



Ocean Grown
Abalone



Ocean Grown Abalone Investor Presentation

March 2019

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A close-up photograph of a diver's gloved hand holding a black mesh net filled with mussels. The net is attached to a yellow rope with a metal carabiner. The background shows the blue water of the ocean and the wooden deck of a boat. The word "Operations" is overlaid in a white box on the left side of the image.

Operations

Business overview

Operations

- Flinders 2 completed October 2018.
 - Since FY 2017 total capacity increased 100% to 10,000 installed Abitats.
 - If laid end to end Abitats would be approximately 20 Km's long.
- Installed capacity lays the foundation for increases in future harvests/sales.

Production and Sales

- Harvest FY 2018 - 38.1 tonnes (FY 2017 – 17.2 tonnes).

BIOMASS Growth

- Total BIOMASS @ 31 December 2018 - 210T (@ 30 June 2018 – 161T).
- 181,143 Kg of commercial grade abalone on ranches @ 31 December 2018 compared to 100,718 Kg at 30 June 2018.

Processing Facility – Augusta Marina – target completion June 2019

- Brings additional flexibility and productivity improvements to the business.
- Resolves processing “bottleneck” limiting production.

Future Developments

- Wylie Bay – 18 month assessment completed. Encouraging and comparable to existing commercial ranches in Augusta.
- Esperance – Assessing 34 Ha prime coastal land to develop land based abalone hatchery and grow-out business.
- Flinders 3 –approval given for additional 5,000 ABITATS. Trials underway outside of existing lease to assess future expansion potential.



Locations

OGA has developed proprietary ABITAT 'ranching technology' enabling it to establish "wild abalone" populations, in locations previously regarded as "oceanic desert".

Current locations:

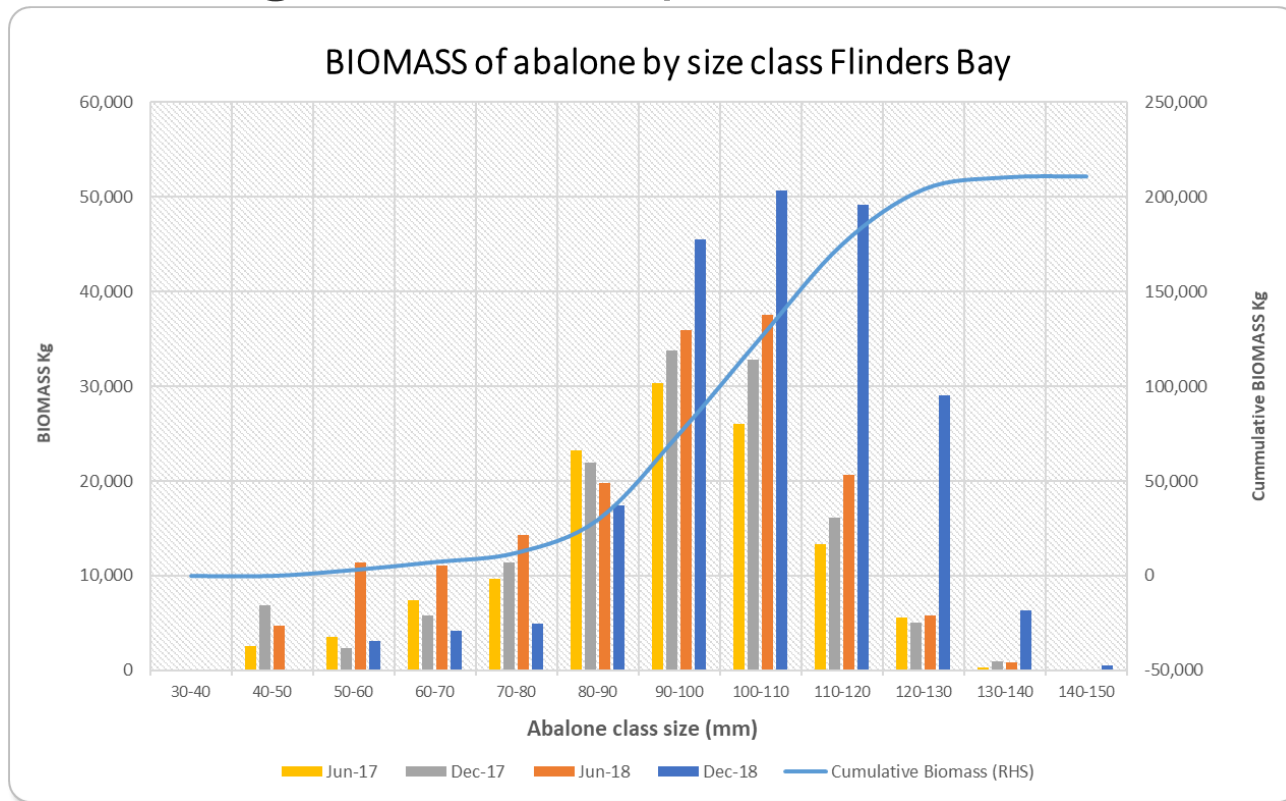
- Augusta Western Australia.
 - Area 413 Ha Lease.
 - 10,000 Abitats and installed capacity of 200 T p.a.
- Wylie Bay – Esperance Western Australia.
 - Area 922 Ha Lease.
 - Trials commenced October 2017.
 - March 2019- Positive results, similar to existing Augusta commercial ranching operations. Ongoing monitoring for future expansion opportunities.

