

**OCEAN GROWN ABALONE LIMITED
ACN 148 155 042**

**OFFER DOCUMENT
RIGHTS ISSUE**

**Non-renounceable pro-rata entitlement to 1 New Share for every 8 Shares held
at an issue price of 13 cents per New Share to raise up to approximately \$2,899,618**

Offer closes at 5.00pm WST on 12 December 2019

This Offer is fully underwritten by Morgans Corporate Limited

This Offer Document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required to make an informed decision regarding, or about the rights attaching to, the New Shares.

You should read the entire document before deciding whether to accept the offer of New Shares. If you have any questions about the Offer or the action you should take, you should speak to your professional adviser.

IMPORTANT NOTICE

This Offer Document has been prepared by Ocean Grown Abalone Limited and is issued pursuant to the requirements of section 708AA of the Corporations Act, as modified, for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Document is dated 28 November 2019 and was lodged with ASX on this date.

This document is not a prospectus under the Corporations Act and has not been lodged with ASIC. It does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless this document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

Information about the Company

The Company is listed on ASX, and our Shares are granted official quotation by ASX. In preparing this Offer Document, we have had regard to the fact that we are a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult. Information about the Company is publicly available and can be obtained from ASIC and ASX. This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company. You should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to subscribe for New Shares.

Not investment or financial product advice

The information in this document is not investment or financial product advice, does not purport to contain all the information that you require in evaluating a possible acquisition of New Shares in the Company and has been prepared without taking into account the investment objectives, financial situation, tax position and needs of you or any particular investor.

Before deciding whether to apply for New Shares, you should conduct your own independent review, investigation and analysis of the Company and New Shares in light of your personal circumstances (including financial and taxation issues). You should obtain any professional advice you require to evaluate the merits and risks of an investment in the Company before making any investment decision based on your investment objectives.

Overseas shareholders

The Company has reviewed the register of Shareholders of the Company and has determined that this document will only be sent to Shareholders with a registered address in Australia or New Zealand on the Record Date. This document may not be distributed and does not constitute an offer in any other jurisdiction unless otherwise determined by the Company.

Disclaimer of representatives

No person is authorised to give any information or to make any representation, in connection with the Rights Issue that is not contained in this Offer Document. Any information or representation that is not in this Offer Document may not be relied on as having been authorised by the Company or its related bodies corporate in connection with the Rights Issue.

Except as required by law, and only to the extent so required, none of the Company, or any other person, warrants or guarantees the future performance of the Company or any return on the investment made pursuant to this Offer Document.

Financial data

All dollar values are in Australian dollars (\$).

Defined terms

Terms used in this Offer Document are defined in the Glossary. The words "we", "our" and "us" refer to the Company. The words "you" or "your" refer to Shareholders.

CORPORATE DIRECTORY

DIRECTORS

Mr Peter Harold (Non-Executive Chairman)
Mr Bradley (Brad) Adams (Managing Director)
Mr Ignazio (Ian) Ricciardi (Non-Executive Director)
Ms Danielle Lee (Non-Executive Director)

UNDERWRITER

Morgans Corporate Limited
Level 29
123 Eagle Street
Brisbane Qld 4000

COMPANY SECRETARY

Mr Romolo Santoro

SOLICITORS

Fairweather Corporate Lawyers
595 Stirling Highway
Cottesloe WA 6011

REGISTERED AND BUSINESS OFFICE

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SHARE REGISTRY

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* The name of the Share Registry is included for information purposes only. It has not been involved in the preparation of this Offer Document.

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1. KEY INFORMATION

SUMMARY OF RIGHTS ISSUE OFFER	
Offer	1 New Share for every 8 Shares held on the Record Date. See Section 3.1.
Issue Price	13 cents per New Share. See Section 3.1.
Number of New Shares to be issued	Up to approximately 22,304,754 New Shares will be issued at Full Subscription. See Section 3.3.
Funds raised	Up to approximately \$2,899,618 will be raised by the Rights Issue at Full Subscription. See Section 3.1.
Use of funds	Funds raised (including existing funds) are intended to be used: <ul style="list-style-type: none">• to progress feasibility and development of the Esperance Hatchery and Grow-Out Project (a land based abalone hatchery and farm) including further design and approvals and licensing work;• for general working capital; and• to pay the costs of the rights issue process. See Section 3.2.
Fully underwritten	The Rights Issue is fully underwritten by Morgans Corporate Limited as the Underwriter. By the Underwriting Agreement, the Underwriter has agreed to fully underwrite 22,304,754 New Shares offered under the Offer representing an Underwritten Amount of \$2,899,618. The Underwriter will be paid management and underwriting fees totalling 5% plus GST of the Underwritten Amount (\$2,899,618). The Underwriter is not a related party and is not a current Shareholder. Neither the Underwriter nor any sub-underwriters will have a voting power beyond 20%. See Section 3.8.
Minimum Subscription	Minimum Subscription under the Rights Issue is \$2,899,600, which approximates the Underwritten Amount. See Section 3.7.

