accordance with the terms of a separate contract for the sale and purchase of land and business, the Company will acquire the Silverwater Assets in consideration for:
 - a cash payment of \$1,300,000;
 - the issue of 2,000,000 Shares; and
 - the issue of 4,000,000 Options.

Re-compliance with Chapters 1 and 2 of the Listing Rules

The Company acknowledges that the proposed Transactions will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and this process involves the Company preparing a Notice of Meeting (accompanied in this case by an independent expert's report) and full form prospectus.

An indicative timetable for the Transactions is set out below. The Company notes that the timetable may be subject to change.

Event	Approximate Dates
Announcement of Acquisition	7 July 2016
Due diligence completed by	Late July / early August 2016
Despatch Notice of Meeting	Mid-late August 2016
Lodgement of Prospectus and offer open	Early September 2016
Prospectus offer close	Late September 2016
Shareholder meeting to approve acquisition	Late September 2016
Re-admission to the Official List of the ASX will occur as soon as possible following the Shareholder meeting	Early-mid October 2016

Conditions Precedent

The Transactions are subject to a number of conditions being satisfied, including:

- Completion of due diligence by each party to the Transactions;
- Execution of binding and interdependent transaction documents between the Company and each of the vendors of the businesses / assets (as the case may be);
- Preparation of audited financial statements for the businesses;
- Preparation of an independent expert's report for the purposes of Listing Rule 10.1 and item 7 of section 611 of the Corporations Act;
- Receipt of any required Company shareholder or regulatory approvals under applicable laws and regulations, including but not limited to:
 - approval under item 7 of section 611 of the Corporations Act for the Shares to be issued to Bidgee vendors and associated entities;
 - approval under Listing Rule 10.1 for the acquisition of the Farm and Bidgee assets from Mathew Ryan;
 - obtaining waivers for the requirement to comply with ASX Listing Rule 1.1 condition 11, as well as ASX Listing Rule 2.1 condition 2, and others as required;
 - shareholder approval for the appointment of the proposed new Directors; and
 - shareholder approval for the issue of Shares pursuant to the Transactions and Capital Raising;
- Completion of the Capital Raising, for a minimum amount of \$7,000,000 and up to \$10,000,000;
- Implementation of an employee incentive scheme and the issue of 21,000,000 options under the incentive scheme to existing Directors, on the same terms as the vendor Options;
- The Company entering into employment & service agreements with vendors, Ian Charles, Matthew Ryan, Roger Commins on commercial terms and salaries, commencing on the date the Company's securities re-commence quotation on the ASX;
- The Company entering into a service agreement with Ross Anderson to act as Executive Chairman for a minimum service period of 5 years, with a base salary of \$60,000 per annum and containing restraint clauses as requested by the Company, commencing on the date the Company's securities re-commence quotation on the ASX;
- The Company receiving a conditional reinstatement conditions letter from ASX, on terms satisfactory to the Company, Vendors (each acting reasonably); and
- Other conditions precedent that may be required, as negotiated.

Name Change

As part of the transaction, the Company will seek the approval of shareholders to change its name to 'Ponde Aquaculture Limited'. Ponde is the Aboriginal name for the Murray Cod species, and in the creation beliefs of the native Aboriginal people of the Murray-Darling Basin also describes a Murray Cod that created the Murray River.

Board & Management Changes

Upon completion of the Transactions it is contemplated that the vendors of Bidgee, Messrs Mathew Ryan and Roger Commins will be appointed as Company Directors concurrently with the resignation of Mr Douglas O'Neill as a Director.

The vendors of the aquaculture businesses, Mathew Ryan, Roger Commins, Ian Charles and Michelle Charles, are to enter into service agreements with the Company in order to ensure that valuable management experience is retained and to manage the combined operations following completion. Further details of the service agreements will be provided in the Notice of Meeting to approve the Transactions.

Mr Mathew Ryan is the managing director of the Bidgee Fresh and Riverina Aquaculture businesses and has been instrumental with the growth of each. Previously Mr Ryan was managing director of Agrow Agronomy and Research which provided agronomic support services to agricultural clients and conducted significant research programmes for private and industry projects. Mr Ryan holds a Bachelor of Rural Science and has over 18 years of experience in the aqua cultural and agricultural industries including marketing and sales and has detailed knowledge of the Murray Cod production cycle.

