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The Manager Listings
ASX Market Announcements
Australian Securities Exchange
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Via e-lodgement

Tassal builds on the successful execution of its prawn growth strategy

Tassal Group Limited (ASX: TGR) is pleased to announce that it has acquired Billy Creek, a circa 1,300 hectare property neighbouring the Company's existing Proserpine prawn farm.

Tassal's focus to date has been on developing and optimising its Proserpine prawn farm. The Company has already received regulatory approval for 450 hectares of prawn ponds at Proserpine. Tassal stocked prawn ponds of 190 hectares in FY20 and 270 hectares in FY21, with 340 hectares targeted for stocking in FY22.

Subject to receipt of regulatory approvals and development, Tassal intends to create an enlarged Proserpine prawn "farming precinct" with the addition of Billy Creek:

- The combination of the two properties (i.e. Proserpine + Billy Creek) provides an opportunity for an additional circa 350 hectares of ponds, supporting a total of circa 800 hectares of ponds across the wider precinct
- Proximity to the Bruce Highway provides ready power availability as well as existing road infrastructure.

Commenting on the acquisition of Billy Creek, Tassal Managing Director & CEO, Mr. Mark Ryan said: "Tassal's successful diversification into prawn farming over the past 12 months has added a second major species to our aquaculture portfolio, in a growing market aligned to our core skills and supply chain advantages, and provides geographic and species diversification. Prawn biomass growth is tracking to plan for delivery of the targeted 20,000 tonnes per annum by 2030."

"Securing the right land for future farming expansion is the key to successfully implementing our prawn strategy. We will always consider opportunities as they arise, particularly if they can better facilitate delivery of our strategic plan. With Billy Creek, we believe we will have a more economical farming path and portfolio of land assets to support delivery of our strategic goals," added Mr Ryan.

The expansion of the enlarged Proserpine prawn "farming precinct" will now be pursued as a priority to the development of Exmoor Station given:

- Substantially lower capital investment is required

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- Material unit cost benefits and asset synergies (processing, hatchery, management etc) can be generated.

Tassal can manage the two key requirements in an enlarged Proserpine prawn "farming precinct" to ensure biosecurity and strong yields:

- Having two large farming systems in close proximity would increase the need for advanced biosecurity protocols (such as water treatment and filtration)
- Need to move to a domesticated animal (i.e. Selective Breeding Program).

The purchase price for Billy Creek is approx. \$7 million (excluding acquisition costs) and includes cattle and cane assets on the property that have been valued at approx. \$700,000. Settlement of the acquisition is expected on 9 November 2020, and will be facilitated from existing banking facilities.

Exmoor Station remains a strategic path for the next phase of growth beyond the Proserpine prawn "farming precinct". Tassal will retain circa 1,000 hectares of land at Exmoor Station that is the most suitable for future prawn farming production, with a pond infrastructure of circa 500 hectares (once authorised by relevant authorities and developed). Accordingly, Tassal will now look to proceed with the sale of circa 6,000 hectares of surplus land at Exmoor Station to release capital to fund future prawn expansion and optimise returns on invested capital.

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