AUSTRALIAN SEAFOOD INDUSTRIES PTY LTD

ACN 095 165 165

and

YUMBAH HATCHERY PTY LTD

ACN xxx

PACIFIC OYSTER BREEDING SERVICE AGREEMENT

Awaiting ABN

THIS AGREEMENT is made between:

AUSTRALIAN SEAFOOD INDUSTRIES PTY LTD ACN 095 165 165 of Tasmanian Technopark, Innovation Drive, Glenorchy, Tasmania 7010 **(ASI).**

and

YUMBAH HATCHERY PTY LTD, ACN xxx of (**Hatchery**).

RECITALS

A. ASI produces Pacific Oysters that have been selectively bred for resistance to Pacific Oyster Mortality Syndrome (**POMS**) and other traits.

B. The Australian Competition and Consumer Commission (**ACCC**) granted Authorisation A91444 to enable ASI to make and give effect to arrangements with hatcheries to recover the costs of Pacific Oyster breeding.

C. Under this Agreement ASI will supply Hatchery with selectively bred Pacific Oysters and related services, and Hatchery will pay a ***Service Fee*** on all Pacific Oyster spat sales.

D. ASI intends to establish agreements identical to this one with all existing and future Australian Pacific Oyster hatcheries.

E. The Agreement replaces the Deed of Undertaking signed by Hatchery in 2014.

ASI OBLIGATIONS

1. ASI will supply Hatchery with:
   - 1.1. A list containing the estimated breeding values of all families of selectively bred Pacific Oyster brood stock as soon as practicable after the data for each generation is verified and analysed.
   - 1.2. A breeding predictor software tool to assist in the selection of families for breeding.
   - 1.3. Brood stock Pacific Oysters from the families requested by Hatchery, in accordance with the ASI Brood Stock Supply Policy shown at Attachment A.
   - 1.4. An invitation to Hatchery staff to attend, at ASI's cost, each meeting of the ASI Industry Technical Reference Group.

HATCHERY OBLIGATIONS

2. Beginning on 1 April 2017 (Beginning Date) and every month thereafter, Hatchery will inform ASI of:
   - 2.1. The total potential ***Service Fee*** payment to ASI (GST excl), based on $2.80 per thousand of all Pacific Oyster spat sold by Hatchery during the month, and
   - 2.2. The total cash Hatchery has available to pay ASI (GST Excl), based on income received during the month as a proportion of the amount specified in Clause 2.1.

PAYMENT OF SERVICE FEE

3. ASI will invoice Hatchery at the end of each month for the amount payable specified in Clause 2.2, plus GST.

INTERNATIONAL SALES

4. The ***Service Fee*** to be paid based on international spat sales is the same as prescribed in Clause 2.

COMMENCEMENT AND TERMINATION

5. This Agreement will take effect on 1 June 2017 (Beginning Date) and will continue in force until:

   5.1. The date determined by arbitration in accordance with Clause 9; or

   5.2. Ninety days after either party gives written notice of termination to the other.

BROOD STOCK NOT TO BE TRANSFERED

6. Hatchery agrees that it will not sell or transfer ASI Pacific Oyster brood stock to any other entity without prior written permission from ASI.

CONFIDENTIALITY

7. ASI undertakes to keep confidential all information received from Hatchery regarding income received and number of spat sold.

VARIATION OF THIS AGREEMENT

8. After reasonable consultation with Hatchery and the ASI Industry Technical Reference Group, ASI may, after giving 30 days' notice in writing:

   8.1. Vary the $2.80 amount specified in Clause 2 by a percentage no greater than the annual National Consumer Price Index for the past year.

   8.2. When necessary, due to reduced availability of brood stock caused by technical or accidental problems, vary the terms of the ASI Brood Stock Supply Policy shown as Attachment A, to enable all hatcheries to receive a reduced number of the brood stock in limited supply.

   8.3. Vary this Agreement to bring it into line with changes proposed after each triennial review of the ACCC Authorisation A91444.

