



17 March 2021

To: Sydney Stock Exchange

Company Announcement

New Sales Channel; Continued Rollout of new HDPE Cages

The Board of West Coast Aquaculture Group Limited (**Company** or **WCA**) is pleased to announce the introduction of a new sales channel and to provide an update on the rollout of HDPE cages.

Frozen Fish Sales Channel

The Company has traditionally sold its fish products as Live or Fresh to a longstanding group of wholesalers, restaurants and wet markets. For the purposes of WCA's businesses operations, the sale of live fish means selling various fish whilst alive; the sale of fresh fish means the sale of fish that are no longer alive, packaged into Styrofoam boxing and filled with ice.

Since late 2020, WCA has been considering the viability of extending its operations to fish processing. WCA has been trialling a new processed frozen fish sales channel, whereby fish products (whole fish, head, tail and fillet portions) are frozen, processed, vacuum packed and packaged on-site utilising existing, small-scale freezing facilities.

The trial was conducted over a 2-week period in a small supermarket in a Northern Malaysian state on a temporary trial run. The purpose of the trial was to gauge the demand for the product and the price retail consumers were willing to pay for the product.

The products were sold at a price that generated a slightly higher profit margin than what WCA's fresh and live fish products were sold at.

On conclusion of the trials, the Board reviewed the outcomes, including the complimentary nature that a new sales channel of processed frozen fish would have on the traditional live and fresh sales channels that were impacted by COVID-19 lockdowns that prevented consumers from dining in restaurants. The Board also concluded that sales of frozen fish would not have any material impact on existing sales demand for Live and Fresh fish, and targeted business development activities have been approved to move from trial sales to ongoing ranging in various retail outlets.

Subsequently the board has approved the unbudgeted capital expenditure of A\$70,000 for acquisition of new freezing facilities to be installed at the Company's operations in Langkawi, funded from existing cash balances. These new facilities will be scheduled for completion by April 2021.

Product range examples are shown below.



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HDPE Cage Rollout Program

WCA is also pleased to advise that the rollout of the new HDPE (high density polyethylene) cages remains on track as disclosed in our Prospectus, with another 4 cages to be acquired over the balance of this quarter to bring to 16 the total number of HDPE cages in operation. Funds for this rollout were previously allocated from IPO funds received. The new cages allow for improved quality due to increased oxygen flow from greater space per fish and will lead to significantly higher volumes of mature (saleable) fish product. The utilisation of WCA's smaller existing wooden cages will be progressively changed to housing juvenile fish prior to transferring them to a larger HDPE cage.

The Company remains on track to have a total of 24 HDPE cages in operation by May 2022, which will result in a doubling of total fish capacity to over 1.3 million pcs. With expected reductions in COVID restrictions over the balance of the year and expansion of the new frozen fish sales channel, WCA is well positioned with secure sources of product for sale.

Photos of existing wooden cages and some of the new HDPE cages are shown below.



Commenting on the processed frozen fish sales channel and HDPE cage rollout program, CEO Mr. Ching Hoe Neo said "We are excited with the results of our processed frozen fish trials, which is expected to further diversify and de-risk our revenue model if successfully implemented. The continued rollout of the new HDPE cages will allow WCA to incrementally increase our stock levels and quality of fish."

Further enquiries:
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This announcement has been authorised for release by the Board of West Coast Aquaculture Group Limited.