



## Award of construction contract for Processing facility

### HIGHLIGHTS

Ocean Grown Abalone Ltd (ASX: OGA, the Company) is pleased to announce the award of the construction contact for its purpose-built processing facility.

The new processing facility unlocks the opportunity to access further value creation opportunities for the Company and increase regional economic development through:

- **Increased capacity** - current production is constrained, the new facility will provide increased flexibility and production capacity
- **Increased capabilities** – the new facility increases the ability for OGA to further increase production of high value product lines such as its premium wild ocean ranched live abalone.
- **Increased efficiency** – increased production capacity provides the ability to reduce unit costs of production and higher utilisation rates of capital equipment
- **Increased employment** - the new processing facility will increase employment and skills required to operate the facility.

### DETAILS

Ocean Grown Abalone Limited has awarded the construction contract for \$2.7 million ex GST for its purpose built and designed processing facility to Big Ben Builders Pty Ltd (BBB).

The construction will be a single storey seafood and storage facility located at the Augusta Marina, in Augusta, Western Australia. The key contract terms have been based on construction industry standards using the Australian Building Industry major works contract, with construction commencing after final building approvals being provided by the local council.

OGA looks forward to the completion of the new processing facility as it provides the Company opportunities to further add value to the business through:

- **Increased capacity** current production is constrained, resulting in divers being restricted on harvest production volumes limited to the capacity of the existing production facility capacity.
- **Increased capabilities** – the new facility increases the ability for OGA to further increase production of high value product lines such as live abalone.

OGA recently installed live tanks in its existing facility which currently limits live export to up to 300 Kg per week, the new facility will have the room to grow this capability to up to 7,500 Kg of live abalone a week. This represents a high value proposition for OGA given the higher margins associated with live abalone supply.

The existing live tank has provided the Company the ability to develop its expertise in live abalone exports and importantly will be used in the new processing facility as part of the production process.

- **Increased efficiency** – increased production capacity provides the ability to reduce unit costs of production and higher utilisation rates of capital equipment.

# ASX RELEASE

The new facility also provides the efficiency opportunities that are understood to be unique to OGA's abalone operations in Australia, as boats arriving in the marina with the day's harvest will be located within less than 100 meters from the processing facility. The benefits of this are translated into improved:

- production processes, driven by reduced handling times between unloading of boats and processing
  - increased quality of product, particularly with live abalone as these can now be tanked in shorter time frames.
- **Increased employment** - the new processing facility will increase employment and skills required to operate the facility within the local community.

In addition to directly increasing local employment opportunities, indirect employment opportunities will be created through support services that will be required to support the new facility, such as maintenance and logistic services.

There is global demand for OGA's unique premium wild ranched abalone products, this new facility now provides the Company the solution to overcome its existing processing bottleneck, enabling the Company to increase production and add further value to the business.

The Company looks forward to working with Big Ben Builders, they delivered a cost-effective tender against 8 other tenderers; they have in excess of 22 years' experience in the region, considerable local experience and a reputation for completing projects ahead of schedule and have completed a number of similar sized projects for various government agencies across the region.

Big Ben Builders is a regional business, which fits with OGA's philosophy of supporting regional businesses, who use workers from the local community.

The new facility commitments are fully funded using existing cash reserves and is expected to be completed by Q4FY2019.

## **For investor and media enquiries, please contact:**

Brad Adams  
Managing Director  
Email: [brad@oceangrown.com.au](mailto:brad@oceangrown.com.au)  
Mobile: 0417 910 023

Kate Sutton  
Media  
Email: [kate@suttonsolutions.com.au](mailto:kate@suttonsolutions.com.au)  
Mobile: 0418 202 546

## **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. Through the construction of proprietary, purpose-built artificial abalone reefs (called "Abitats"), OGA is able to supply commercial quantities of its premium, 'wild-harvested', greenlip abalone at sizes not otherwise available in the Australian abalone market today.

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 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.