DISPUTE RESOLUTION

9. In the event of a dispute between the parties in relation to this Agreement:

   9.1. A party **(Notifying Party)** may notify the other party in writing of the existence, nature and details of the dispute.

   9.2. Within 21 days of the date of the notice, the parties must exercise good

faith in seeking to resolve the dispute by negotiation between themselves through their nominated representatives.

9.3. If the dispute is not resolved within 14 days of the notice, the Notifying Party must request the President of the Institute of Arbitrators and Mediators (Tasmania Division) to appoint an arbitrator to determine the dispute by arbitration.

9.4. The arbitration will:

9.4.1 Be held in Hobart and conducted in accordance with the *Commercial Arbitration Act 2011* (Tas).

9.4.2 Be binding upon the parties.

9.4.3 Include the option of termination of this Agreement.

9.5 Provided that these provisions will not prejudice the right of a party to institute proceedings to enforce the performance of obligations under this Deed or to seek injunctive or urgent declaratory relief.

10 This Agreement will be governed by the law in force in the State of Tasmania.

Awaiting ADM

EXECUTED as an agreement.

DATE OF EXECUTION: .....Day, of ....., 2017.

SIGNED by **AUSTRALIAN SEAFOOD INDUSTRIES PTY LTD** ACN 095 165 165 in accordance with section 127 of the Corporations Act 2001: by its Authorised Representative in the presence of:

_____	_____
Signature of witness	Signature of ASI representative
_____	
_____	_____
Name	Name of ASI representative authorised to sign for and on behalf of ASI

SIGNED by YUMBAH HATCHERY PTY LTD ACN xxx in accordance with Section 127 of the Corporations Act 2001: by its Authorised Representative in the presence of :

_____	_____
Signature of witness	Signature of Authorised Representative
_____	_____
Name	Name of Representative who is authorised to sign for and on behalf of [Hatchery]

Awaiting ABN

ATTACHMENT A
ASI Brood Stock Supply Policy

ASI
Thoroughbred Oysters

Policy Document

BROODSTOCK SUPPLY POLICY		Document # ASI001	Print Date N/A
		Prepared by: RiskComply	Date Prepared: 27 Jun 2016
Effective Date: July 2016	Approved by: General Manager	Approved by: General Manager	Date Approved: 4 July 2016
Standard: Policy		Review: RiskComply	Review Date: 1 July 2017

1. DEFINITION

1.1 ASI: Australian Seafood Industries Pty Ltd.

1.2 GM: General Manager.

1.3 Company Personnel: All ASI representatives including officers, directors, employees and contractors.

2. SCOPE & OBJECTIVE

2.1 This policy applies to all Company Personnel.

2.2 The Broodstock Policy prescribes the procedure for the distribution of broodstock to hatcheries.

2.3 ASI is reviewing the way it is handling its broodstock to ensure that numbers are maximised.

3. POLICY

3.1 Generally equal access of family line broodstock will be made available to hatcheries in the normal course of events, however, ***if broodstock is in limited supply***, then it shall be distributed in proportion to each hatchery's market share. Since the actual level of hatchery sales is unknown, an estimate will be used. Given that new hatcheries do not have past market share, a small proportion of most broodstock families will be made available for new hatcheries. ASI reserves the right to make an assessment of supply verses likely output.

4. PROCEDURES

4.1 ASI will facilitate the development of a common:

4.1.1 Understanding and expectation of ASI's policy regarding broodstock distribution as per ASI Broodstock Procedure document.

4.1.2 Awareness of related policies and procedures.

4.1.3 Access to grievances procedures.

4.2 ASI will monitor and review this policy on an annual basis.

5. ACCOUNTABILITY / RESPONSIBILITY

5.1 The GM is responsible for the effective management of the Broodstock Policy.

5.2 Company Personnel are responsible for ensuring that they comply by this policy.

6. REFERENCES

Legislation, guidelines and other documents relevant to this policy include:

6.1 ASI's Broodstock procedure.