Ideal areas where we apply our ranching technology:

- Areas of suitable habitat on which to locate reefs - (sand/seagrass).
- Close proximity to a Marina, hatchery and export supply chains.
- Protection from large swells.



BIOMASS and growth rate update



BIOMASS overview

- ✓ OGA's ocean BIOMASS and harvest continues to increase year on year, while wild greenlip abalone stocks and production continue to decline.
- ✓ 28.7 tonnes harvested in HY2019, @ 31/12/18 – OGA has 181,143 Kg of commercial grade abalone on its oceanic ranches (@ 30/06/18 – 100,718 Kg).
- ✓ OGA ranched product is well positioned to fill the gap in reduction of wild quota caught greenlip abalone.

New Processing facility – Augusta Western Australia



The new processing facility provides OGA the opportunity to unlock value.

- Increased production capacity.
 - Individual Quick Frozen meat (IQF).
 - Whole in Shell (WIS).
 - Live – premium product, capacity of up to 7,500 Kg in a week.
- Increased production flexibility.
- Improved operational productivity – secure service centre at marina.
- Lower unit costs of production.
- Addresses current processing bottleneck, limiting production.
- Completion – June 2019.

Harvest/Sales

- ✓ Harvest volumes - up 37% to 28.7 tonnes in H1FY19 compared to 21.0 tonnes in H1FY18.
- ✓ Largest ever harvest for a quarter in Q2FY19 of 19.9 tonnes, an increase of 48% compared to the previous largest quarter in Q2FY18.
 - Abalone up to 140mm & 400g being harvested from 3 year old reefs.
 - Includes thinning of younger 2 year old stock. Average 100mm & 140g.
- ✓ Total sales – up 15% to \$1,682,784 in H1FY19



Wylie Bay

Background

- Join Venture with Ocean Grown Abalone 67% (OGA) and Ocean King Fishing (OKF) 33%.
- Size 926 Ha (Area 1 - 596 Ha, Area 2 - 326 Ha). Augusta commercial ranch lease 413 Ha.
- First seeded October 2017.

Performance

- 18 month assessment completed – encouraging results. Similar growth & survival to Augusta.
- Continue monitoring in 2019 for future expansion opportunities.

Key Commercial Terms

- OGA & OKF – Joint operating arrangements.
- OGA receives a marketing fee for all JV abalone net sales.
- OGA receive a Royalty against net sales from the JV for use OGA's IP.



Wylie Bay – October 2018.

Esperance – abalone hatchery and land-based grow-out



- OGA finalizing contracts for an option to purchase a 34 Ha rural property in Esperance, Western Australia.
 - TERMS
 - 12 month lease with option for additional 12 month lease for \$10,000 p.a.
 - Option to purchase at OGA discretion.
 - Sale price - \$500,000 plus sub-division costs capped at \$15,000
- The property is a unique proposition for large scale land-based abalone farm.
 - A preliminary assessment suggests the property has the capacity to develop a 500T per annum production of greenlip abalone.
- STAGE 1 - 250T tank grow-out capacity
- STAGE 2 - 500T tank grow-out capacity

Why is OGA assessing land based abalone farming in Esperance?

- This is a very rare opportunity.
- Few properties in Australia are suitable for the development of large-scale abalone farming business.
- Value accretive to OGA, providing juvenile abalone supply diversification and vertical integration to support oceanic ranching activities post 2024.
- Compliments existing oceanic ranching operations, providing growth and market diversification into farmed abalone.
- Land based abalone farming is profitable. e.g. Yumbah, CMG.
- Strong international demand for farmed abalone from Australia. \$40/kg.
- Predictable, established culture technology for land-based farming.
 - 30 years of continuous improvement in:
 - Hatchery technology.
 - Grow-out technology.
 - Processing.
 - Market development.
- Ideal water temperatures 14°C – 21°C = high growth rates.
- Large rural coastal property, with supporting infrastructure near established town.
- Very supportive Shire Council & community.
- Only 10km from Esperance – population 14,000.

