

Oyster Farming Proposal

An opportunity with a well-established oyster farm



The Directors
Oyster Farmers Pty Ltd
C/- John N Williams Pty Ltd
GPO Box 345, Hobart TAS 7001

Phone enquiries:
Tony McDermott: 0400 593 457
or Colin Denny: 0418 127 907

Oyster Farming Proposal

An opportunity exists with a well-established oyster farming operation

Company overview:

Oyster Farmers Pty Ltd, incorporated in 1990, developed its first 10ha oyster farming lease at Island Inlet in Lower Pitt Water (Marine Farming Lease 256). In March 2014 the company acquired and developed a second lease of 13ha at Boomer Bay (Marine Farming Lease 58). Both leases are fully equipped and developed with adjoining shore based support facilities on long term leases.

In January 2016, coincidental with the company having extended itself to develop the Boomer Bay lease, Southern Tasmanian oyster producers were hit by an outbreak of Pacific Oyster Mortality Syndrome never previously seen in the state (POMS). The outbreak caused major disruption to the whole oyster industry because of both high mortality rates and the inability of major spat producers to supply oyster spat.

After the POMS losses Oyster Farmers Pty Ltd found itself in a position where it had insufficient capital to stock both leases with the size of oyster that would create a satisfactory cash flow. Expenditure has had to be cut to a minimum and the Boomer Bay lease left vacant. The consequent underutilisation of the company's assets puts it in a vulnerable position.

Prospects:

The oyster industry is expected to have a good long-term outlook with the demand for oysters remaining very strong. Measures are being undertaken to alleviate the POMS situation by scientific breeding and better farming procedures.

Oyster Farmers Pty Ltd is one of the few producers holding a licence to grow and sell both Sydney Rock Oysters and Tasmanian Angasi Oysters. Consequently, there is an opportunity to diversify into growing these varieties in addition to Pacific Oysters to mitigate risk and realise premium prices in the market.

Proposal:

An opportunity exists to enter the oyster industry by way of introducing capital to a well-established operation without the usual establishment costs. The directors of Oyster Farmers Pty Ltd are looking for a solution to the company's underutilisation of assets by either:

1. selling the shares in the oyster farming company as a going concern, or
2. seeking additional capital at a discount to the existing capital base.

Current situation:

The situation for Lease 256 at Island Inlet, Lower Pitt Water is as follows:

- Stock on hand in December will be more than three million small oysters
- Tractors, forklift, barges and outboards are all in good condition
- All baskets lines and equipment required to operate the lease are in place
- Computerised oyster grader and associated equipment

- Potable water available from the company's water rights from the South-East Irrigation Scheme
- Access rights at 394 Arthur Highway, Sorell with a processing shed, office and workshop have a 20+20 lease.

Lease 58 at Boomer Bay has the following:

- No oysters currently on hand
- Tractor, forklift, barge and outboard all in good condition
- All baskets lines and equipment required to operate the lease are on site
- Computerised oyster grader and associated equipment
- Potable water is available from on-site rainwater collection and storage
- Adjacent processing shed and other buildings at 335 Bay Road, Boomer Bay, Dunally are on a 5+5+5 lease with 13 years remaining.

The directors of Oyster Farmers Pty Ltd will consider proposals and provide additional information to prospective interested parties.



Colin Denny
Company Secretary/Director
Oyster Farmers Pty Ltd
colindenny@netspace.net.au

26 October 2017