SUMMARY OF RIGHTS ISSUE OFFER

Entitlement to participate in Rights Issue	<p>All Eligible Shareholders on the Record Date are entitled to participate in the Rights Issue.</p> <p>Option holders are not entitled to participate in the Offer unless they exercise their Options before the Record Date.</p> <p>See Section 3.4.</p>
Shortfall	<p>Eligible Shareholders who are not related parties and that have subscribed for their full Entitlement may apply for Shortfall Shares. Application by Eligible Shareholders with moneys does not guarantee any issue of Shortfall Shares.</p> <p>Subject to the terms of the Underwriting Agreement, the Underwriter is obliged to subscribe for Shortfall Shares. All decisions regarding the allocation and issue of Shortfall Shares will be made by the Underwriter in consultation with the Company.</p> <p>See Section 3.9.</p>
Risks	<p>The Rights Issue should be considered highly speculative as the Company is focusing on operating and expanding an abalone sea ranching business.</p> <p>Some of the specific risks to an investment in the Company are risks concerning development of a land based abalone hatchery and farm at Esperance, future capital needs and additional funding risk, aquaculture operational risk, supply of juvenile abalone, sale price of greenlip abalone and reliance on key personnel risk.</p> <p>See Section 5.</p>
The potential effect of the Rights Issue on control of the Company	<p>The Company is of the view that the Rights Issue will not materially affect the control of the Company.</p> <p>No Shareholder can increase their voting power beyond 20% by reason of the Rights Issue. The Company will not issue any New Shares by reason of Shortfall to Eligible Shareholders so they can increase their voting power beyond 20%. Further, neither the Underwriter nor any sub-underwriters can increase their voting power beyond 20% by reason of the Rights Issue.</p> <p>See Section 4.1.</p>

2. TIMETABLE

Event	Date
Pro-rata Offer announced	20 November 2019
New Shares quoted on an "ex" basis (date from which the New Shares commence trading without the entitlement to participate in the Offer).	22 November 2019
Record Date (date for identifying Shareholders entitled to participate in the Offer).	25 November 2019
Offer Document with Entitlement Form sent to Eligible Shareholders	28 November 2019
Offer opens	28 November 2019
Closing Date (last date for lodgement of Entitlement Forms and Application Money)	12 December 2019
Trading of New Shares commences on a deferred settlement basis	13 December 2019
Company to notify ASX notified of the Shortfall (if any)	16 December 2019
Issue of New Shares and end of deferred settlement trading	19 December 2019
Normal trading of New Shares on ASX	20 December 2019

The timetable outlined above is indicative only and subject to change. The Directors reserve the right to vary these dates including the Closing Date, subject to the Listing Rules and the Corporations Act. The Directors also reserve the right not to proceed with the whole or part of the Rights Issue at any time prior to the issue of New Shares. In that event, the Application Money will be returned without interest.

3. DETAILS OF THE RIGHTS ISSUE

3.1 The Rights Issue

The Company owns and operates an abalone sea ranching business with established Flinders Bay 1 and Flinders Bay 2 sites in Flinders Bay, Augusta, Western Australia. An export processing facility has been established at Flinders Bay.

The Company is making this Offer in order to apply the funds raised and current funds as set out in Section 2.2 including progressing feasibility and development of the Esperance Hatchery and Grow-Out Project which work will include schematic and detailed design issued for construction documentation and development approval and securing licensing.

Eligible Shareholders are invited to participate in a non-renounceable pro-rata entitlements rights issue on the basis of 1 New Share for every 8 Shares (1:8) held as at the Record Date (5.00pm WST on 25 November 2019), at an issue price of 13 cents per New Share.

The Company currently has 178,438,026 Shares, 21,346,902 unlisted Options and 4,000,000 Performance Rights on issue. Based on the current capital structure of the Company, up to 22,304,754 New Shares will be issued under the Offer to raise up to \$2,899,618 (before the costs of the issue). If any of the Options are exercised before the Record Date then the number of New Shares that may be issued under the Offer could increase.

The New Shares will rank equally in all respects with existing Shares.

3.2 Purpose and use of proceeds

The Rights Issue will increase the total number of Shares on issue and increase our cash reserves by up to \$2,899,618 (before costs).

The table below sets out the proposed application of current funds and funds raised at Full Subscription (being the raising of \$2,899,618, the Underwritten Amount).