Indicative next steps – Esperance abalone farm

- Execute land agreements with Esperance Shire – expected to be completed by end of May 2019.
- Undertake feasibility study.
- Secure licenses, obtain approvals.
- Assess funding strategies.
- 9 to 12 months – Decision on whether to proceed with development.
- 12 to 18 months – source capital.
- 18 to 24 months – commence development.
- 2 to 3 years – First Spawning of brood stock for farm.
- 5 to 6 years – First harvest and sales of 100g farmed greenlip abalone.

Financials



Profit and Loss - @ 31 December 2018

Profit and Loss overview by key activity for the Half Year ended 31 December 2018					
	Ranching Activities	3rd Party Processing	Selling & Marketing	Head office	Group Total
<u>Operating income and expenditure</u>					
Total Revenue	1,586,984	95,800	-	112,624	1,795,408
Operating Costs	(1,769,732)	(121,096)	(219,247)	(827,572)	(2,937,646)
Development and Construction costs	(125,505)	-	-	-	(125,505)
Investment in BIOMASS	(887,964)	-	-	-	(887,964)
R&D Refund anticipated to be received in FY2020	-	-	-	857,285	857,285
BIOMASS movement	3,083,513	-	-	-	3,083,513
Total Operating Profit	1,887,296	(25,296)	(219,247)	142,338	1,785,091
<u>Non operating adjustments</u>					
Performance Rights	-	-	-	(367,330)	(367,330)
Deprecation & Amortisation	(266,866)	(3,908)	-	(21,526)	(292,300)
Total Non operating adjustments	(266,866)	(3,908)	-	(388,856)	(659,630)
Profit (Loss) before tax	1,620,430	(29,204)	(219,247)	(246,519)	1,125,461

- ✓ First half year profit since listing \$1,125,461 compared to H1FY18 (\$1,420,548).
- ✓ Total operating cost reductions across the business
↓ \$341,801 Dive Vessels and operating costs; ↓ \$153,809 Corporate & Admin.
- ✓ Strong BIOMASS growth for the half year, provides ocean inventory for future sales.

A large, dark-colored concrete structure, possibly a bridge pier or a large buoy, is being lowered into the ocean. The structure is suspended by a chain and rope from a crane (not fully visible). The water is dark blue with white foam and splashes around the structure, indicating it is being lowered or has just been placed. The sky is not visible.

