



NOVACQ™ AUSTRALIA COMMERCIAL TRIAL UPDATE

Melbourne, Australia, 26 June 2018

Ridley Corporation Limited (**Ridley**) (**ASX: RIC**) today provides an update on commercial trials with Novacq™ that have been completed with three key Australian prawn farm operators.

Background

Ridley initiated commercial trials, on profit share arrangements, with three prawn farm operators in late 2017. All operators are existing Ridley prawn feed customers.

The objective of the trial was to compare two nutritionally identical steam-pelleted prawn diets on each farm with the exception that one diet contained 5% Novacq™ and one did not. Both commercial diets were manufactured at the Ridley Narangba mill using Novacq™ produced at Ridley facilities in Yamba, NSW.

Each operator began their trial in commercial sized ponds in January 2018 and harvested in late April/May 2018.

The trials were conducted using standard commercial procedures managed by the prawn farm operators, with Ridley personnel inspecting the sites on a regular basis and overseeing the stocking and harvesting processes.

Outcomes

Overall, the commercial trials demonstrated a positive response to Novacq™, with all three farm operators delivering on average growth rate outcomes in line with previous Novacq™ disclosed commercial trials. Other significant observations from the trials include:

- Some operators reported record biomass (determined by growth and survival) harvests per hectare;
- There was a high degree of variation in the survivability of prawns on the various farms, in both treatments;
- A low protein Novacq™ diet was trialed at one farm successfully. This potentially enables Australian farmers to increase their biomass by up to 25% if they are at or reaching maximum nitrogen farming limits set by the EPA;
- Two operators intend to purchase Novacq™ in 2018/19. The third operator is restructuring and intends to defer a decision on 2018/19 feed requirements until a new owner is in place.

Testimonials

After the conclusion of the Novacq™ profit share arrangements, one of the three operators has approved being named in this publication, being Australian Prawn Farms Pty Ltd (**APF**). Matt West is the General Manager of APF and provided the following quote:

“We tried a reduced protein version of the Novacq™ diet and the results look very promising, as we saw healthier and faster growing prawns on the Novacq™ diets, which was a lower protein diet. We are planning to have Novacq™ on farm for the third year running, as we see the benefits from the last 2 years across survival, biomass productivity and nutrient reduction. This is important to APF, as well as the greater Australian prawn industry, as many farms are trying to become more sustainable and expand operations under the same strict EPA standards currently adopted. If Novacq™ inclusive diets with 25% lower protein can demonstrate that it assists in reducing the overall nitrogen load across a farm for example, then it presents an opportunity to build a strong case to increase further farming operations with ponds fed Novacq™”.

Ridley also completed profit share arrangements of Novacq™ with one of Australia’s largest prawn farms. The results of the trials were positive and discussions are well underway for an expanded profit share arrangement to be undertaken, with a planned commencement in July 2018.

Commentary

Ridley CEO Tim Hart commented “The outcome of these Novacq™ commercial trials is very pleasing and, importantly, two of the three farm operators have advised they intend to order Novacq™ inclusive feed ahead of the coming prawn farming season given the value which Novacq™ provides, from biomass, survival and nitrogen reduction perspectives. The third farm operator is under a sale process and re-ordering will be deferred to the new owner.”

Mr Hart concluded “These results reinforce our confidence in pushing ahead with our Novacq™ applied R&D strategy towards commercialisation here in Australia in FY19.”

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Novacq™ background Information

Novacq™ is a natural prawn feed ingredient additive that is derived from a marine microbial process which involved over 10 years of research and development by Australia's CSIRO. Novacq™ has generated worldwide interest and Ridley has secured the exclusive rights to produce and market the additive worldwide, with the exception of China and Vietnam.

Novacq™ is a ground breaking novel feed ingredient that acts as a metabolic stimulant when included in prawn feed diets. It increases the prawn's food intake and permits the animal to utilise the feed more efficiently. Because of this, the prawn will grow faster (gain more weight and/or provide shorter harvest cycle times) and use less feed (improve feed conversion). Novacq™ can also be used to help replace scarce fishery resources such as fish meal in prawn diets, which is important for consumers, retailers and overall industry sustainability.

It has been Ridley's long-term goal to develop a range of sustainable prawn feeds which eliminates the dependency on ingredients sourced from wild caught fish, previously a mainstay of the prawn feed industry. At Ridley, this goal is achieved in part by using by-products from high quality fish which have been processed or canned for human consumption. However, the majority of the world's fish meal used by responsible feed manufacturers is made from sustainably managed wild caught whole fish which are trawled from the oceans, and this source is proving very costly for prawn farmers.

Fishmeal has more than doubled in value in recent times, which is a function of supply and demand. Aquaculture is growing and as such, so is the demand for fishmeal. Strict management of the wild fisheries stocks has resulted in a reduction of fishmeal availability. Novacq™ will greatly assist in overcoming consumer concerns, as farmers will no longer have to rely on meal produced from wild caught fish.

For further Novacq™ information please refer to:

ABC Landline (April 2014) article at:

<http://www.abc.net.au/landline/content/2014/s3984247.htm>

CSIRO Novacq™ article (November 2015) at:

<http://www.csiro.au/en/Research/AF/Areas/Aquaculture/Better-feeds/Novacq-prawn-feed>

Ridley Corporation Limited informative video on its novel raw material ingredient Novacq™ (March 2017): <http://www.ridley.com.au/investors/novacq>

ASX Releases:

22 January 2016 ASX release "Ridley secures site for domestic Novacq™ production."

29 January 2016 ASX release "Thailand feedmill investment advances Novacq™ strategy."

30 November 2016 ASX release "Novacq™ presentation - UBS Emerging Companies Conference."

16 January 2017 "Ridley secures Novacq™ production & harvesting technology."

21 March 2017 "Ridley releases Novacq™ information video."

27 March 2017 "Ridley & CSIRO enter Novacq™ Research Alliance and extend Licence."

3 April 2017 "Novacq™ trials deliver 37% uplift in prawn survival rates."

22 June 2017 "Ridley secures Novacq™ production site in Thailand."

11 September 2017 "33% annualised biomass increase from Novacq™ Thailand trials"

25 May 2018 "Ridley to explore options to accelerate the growth of Novacq™"