



Heads of Agreement with Yumbah Aquaculture Limited

Summary

Ocean Grown Abalone Ltd (ASX Code: **OGA, the Company**) is pleased to announce that a Heads of Agreement (**HoA**) has been signed with Yumbah Aquaculture Limited (**Yumbah**) to progress the development of a large onshore abalone hatchery and grow out facility in Esperance, Western Australia (**Esperance Project**). The HoA includes binding obligations on both OGA and Yumbah to:

- (a) undertake and complete a Bankable Feasibility Study (**BFS**) in relation to the Esperance Project; and
- (b) make an investment decision of whether or not to proceed with the development of the Esperance Project (**Investment Decision**) within 3 months of receipt of the BFS.

Background to the Esperance Project and Nyamat Technology

OGA has identified a parcel of land located at 170 Wylie Bay Road, Bandy Creek, Esperance, Western Australia (**Land**) that has the potential for the development of the Esperance Project. OGA has secured the Land under a lease with the Shire of Esperance and has an option to purchase the Land until July 2021.

OGA has carried out a preliminary independent concept design study for developing the Esperance Project (**Conceptual Study**) and has shared the Conceptual Study with Yumbah. As announced to ASX on 7 November 2019, the Conceptual Study suggests that the Land is suitable for a hatchery and grow-out facility for 500 tonnes of abalone per annum. Yumbah has considered the Conceptual Study and also wishes to progress the Esperance Project.

Yumbah has developed new technology and intellectual property (**Nyamat Technology**) that should significantly reduce the construction and operating costs of new large-scale land-based abalone farms.

Details of the Heads of Agreement

Under the HoA, OGA and Yumbah have agreed to:

- (a) have Yumbah's engineers review the Conceptual Study to optimise it and incorporate (where possible) the Nyamat Technology;
- (b) complete further studies and progress the necessary regulatory approvals, preliminary site planning and preliminary budget analysis for the Esperance Project; and
- (c) complete a BFS for the Esperance Project.

On receipt of the BFS, OGA and Yumbah must each make an Investment Decision within 3 months. If OGA and Yumbah both make a positive Investment Decision, they intend to form an unincorporated joint venture to assess, develop, own and operate the Esperance Project. The parties intend to negotiate a joint venture agreement which will provide for each party holding a 50% participating interest in the joint venture.

The parties have agreed a period of 12 months to progress the studies under the HoA (**Study Period**). The HoA will terminate if a BFS has not been delivered within the Study Period, or both parties do not make a positive Investment Decision. The parties have also agreed a period of exclusivity, with respect to the Esperance Project, until 3 months after the delivery of the BFS.

“This Heads of Agreement represents the beginning of a productive relationship between OGA and Yumbah, Australia’s largest abalone business. The agreement will provide the potential for future expansion and improved profitability of OGA’s sea ranching business. We are looking forward to working closely with Yumbah to progress the Esperance Project ultimately through to production of premium farmed greenlip for global markets using Yumbah’s proprietary farming technology.” said Brad Adams, Managing Director of OGA.

“Yumbah looks forward to working with OGA to explore the potential of the exciting Esperance site. If successful, the Esperance Project (500 tonnes per annum) would be the largest abalone farm in Australia, promising a new standard and volume for farmed abalone production and will assist meeting the global demand for this unique Australian product and Yumbah’s desire for diversification” said Gary Higgins, Chairman of Yumbah.

Yumbah and OGA

Yumbah is a public unlisted company with multiple shareholders that operates a land-based Australian abalone hatchery and farming businesses in South Australia, Victoria and Tasmania. Yumbah is the largest producer of farmed abalone in Australia. Yumbah is vertically integrated and owns its own aquafeed company and is highly qualified in the business of selling and exporting abalone. Yumbah is expert in the construction of abalone hatcheries, nurseries and land-based grow-out farms.

OGA is an ASX-listed public company that operates a greenlip abalone sea ranching business in Flinders Bay, Augusta, Western Australia. OGA sources hatchery reared juvenile abalone under third-party supply agreements and places those juvenile abalone on purpose built artificial reefs (sea-ranches) that are constructed from proprietary high-strength concrete forms (Abitats). OGA is the largest sea-based farmer of abalone in Australia and specialises in growing greenlip abalone.

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This announcement was authorised to be given to the ASX by:

The Board of Ocean Grown Abalone Limited.

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About the Company

Ocean Grown Abalone Limited (**ASX: OGA**) has developed the world's first commercial greenlip abalone sea ranching business in the pristine waters of Flinders Bay, Western Australia. With the construction of proprietary, purpose-built artificial abalone reefs (called "Abitats") now complete, OGA is supplying commercial quantities of its premium, 'wild-harvested', greenlip abalone to local and overseas customers.

For more information visit <https://www.oceangrown.com.au>

Forward Looking Statements

This announcement may contain certain "forward-looking statements" which may not have been based solely on historical facts, but rather may be based on the Company's current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, assumptions and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, currency fluctuations, increased production costs and variances in recovery rates from those assumed, as well as political and operational risks in the Countries and States in which we operate or sell the product to, and governmental regulation and judicial outcomes. The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.