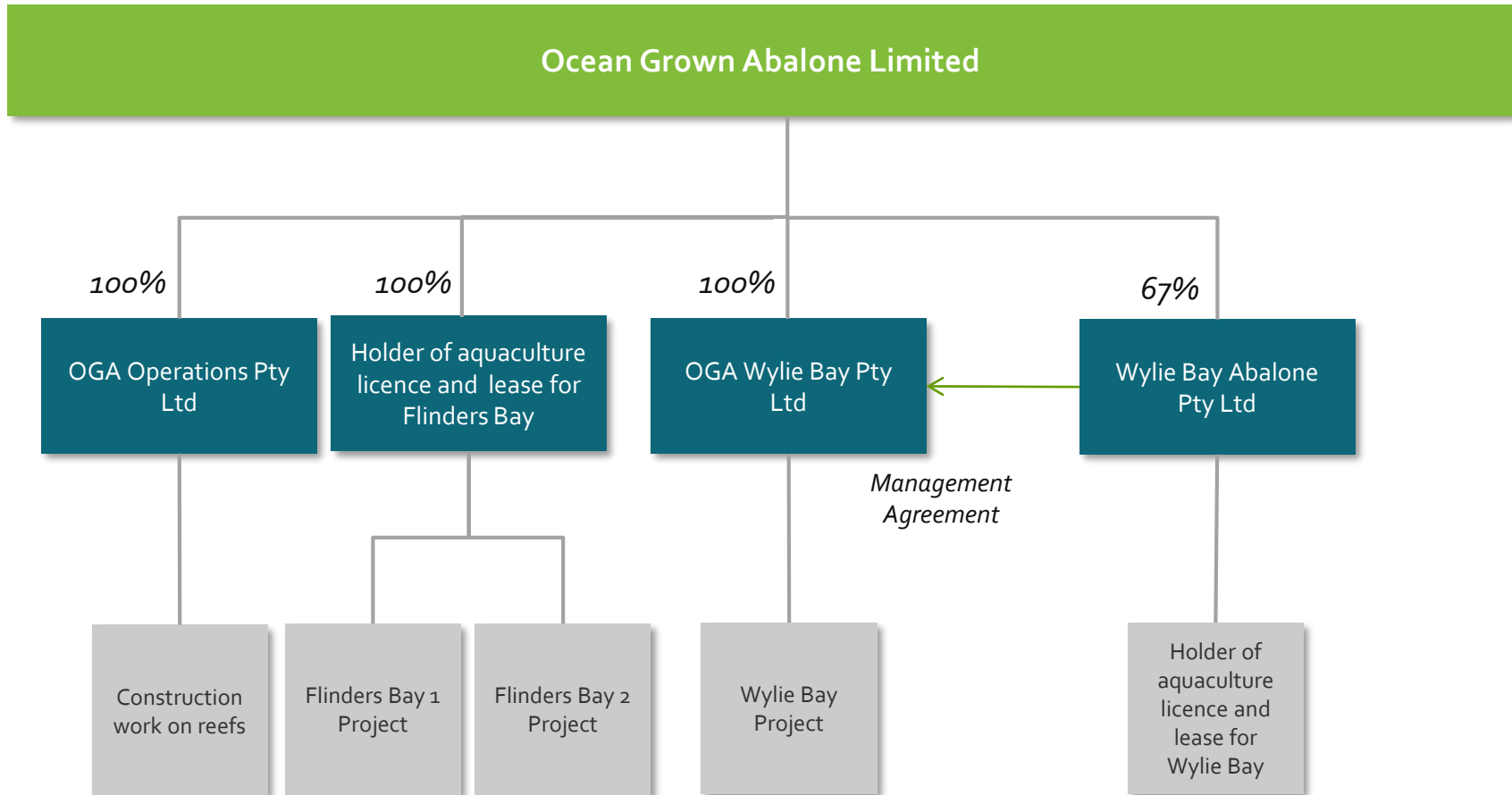
Board & Corporate Structure

Capital Structure

Issued capital

Capital Structure (as of 29 March 2019)	
Shares on Issue	174,110,260
Options on Issue: (100% escrowed)	21,346,902
Performance Rights on Issue	12,342,391
Share Price (29/03/2019)	\$0.17
Market Capitalisation	\$29,598,744
Cash Balance at 31 December 2018	\$ 6,106,598
Cash Balance at 29 March 2019	\$4,352,552

Corporate Structure



Board Structure



Mr Peter Harold (Non-Executive Chairman), B. App. Sc (Chemistry) FAICD Peter is the Managing Director of Panoramic Resources Limited (ASX:PAN) and is a process engineer with over 30 years of corporate experience in the minerals industry, specialising in financing, marketing, project development and operating, business development and general corporate activities. Prior to founding Panoramic Resources in March 2001, Peter held various senior management positions with Shell Australia, Australian Consolidated Minerals Limited, Normandy Mining Limited, MPI Mines Limited and the Gutnick network of companies. Peter is also Non-Executive Chairman of Horizon Gold Limited (ASX:HRN) and a Non-Executive Director of Pacifico Minerals Limited (ASX:PMY).



Mr Brad Adams (Managing Director) BSc (Biology), G.Dip (Aqua) MBA Brad is a third-generation fisherman and has worked as a commercial abalone diver along Western Australia's south coast for 12 years. In the 1990's, Brad was involved in setting up one of Tasmania's first abalone farms – Tasmanian Tiger Abalone, which later became Cold Gold Abalone. Brad has been actively involved in Abalone Aquaculture research and development in Western Australia since 2000. Brad was a director of the Western Australian Fishing Industry Council from 2009 to 2011 and Chairman from 2011 to 2013. He holds a MBA and Bachelor of Applied Science, Biology from Curtin University of Technology and a Graduate Diploma, Aquaculture from the University of Tasmania. Brad has been a Director of and served in an executive capacity for Ocean Grown Abalone Limited since July 2013.



Mr Ian Ricciardi (Executive Director) Ian has been involved in the Western Australian Fishing Industry since 1975. Ian has worked on and operated prawn trawlers in Shark Bay, Gulf of Carpentaria and Kimberly Prawn Fisheries. Ian also has interests in the South West Trawl Fishery, through One Sea Pty Ltd – Rottnest Island Scallop. The Ricciardi Family built and operated an Export Food Processing Facility in North Coogee and holds 50% interest in Fremantle City Coldstores. Ian held the position of President of Shark Bay Prawn Association for 10 years and has significant experience in WA Fisheries-related processes.



Ms Danielle Lee (Non-Executive Director) B.Ec, LLB Danielle is an experienced corporate lawyer with more than 23 years of experience shared between private law firms and the Australian Securities Exchange. She has a broad range of skills and legal experience in the areas of corporate advisory, governance and equity capital markets. She has advised a range of Australian public and private companies in a range of industries on corporate transactions including capital raisings, ASX listings, business and share acquisitions, shareholder agreements and joint venture agreements.