Funds Available	Full Subscription¹ (\$2,899,618)
Current cash on hand at 15 November 2019	1,808,500
Funds raised under the Offer ¹	2,899,618
Total funds available	\$4,708,118
Use of Funds	Amount
Progress feasibility and development of Esperance Hatchery and Grow-Out Project including: <ul style="list-style-type: none">• schematic and detailed design issued for construction documentation;• development approval and securing licensing.	1,850,000 600,000
General working capital ²	2,043,618
Expenses of the Offer including management and underwriting fees (inclusive of GST)	214,500
Total	\$4,708,118

1. Full Subscription assumes that the Offer is fully subscribed and all New Shares under the Rights Issue are issued. It also assumes that none of the existing Option holders exercise their Options before the Record Date and participate in the Offer. In the event that more funds are raised, we will allocate those additional funds to general working capital.
2. General working capital includes corporate administration and operating costs and may be applied to Projects of the Company, directors fees, ASX and share registry fees, legal, tax, audit and corporate advisory fees, insurance and travel costs.
3. This table is a statement of our proposed application of the funds raised as at the date of this Offer Document. As with any budget, intervening events and new circumstances have the potential to affect our decisions and we reserve the right to vary the way the funds are applied.

3.3 Capital structure

Assuming that no Options are exercised before the Record Date and no Performance Rights are converted, the effect of the Offer on the Company's issued share capital at Full Subscription is shown in the following table:

Shares	Full Subscription
Existing Shares	178,438,026
New Shares issued under Rights Issue	22,304,754
Total Shares on issue after completion of the Rights Issue	200,742,780
Options	
Series A Options (30 cents exercise price and 28 December 2020 expiry date)	8,807,452
Series B Options (39 cents exercise price and 30 September 2021 expiry date)	10,039,450
Series C Options (44 cents exercise price and 30 September 2021 expiry date)	2,500,000
	21,346,902
Performance Rights	
Performance Rights ¹	4,000,000

1. The terms of these Class C Performance Rights are set out in section 11.3 of the Company's prospectus of 28 September 2017. The holder is entitled to be issued with 1 Share for each 1 Performance Right in the event of satisfaction of service and performance hurdles.

3.4 **Eligible Shareholders**

The Rights Issue is available to all Shareholders whose registered address on the Record Date is situated in Australia or New Zealand. As a non-renounceable offer, Eligible Shareholders may not sell or otherwise dispose of their rights to apply for New Shares under the Offer.

The holders of Options are not eligible to participate in the Rights Issue unless they exercise their Options before the Record Date.

3.5 **Entitlements**

Only Eligible Shareholders may apply for New Shares under the Offer. The Entitlement to participate will be determined on the Record Date. The number of New Shares to which you are entitled is shown on the personalised Entitlement Form which accompanies this Offer Document. Fractional Entitlements will be rounded up to the nearest whole number.

You are encouraged to apply for New Shares as early as possible. To apply for the New Shares under the Offer, you must complete your Entitlement Form and lodge it together with payment for the New Shares by no later than the Closing Date (5pm WST on 12 December 2019). Please see Section 6 of this Offer Document for further information regarding the acceptance of the Offer.

The Offer will lapse if you do not accept your Entitlement by the Closing Date.

3.6 **Closing Date**

We will accept applications from the Opening Date until 5pm (WST) on 12 December 2019 or such other date as the Directors may determine, subject to the requirements of the Corporations Act and the Listing Rules.

3.7 **Minimum Subscription**

Minimum Subscription under the Rights Issue is \$2,899,600 which approximates the Underwritten Amount.

3.8 **Fully Underwritten**

The Company has appointed the Underwriter under the Underwriting Agreement to fully underwrite 22,304,754 New Shares offered under the Offer representing an Underwritten Amount of \$2,899,618. The Underwriter is not a related party of the Company and is not a current Shareholder.

Under the Underwriting Agreement the Underwriter is obliged to subscribe for the Shortfall (up to the Underwritten Amount of \$2,899,618) after receiving notice from the Company as to the number of Shortfall Shares.

The Company is required to make the Offer in accordance with all relevant regulatory requirements and the Company has given various representations and warranties to the Underwriter, which are customary for an agreement of this kind.

The Underwriter has discretion to terminate its obligations under the Underwriting Agreement on the occurrence of a number of events, which may occur before the issue of the Shortfall. The termination events are customary for an agreement of this kind. The more significant termination events include the S&P ASX 200 Index falling to a level that is 10% or more below

the level at the close of business on the business day before the date of the Underwriting Agreement and for more than 1 business day and where an event occurs which has a material adverse effect on the Offer or the Company generally including its assets and operations.

The Company will pay the Underwriter a management fee of 1% plus GST and an underwriting fee of 4% plus GST of the full amount underwritten (a total of \$144,981 plus GST). The Company is required to reimburse the Underwriter for all reasonable out-of-pocket expenses.

