



### Opportunity to develop abalone hatchery and grow out facility

- **Shire of Esperance Council has given in principle approval to enter into a commercial transaction with OGA for land located near Esperance, WA.**
- **Preliminary investigations indicate the land may be suitable for the development of an onshore abalone hatchery and grow out facility.**

**Ocean Grown Abalone Ltd** (ASX: OGA, or the Company) has been exploring opportunities to increase efficiencies and productivity for its existing and future greenlip abalone ocean ranching activities.

The Company has been investigating land locations in Western Australia with the potential for development of an onshore abalone hatchery and grow out facility (**abalone hatchery**). OGA has identified a parcel of land near Esperance, Western Australia which appears to have the key attributes necessary for an abalone hatchery.

The land parcel is approximately 34 hectares in size, located at Lot 50 Wylie Bay Road, Esperance (**Land**), approximately 10 kilometres from the centre of Esperance. The land is owned by the Shire of Esperance (**Shire**).

The Company is pleased to announce that the Shire Council gave in principle approval at their council meeting on 26 February 2019, to enter into a commercial transaction with OGA for the sale and development of the Land. The Shire will now consult with the community of Esperance on the proposed development, which is expected to be concluded by 15 March 2019. Subject to community feedback, the Shire Council is expected to ratify the transaction and negotiate contractual documents.

Subject to final ratification by the Shire Council, the key terms for the Land transaction are:

- OGA will lease the Land from the Shire for a period of 12 months from the completion of contractual documents, but no later than 1 June 2019 for a fee of \$10,000;
- OGA will have an option to extend the lease period by a further 12 months for a fee of \$10,000;
- OGA will have exclusivity to purchase the Land during the lease period, whereby OGA has the right but not the obligation to purchase the Land for \$500,000, plus subdivision costs capped to \$15,000;
- Sale of the Land from the Shire to OGA is conditional on OGA developing an onshore aquaculture hatchery and grow out facility and will be subject to necessary regulatory and/or shareholder approvals; and
- Contractual documentation to be completed by 1 May 2019.

During the lease period, the Company intends to carry out a feasibility study to assess the development potential of the Land for an abalone hatchery. The Company expects to fund the lease and feasibility costs from existing cash reserves and future revenue.

At the completion of the feasibility process, OGA is expected to be in a position to make a decision on whether the Land is suitable for development as an abalone hatchery and will then determine the funding strategy for the development stage.

Brad Adams, OGA Managing Director says, “We are always looking for ways to increase productivity and business efficiencies. This opportunity provides a natural fit with our existing ocean ranching operations. An OGA abalone hatchery and grow out facility will enable the Company more control over the selection of juvenile abalone for seeding on the sea ranches and it’ll provide the ability to expand marketing opportunities and product lines.”

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**About the Company**

Ocean Grown Abalone Limited (ASX: OGA) has developed its 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 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.