Mr George “Roger” Commins has extensive experience within the agricultural industry developed from over 30 years involvement in establishing and operating a diverse number of enterprises including large scale irrigation, development of the cotton industry in the region, seed production, agricultural transport, timber plantation, solar generation and high quality citrus amongst others. He is a Director of Commins Enterprises, a company which is widely recognised as a regional innovator. Roger is one of the founding members and current director of Southern Cotton NSW.

Indicative Capital Structure at Completion (assuming subscription of \$10 million reached at indicative price of 5 cents per share)

	Number of Shares	Options	Deferred Consideration Shares	Performance Rights
Existing Shares	63,939,969			
Capital Raising	200,000,000			
Consideration Securities				
Mathew Ryan (Farm)	38,571,429	20,000,000	12,857,143	
Mathew Ryan (Bidgee)	20,357,143	20,000,000	6,785,714	
Roger Commins (Bidgee)	20,357,143	20,000,000	6,785,714	
Ian Charles (Hatchery)	2,000,000	4,000,000	-	
Sub-total Initial Consideration Shares	81,285,715	64,000,000	26,428,571	
Performance Rights to Kimablex Investments Pty Ltd (Ross Anderson) ⁽¹⁾				15,000,000
Director incentive options ⁽²⁾		21,000,000		
TOTAL ON COMPLETION	345,225,684	85,000,000	26,428,571	15,000,000
MARKET CAP ON COMPLETION	\$17,261,284	(indicatively at \$0.05 per share)		

- (1) Performance Rights in Bidgee Fresh are currently held by Kimablex Investments Pty Ltd. This entity is controlled by Ross Anderson, the Chairman of Timpetra. As consideration for these rights being acquired the Company will issue performance rights to Kimbalex, as set out below. Shareholder approval is required for the issue of Performance Rights to Kimbalex.
- (2) The Board intends to adopt an employee securities incentive plan at the shareholders meeting to approve the Transaction and issue 21 million options under the incentive plan to existing Directors which will have the same terms as vendor Options. Further the Board may issue further securities to Company management and Proposed Directors as incentive for future performance, yet to be determined by the Board.

Performance Rights

The Performance Rights proposed to be issued to Kimbalex will be convertible to ordinary fully paid Shares in the Company (on a 1 for 1 basis) upon the achievement of the following milestones:-

- 5 million Performance Rights convertible upon the production and sale of 50 tonnes of Murray Cod from the aquaculture operations to be acquired under the Transactions, within three years from the date of issue;
- 5 million Performance Rights convertible upon the production and sale of 100 tonnes of Murray Cod from the aquaculture operations to be acquired under the Transactions, within four years from the date of issue; and
- 5 million Performance Rights convertible upon the production and sale of 150 tonnes of Murray Cod from the aquaculture operations to be acquired under the Transactions, within five years from the date of issue.

Capital Raising / Use-of-Funds

The Company proposes to fund the cash portions of the acquisition consideration outlined above, and raise funds for expansion, further acquisitions and working capital, via a capital raising of a minimum of \$7,000,000 and up to \$10,000,000 (**Capital Raising**), at a price to be determined by the Company, but indicatively at 5 cents per share.

	Minimum raising	Over-subscription
Existing cash on hand	\$600,000	\$600,000
Transaction consideration		
Purchase of Farm		
- settle existing loan over the Farm land	\$1,200,000	\$1,200,000
- purchase consideration	\$250,000	\$250,000
Repay loans to Bidgee Fresh vendors	\$1,100,000	\$1,100,000
Purchase of pond cages and fish grading machine	\$550,000	\$550,000
Purchase of Hatchery	\$1,300,000	\$1,300,000
Sub-total consideration cash	\$4,400,000	\$4,400,000
Capital raising costs	\$490,000	\$700,000
Retained for expansion of existing operations, further farm acquisitions, business development, corporate and administration	\$2,110,000	\$4,900,000
TOTAL	\$7,000,000	\$10,000,000

Financial information

Financial statements for each of the businesses to be acquired are currently being independently audited and historical financial information is to be provided within the notice of meeting to Shareholders to approve the Transactions.

Suspension from trading on ASX

In accordance with ASX's policy for entities undertaking back door listing transactions, the Company's securities will remain suspended from trading on ASX until the Company has complied with Chapters 1 and 2 of the Listing Rules in accordance with listing rule 11.1.3.

Current exploration

The Company continues to assess and develop a cost effective exploration program over the Jillewarra joint venture Project.

For further information please contact the Chairman of the Company, Ross Anderson on 02 6964 1544.

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