The Underwriter may appoint sub-underwriters that are not related parties to sub-underwrite the Underwriting Agreement. The Underwriter will be responsible for any fees to be paid to sub-underwriters. The failure of the Underwriter to appoint sub-underwriters will not relieve the Underwriter of its obligations.

Neither the Underwriter nor any sub-underwriters will have a voting power beyond 20%.

3.9 **Shortfall**

Any New Shares not applied for by Eligible Shareholders under the Rights Issue will form the Shortfall.

Eligible Shareholders who are not related parties and that have subscribed for their full Entitlement may apply for Shortfall Shares by completing the relevant section in the Entitlement Form. The Company will not issue Shortfall Shares so that an Applicant's voting power in the Company may exceed 20%. Application by Eligible Shareholders with moneys does not guarantee any allotment of Shortfall Shares. All Application Moneys in relation to which Shortfall Shares are not allocated will be returned without interest.

Subject to the terms of the Underwriting Agreement, the Underwriter is obliged to subscribe for Shortfall Shares. All decisions regarding the allocation and issue of Shortfall Shares will be made by the Underwriter following consultation with the Company.

Shortfall Shares will be issued at the same price as the New Shares offered under the Rights Issue. The offer of Shortfall Shares is an offer under this Offer Document.

It is your responsibility to ensure that you will not breach the takeovers provisions of the Corporations Act by applying for Shortfall Shares.

Directors and related parties cannot be issued Shortfall Shares without prior shareholder approval and will not participate in the issue of Shortfall Shares.

3.10 **Continuous Disclosure Obligations**

The Company is a "*disclosing entity*" (as defined in Section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for Shares under the Offer. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website www.oceangrown.com.au or the ASX www.asx.com.au.

4. EFFECT OF RIGHTS ISSUE ON CONTROL AND DIRECTORS' INTERESTS

4.1 Effect on Control

The effect of the Rights Issue on the control of the Company, and the consequences of that effect, will depend upon a number of factors, including the level of take up from Eligible Shareholders. The primary consequences will be as follows:

- (a) If all Eligible Shareholders as at the Record Date take up their full Entitlement, the Rights Issue will have no effect on the control of the Company and all Shareholders will hold the same percentage interest in the Company subject only to changes resulting from Excluded Shareholders being unable to participate in the Rights Issue.
- (b) In the more likely event that not all Eligible Shareholders subscribe for their full Entitlement (ie there is a Shortfall), Eligible Shareholders who do not subscribe for their full Entitlement under the Rights Issue and Excluded Shareholders unable to participate in the Rights Issue will be diluted relative to those Shareholders who subscribe for some or all of their Entitlement. The extent of the dilution will depend on the degree to which Eligible Shareholders take up their Entitlement. The maximum dilution if you do not take up your Entitlement will approach 11.1% if nearly all Eligible Shareholders other than you take up their full Entitlement.
- (c) By reason of existing shareholdings in the Company and the structure of the Rights Issue (including being fully underwritten), no Shareholder can increase their voting power beyond 20% by reason of the Rights Issue. The Company will not issue any New Shares by reason of Shortfall to Eligible Shareholders so they can increase their voting power beyond 20%.
- (d) The Underwriter has no current voting power in the Company and its voting power as a result of the Rights Issue will not approach 20% (as the maximum voting power the Underwriter could obtain is 11.1%).

By reason of the above, the Company is of the view that the Rights Issue will not materially affect the control of the Company.

4.2 Directors' Interests

The relevant interest of each of the Directors in the securities of the Company as at the Record Date is set out in the table below.

Director	Shares	Options	Performance Rights
Peter Harold (Non-Executive Chairman)	120,000	1,500,000 ¹	-
Brad Adams (Managing Director)	7,326,055	-	4,000,000 ²
Ian Ricciardi (Non-Executive Director)	14,685,445	-	-
Danielle Lee (Non-Executive Director)	-	1,000,000 ¹	-

Notes:

1. These Options are Series C Options with an exercise price of 44 cents and expiry date of 30 September 2021.
2. The Performance Rights are referred to in Section 3.3.
3. The table above does not include any Entitlement Shares that may be subscribed for by Directors.

5. RISK FACTORS

5.1 Introduction

Applicants should be aware that an investment in the Company is highly speculative. The Company owns and operates an abalone sea ranching business and is subject to various risks that may impact on the future performance of the Company. Some of these risks can be mitigated by the use of appropriate safeguards and actions, but some are outside the Company's control and cannot be mitigated.

The following is a list of the material risks that may affect the financial position of the Company, the value of an investment in the Company, as well as the Company's operations. The list is set out under "*Specific Risks*" and "*General Investment Risks*". The list is not an exhaustive list of risks.

