

Thank you for including me in the presentation by your staff last week.

As you know, Mainstream operates large Aquaculture facilities in both Queensland and Victoria. The price we pay for electricity is significantly different between the sites. I am looking forward to slight price reductions being implemented that were discussed at the meeting. This will not nearly address the discrepancy that still exists between the sites.

Please review the attached analysis that was undertaken internally. It highlights one straight forward question. Why are we are paying 40% more for the same product from a public sector monopoly in Queensland than is the case in a competitive private market in Victoria?

Australian Retail Energy Price Review

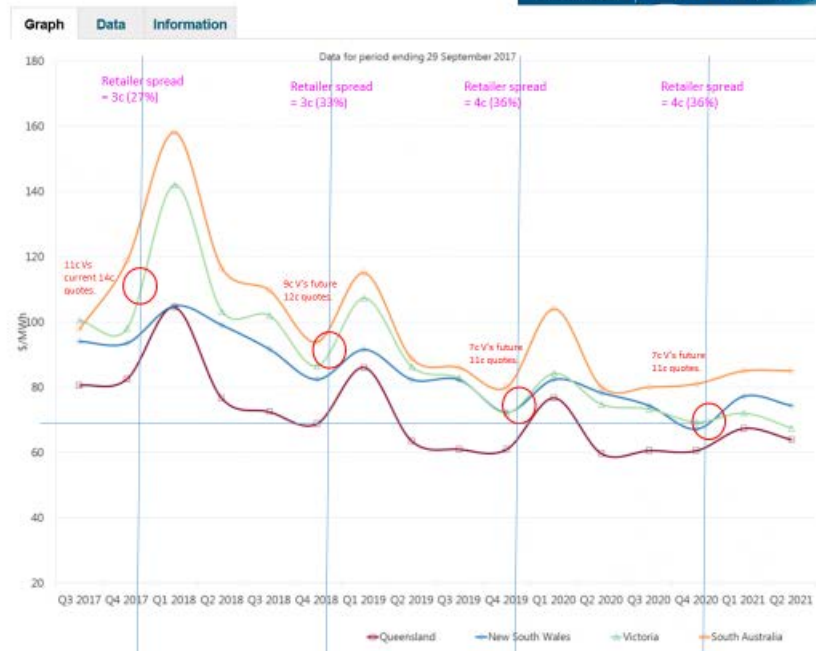
Observations:

1. Future energy prices are expected to reduce by 36% in the LT (FY17 11c v's FY20 7c).
2. Retailers are not prepared to "give away" future savings, spread increases from 27% to 36% over time.
3. Historically low rates of 4c / kwh are not expected to return without a significant unexpected change in energy supply, i.e. Government lead policy change or investment.

Conclusion:

1. The risk of taking short term energy contracts is relatively low as future expected price falls are not being efficiently passed on in current LT contracts.
2. There is a significant incentive for State and Federal Governments to solve domestic energy supply issues, especially as it relates to the cost of doing business in Victoria.

Quarterly base futures prices



Regards,

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