5.2 Specific Risks

Feasibility and development of the Esperance Hatchery and Grow-Out Project

As announced on 7 November 2019, an independent concept design study upon the Esperance Hatchery and Grow-Out Project has been completed with positive results. The concept design study, although a preliminary study, focused on the potential to build an abalone grow-out and hatchery farm facility and has provided the Board with confidence to continue to the next stage of feasibility assessment.

The concept design study focused on determining the suitability of the Esperance Hatchery and Grow-Out Project land (over which the Company has an option to purchase) to meet the Company's strategy of vertical integration and growth of existing ocean ranching operations by the development of a large scale land based abalone grow-out and hatchery farm facility on the land.

The next stage of progressing feasibility and development of the Esperance Hatchery and Grow-Out Project is to be funded by this Offer and includes schematic and detailed design issued for construction documentation and development approval and the securing of licensing. There is no guarantee of positive future feasibility work, a positive decision by the Company to proceed to development, the Company being able to secure funding on acceptable terms or, ultimately, any successful commercial operation being established.

The indicative next steps and projected timing is set out in the investor presentation announced on 11 November 2019.

Future funding needs

The Company will depend upon the availability of future revenues (which are uncertain) and the availability of further investor funds. No assurance can be given that future investor funds as required will be made available on acceptable terms (if at all). If the Company is unable to obtain additional financing (whether equity or debt or a combination) as needed, it may be required to reduce the scope of its operations and scale back its expansion and development programs.

Following feasibility upon the Esperance Hatchery and Grow-Out Project and in the event of a decision to proceed to development, the Company will need to raise significant finance (whether equity or debt or a combination) in order to develop the Esperance Hatchery and Grow-Out Project. There is no assurance that funds will be available on acceptable terms to enable the development.

Aquaculture operational risk

The Company operates an abalone sea ranching business in the ocean from artificial abalone "ranches". The growing cycle from seeding juvenile abalone to harvesting mature abalone takes approximately 3 years. Such a business needs to manage risks inherent in such an aquaculture operation including disease, theft, environmental changes, predation and severe weather events.

There is the possibility of disease amongst the abalone preventing the growth of mature commercial abalone. To date upon the Flinders Bay 1 Project and Flinders Bay 2 Project there has been no significant disease event. The Company mitigates the risk of disease transmission by placing the juvenile abalone in low densities on the artificial ranches which are comparable to wild catch densities. The juvenile abalone sourced from the abalone hatcheries are also screened, quarantined prior to deployment and samples are tested for disease free certification by government animal health authorities prior to release on the abalone ranch.

There is a possibility of theft of abalone directly from the ranches. The Company monitors its ranches carefully.

There is a risk of environmental changes (such as pollution and water temperature) adversely affecting the sea ranching process. Pollution and water temperature are monitored at the Flinders Bay Projects and will be at future projects. The maximum summer water temperatures at the Flinders Bay 1 Project and Flinders Bay 2 Project in Augusta are generally approximately 22 degrees Celsius. Abalones survive at temperatures of up to 26 degrees Celsius.

Predators are a potential risk which the Company intends to prudently manage. To date upon the Flinders Bay Project there has been no material predation event.

Severe weather events such as storm swells can disrupt habitats and abalone.

Supply of juvenile abalone risk

The Company's success is reliant in part on the juvenile abalone supply agreement by which the Company purchases hatchery reared greenlip juvenile abalone under an exclusive supply agreement with 888 Abalone Pty Ltd, a land-based abalone hatchery and grow-out facility in Bremer Bay, Western Australia. There are exclusivity provisions between the parties until June 2024. There is a risk of dependence on one supplier by this supply agreement. The Company is seeking to mitigate the risk of reliance on a supplier or suppliers of juvenile abalone in the future by looking to develop the Esperance Hatchery and Grow-Out Project.

Sale price of greenlip abalone

The Company's revenue is largely dependent upon the sale of greenlip abalone produced from its operations. The Company's earnings are therefore closely related to the sale price of greenlip abalone.

The sale or market price of greenlip abalone fluctuates and is affected by supply and demand factors beyond the control of the Company.

Dependence on key personnel

The Company's success depends in part on the core competencies of the Directors and management and the ability of the Company to retain these key executives. Loss of key

personnel (such as the managing director) may have an adverse impact on the Company's performance.

Government approvals and compliance risk

In order to validly operate its business, the Company and relevant subsidiaries need to obtain and comply with various government licences and leases. The Company has a ground lease at Flinders Bay. Additionally, the Company's Flinders Bay 1 Project, the Flinders Bay 2 Project and Wylie Bay Research Project have relevant government licences and approvals in place in accordance with Western Australian regulations.

There is no guarantee of the grant of future licences or leases or the renewal of existing licences or leases.

Sales/client engagement

The Company since September 2016 has sold mature abalone harvested from the Flinders Bay 1 Project. Abalone harvest is mostly processed for the individual quick frozen (IQF) meat market in Hong Kong. The Company has expanded its product range to include whole frozen in shell, live, canned and dried (preserved). The risk is that the Company does not engage successfully with wholesalers for its products.

Exchange rate risk

Sales of abalone by the Company to Asia is in US dollars. Thereby, fluctuations in the Australian dollar and US dollar exchange rate may materially affect the earnings of the Company. The exchange rates between the various currencies are affected by numerous factors beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors.

Assessment of abalone stock/biomass risk

OGA as with many ocean based aquaculture systems needs to have in place a management system for counting and assessing stock (abalone biomass).

OGA has implemented a stock management system based on creating separate management units and then every 6 months undertaking a stock assessment from the various management unit so as to provide a statistically relevant sample of abalone to enable OGA to assess total stock.

The risk of such a stock management system is that the assessment of total stock is an assessment based on stock sampling every 6 months rather than an audit of every single abalone on the habitats in the ocean which is not a cost effective system.

The independent auditor's report for the financial year ended 30 June 2019 (see ASX announcement of Annual Report of 27 September 2019) notes an emphasis of matter (without qualification to the audit opinion) being a material uncertainty regarding valuation of biological assets as the carrying value of live abalone may differ from their realisable value.

Wylie Bay Research Project partnering risk

The Company is partnering with a local operator at the Wylie Bay Research Project. Both a Company subsidiary and the local operator intend to establish separate sea ranching operations within the Wylie Bay lease area in the event of the decision to commercially proceed. The relationship between the parties is governed by contractual documentation and, in the event the Project proceeds, its successful operation is reliant upon an effective relationship between the contracting parties.

The Project has delivered positive trial results to date with similar abalone growth and survival rates to Flinders Bay 1 Project and Flinders Bay 2 Project. First harvest of abalone by the Project partner is scheduled for December 2019.

Intellectual Property and competing technologies risk

The success of the Company will depend in part on the Company's ability to obtain patents (and therefore proprietary rights) without infringing the proprietary rights of others. An Australian standard patent has been granted in respect of the Company's sea ranching hardware design and processes. The strength of patents involves complex legal and scientific questions and can be uncertain. There can be no assurance that any patents in relation to the Company's processes will afford the Company commercially significant protection of the Company's processes or that competitors or other parties will not develop competing processes that circumvents such patents.

Competition

The Company as a supplier of abalone is subject to domestic and global competition from both traditional land-based abalone farms and ocean/wild-catch operations. The Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's business.

Environmental risk

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment including conditions of the aquaculture licences that have been granted to the Company Group. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Diving risk

The Company employs commercial divers at its Flinders Bay Projects. Diving for abalone in the ocean by its nature involves risk which the Company aims to manage by adherence to commercial diving standards developed for the Australian Diver Accreditation Scheme together with regular drills and training.

Management of Growth

There is a risk that management of the Company will not be able to successfully implement the Company's growth strategy. The capacity of the management to properly implement and manage the strategic direction of the Company will affect the Company's financial performance.

Insurance

The Company may maintain insurance within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, it is not always possible to cost-effectively insure against all risks associated with abalone aquaculture activities. The Company may decide not to take out insurance against certain risks as a result of high premiums or for other reasons. Should liabilities arise on uninsured risks, the Company's business, financial condition and results of operations and the market price of the Shares may be materially adversely affected.

Legal Proceedings

Legal proceedings may arise from time to time in the course of the business of the Company including enforcing or defending its intellectual property rights against infringement and unauthorised use by competitors. As at the date of this Offer Document, there are no legal proceedings against the Company which are material to its operations, assets, performance or prospects.

Repayment of debt obligations

The Company's only current interest bearing debt relates to equipment leases with National Australia Bank Limited ("NAB"). In consideration of a loan, the equipment is mortgaged to NAB with monthly payments. The Company will have unencumbered ownership of the equipment upon completion of the monthly payments. The Company intends to continue to make monthly payments until the end dates in order to obtain unencumbered ownership of the equipment. The Company's total equipment finance facility is \$1,500,000, which at 15 November 2019, is drawn down to approximately \$132,500.

The Company has an overdraft facility with NAB by which it can draw up to \$1,000,000. No funds have been drawn from this account at the date of this Offer Document.

Native Title claims and compliance

The Company in operating its business has various operational or ground leases (such as its ground lease at Flinders Bay and a lease of offices at Fremantle) and has been issued with aquaculture licences and leases in respect of its relevant Projects. The Company further has an option to purchase the land the subject of the Esperance Hatchery and Grow-Out Project.

Native title recognises the title rights of indigenous Australians over areas where those rights have not been lawfully extinguished. The *Native Title Act 1993 (Cth)*, ensuing state native title legislation, subsequent legislative amendments and aboriginal land right and heritage legislation may affect the granting or renewal of, and access to, land where a native title claim has been registered or aboriginal site recognised.

Climate Change risk

There is a risk that climate change resulting in global warming may have consequences relevant to the Company's operations including warming of sea temperatures (affecting the growth rates and survival of ocean grown abalone), rising sea levels and changes to various oceanographic conditions. The Company closely monitors oceanographic conditions at its Projects so as to assess any environmental changes.

5.3 General Investment Risks

Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, securities markets (such as the ASX) may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of a company such as an abalone aquaculture company. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

Legislative

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

Economic risk

Changes in both Australian and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

6. ACTION REQUIRED BY SHAREHOLDERS

6.1 Acceptance of Offer

The number of New Shares to which you are entitled is shown on the Entitlement Form accompanying this Offer Document. If you are an Eligible Shareholder, you may:

- Take up your Entitlement in full or in part; or
- Allow your Entitlement to lapse.

Acceptance of the Offer must not exceed the Entitlement as shown on the Entitlement Form. The Directors reserve the right to reject any applications for New Shares that are not made in accordance with the terms of this Offer Document or the instructions on the Entitlement Form.

6.2 Taking up your Entitlement in full or in part

If you wish to accept your Entitlement in full or in part either:

- Complete the Entitlement Form for the number of New Shares you wish to take up in accordance with the instructions on the form. Return your completed form, together with the Application Money to the Company's share registry (see Section 6.5 below). It must be received by no later than the Closing Date (5pm WST on 12 December 2019).

OR

- Make a payment of 13 cents for each New Share you wish to apply for by BPAY in accordance with the instructions on the Entitlement Form by no later than the Closing Date (5pm WST on 12 December 2019).

If you take up your Entitlement in full, you may apply for further New Shares as part of the Shortfall in accordance with Section 3.9.

6.3 Allowing your Entitlement to lapse

If you do not wish to take up any of your Entitlement under the Offer, then you do not need to take any action. If you do nothing then your Entitlement will lapse. The New Shares not subscribed for will form part of the Shortfall.

Although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted.

6.4 Payment for New Shares

The issue price of 13 cents per New Share is payable in full on application.

All payments are to be made in Australian currency by cheque or by BPAY.

Cheques should be drawn on an Australian branch of a financial institution, made payable to "*Ocean Grown Abalone Limited – Share Offer Account*" and crossed "*Not Negotiable*".

BPAY payments should be made in accordance with the instructions on the Entitlement Form using the BPAY Biller Code and Customer Reference Number shown on the form. You are

not required to return the Entitlement Form if you use BPAY to pay the Application Money. You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment. You should take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by the Closing Date. The Customer Reference Number is used to identify your holding. If you have multiple holdings you will receive multiple Customer Reference Numbers. You must use the Customer Reference Number shown on each Entitlement Form to pay for each holding separately. If you pay by BPAY and do not pay your full Entitlement, your remaining Entitlement will lapse. Your completed BPAY acceptance, once paid, cannot be withdrawn. We do not accept any responsibility for incorrectly completed BPAY payments.

6.5 Address details and enquiries

Completed Entitlement Forms and cheques for the Application Money (if not paying by BPAY) should be mailed to the postal address or delivered by hand to the delivery address set out below by no later than the Closing Date (5pm WST on 12 December 2019):

Postal address:

Ocean Grown Abalone Limited
c/- Automic Registry Services
GPO Box 5193
Sydney NSW 2001

Delivery address:

Ocean Grown Abalone Limited
c/- Automic Registry Services
Level 5
126 Phillip Street
Sydney NSW 2000

You should ensure that your Entitlement Form (and Application Money) is sent early to ensure that they arrive at the postal or delivery address specified above by the Closing Date. If we receive your Entitlement Form after the Closing Date, the Directors may, at their discretion, accept or reject your Application. If we reject your Application, we will refund your Application Money in full without interest

If you have any questions about the Rights Issue or how to complete your Entitlement Form, please contact the Company Secretary.

6.6 Issue of New Shares and quotation on ASX

New Shares under the Rights Issue will be issued as soon as practicable after the Closing Date. It is expected that New Shares will be allotted and that transaction confirmation statements will be sent to you on or about 19 December 2019. However, if the Closing Date is extended then the date for allotment and posting may also be extended.

Application for official quotation by ASX of the New Shares offered under this Offer Document has been made. If permission for quotation is not granted by ASX, the New Shares will not be allotted and Application Money will be refunded (without interest) as soon as practicable.

It is your responsibility to confirm your holdings before trading in New Shares. Any person who sells New Shares before receiving confirmation of their holding will do so at their own risk. The Company and the share registry disclaim all responsibility to any person who trades in New Shares before receiving their confirmation statement.

Application Money will be held in trust in a separate bank account on behalf of each Eligible Shareholder until the New Shares are issued. If necessary, Application Money will be refunded as soon as reasonably practicable, without interest. Interest earned on the Application Money will be retained by the Company, regardless of whether New Shares are issued under the Offer.

The Directors may at any time decide to withdraw this Offer Document and the offers made under the Rights Issue, in which case the Company will return all Application Money (without interest) as soon as practicable.

6.7 Excluded Shareholders

The Offer under the Rights Issue is not extended to Excluded Shareholders (any Shareholder whose registered address on the Record Date is situated outside Australia or New Zealand). There will be no appointment of a nominee for Excluded Shareholders to sell any Entitlement.

In making this decision, the Directors have taken into account the small number of Excluded Shareholders and the cost and administrative complexity of complying with applicable regulations in jurisdictions outside Australia and New Zealand.

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand.

This Offer Document has not been registered, filed with or approved by any New Zealand regulatory authority. This Offer Document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia or New Zealand (including nominees, custodians and trustees) are responsible for ensuring that any dealing with their Entitlement and any New Shares issued do not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Entitlement or the distribution of this Offer Document or the Entitlement Form.

The making of an Application (whether by the return of a duly completed Entitlement Form or the making of a BPAY payment or otherwise) will constitute a representation that there has been no breach of such laws or regulations. Shareholders who are nominees, custodians or trustees are therefore advised to seek independent advice as to how they should proceed.

6.8 Taxation

There may be taxation implications in relation to the Rights Issue and subscribing for New Shares. These taxation implications vary depending on your individual circumstances. You should seek and rely on your own taxation advice regarding an investment in the Company. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility with respect to the taxation consequences connected with the Rights Issue or the New Shares.

7. GLOSSARY

Where the following terms are used in this Offer Document they have the following meanings:

Applicant	A person who makes an Application.
Application	An application to subscribe for New Shares under this Offer Document.
Application Money	Money payable by Eligible Shareholders in respect of New Shares applied for under this Offer Document.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as applicable.
Board	The board of directors of the Company.
Closing Date	The last day for payment and return of Entitlement Forms, being 5.00pm (WST) on 12 December 2019 or such other date as may be determined by the Directors.
Company	Ocean Grown Abalone Limited (ACN 148 155 042).
Constitution	The constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Director	A director of the Company.
Eligible Shareholder	Shareholders with a registered address in Australia or New Zealand as at the Record Date.
Entitlement	The number of New Shares that an Eligible Shareholder may apply for under the Offer, as determined by the number of Shares held on the Record Date.
Entitlement Form	The entitlement and acceptance form accompanying this Offer Document.
Esperance Hatchery and Grow-Out Project	A land based abalone hatchery and farm being considered upon land that the Company has an option to purchase, which project is in feasibility stage.
Excluded Shareholder	A Shareholder whose registered address is not in Australia or New Zealand.
Full Subscription	The maximum amount to be raised under the Offer being the sum of \$2,899,618 assuming no existing Options are exercised.

Issue Date	The date of issue of the New Shares under the Rights Issue and being in accordance with the proposed timetable which is anticipated to be 19 December 2019.
Issue Price	13 cents per New Share.
Listing Rules	The official listing rules of ASX, as amended or waived by ASX from time to time.
Minimum Subscription	The sum of \$2,899,600.
New Share	A Share to be issued under this Offer Document.
Offer	The offer to Eligible Shareholders of New Shares under the Rights Issue.
Offer Document	This offer document.
Option	An option to acquire a Share.
Performance Rights	The right which entitles the holder to be issued with one Share subject to satisfaction of any service and performance hurdles.
Project	A project of the Company.
Record Date	5.00pm (WST) on 25 November 2019.
Rights Issue	The pro-rata non-renounceable offer conducted pursuant to this Offer Document under which up to approximately 22,304,754 New Shares will be offered to Eligible Shareholders on the basis of 1 New Share for every 8 Shares held at the Record Date at the Issue Price.
Share	A fully paid ordinary share in the Company.
Shareholder	A registered holder of Shares.
Shortfall	The number of New Shares not applied for under the Rights Issue before the Closing Date.
Underwriter	Morgans Corporate Limited (ACN 010 539 607) (AFSL 235407).
Underwritten Amount	The sum of \$2,899,618.
WST	Western Standard Time.
\$ or A\$	Australian dollars.