



## Quarterly Update and Appendix 4C for the period ending 30 June 2019

### HIGHLIGHTS

- **Abalone sales – up 48% to 52.9 tonnes Q4FY19YTD** compared to 35.8 tonnes in Q4FY18YTD.
- **Production – up 44% to 55.0 tonnes in Q4FY19YTD** compared to 38.1 tonnes in Q4FY18YTD.
- **Highest Production** - OGA's highest ever production achieved in a 12 month period.
- **Seeding – 0.4 million juvenile abalone seeded in Q4FY19**, with 0.5 million to be seeded in Q1FY20.
- **Export processing facility** – construction phase complete, fit-out to be finalised early Q1FY20.

### DETAILS

Ocean Grown Abalone Limited (**ASX: OGA, the Company**) is pleased to provide the following operations update and Appendix 4C Cashflow Statement for the quarter ended 30 June 2019.

#### Sales

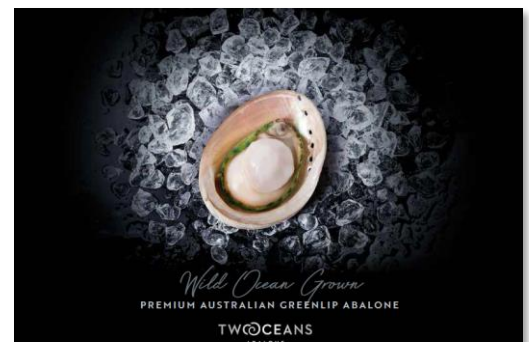
Ocean Grown Abalone has had another successful year in generating sales for abalone products for FY2019. Sales in Q4FY19YTD were 52.9 tonnes, 48% higher than the 35.8 tonnes in Q4FY18YTD.

OGA continues to take advantage of the strong demand for its range of products with 99.1% of the stock sold to Asian markets in Q4FY2019.

The company is growing the Two Oceans Abalone brand as a high-end product in Australia and Asia.

The Two Oceans Abalone website was launched in the quarter and provides another opportunity to build brand awareness.

<https://twooceansabalone.com.au/>



*Launch of Two Oceans Abalone Brand Website*

#### Operations

Juvenile seeding commenced in April 2019, with more than 0.4 million juvenile abalone seeded on OGA's Flinders Bay abitats in Q4FY19. A further 0.5 million juvenile abalone are planned to be seeded in Q1FY20. These juvenile abalones will mature in the pristine, wild environment to increase and meet future production demand.



*Inspection and transfer of juvenile abalone*



*Juvenile abalone in release basket*



*Seeding of juvenile abalone on abitats*

## Production

**Ocean Grown Abalone achieved its highest ever production in a 12 month period.** Harvest for Q4FY19YTD was 55.0 tonnes, 44% greater than the 38.1 tonnes in Q4FY18YTD.

**Export processing facility** - Practical completion for OGA's purpose-built processing facility at the Augusta Boat Harbour occurred when the building was handed over ahead of schedule on 31st May. Fit-out of freezing plant, live abalone tanks and upgraded processing equipment is in progress and is expected to be completed by the end of August 2019.



*OGA's new processing facility with Flinders Bay Abalone Ranch in the background*

## Planned activities for the next quarter

- **Harvest** – will continue into and beyond Q1FY20.
- **Juvenile Seeding** – OGA plans to seed 535,000 juvenile abalone in the next quarter.
- **Export Processing Facility** – fit-out completed in Q1FY20, and operating out of the new facility.
- **Esperance** – Feasibility study will commence for the development of an abalone hatchery and grow-out facility in Esperance.
- **Marketing** – Attend the 14<sup>th</sup> Shanghai International Fisheries and Seafood Exhibition in China on 28-30 August 2019 and showcase our high-end abalone product.

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

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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. Through the construction of proprietary, purpose-built artificial abalone reefs (called "Abitats"), OGA can 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.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Ocean Grown Abalone Limited

**ABN**

52 148 155 042

**Quarter ended ("current quarter")**

30 June 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	686	2,875
1.2 Payments for		
(a) research and development <sup>1,2</sup>	-	(47)
(b) product manufacturing and operating <sup>2</sup> costs	(475)	(3,003)
(c) advertising and marketing	(35)	(273)
(d) leased assets	-	-
(e) staff costs <sup>2</sup>	(667)	(2,630)
(f) administration and corporate costs	(165)	(726)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	33	148
1.5 Interest and other costs of finance paid	(1)	(10)
1.6 Income taxes paid	-	(20)
1.7 Government grants and tax incentives	203	2,197
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(421)</b>	<b>(1,489)</b>
<sup>1</sup> Includes cash outflows related to Port Lincoln trial. <sup>2</sup> An apportion of cash outflows included in 1.2 (b) and (e) are also eligible for R&D tax incentive.		

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(214)	(368)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets <sup>3</sup>	(1,280)	(3,141)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	123	207
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material) <sup>4</sup>	-	10
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1,371)</b>	<b>(3,292)</b>
<sup>3</sup> Includes cash outflows for the development of the Abalone Processing Facility in Augusta.		
<sup>4</sup> Includes cash inflows/outflows return of bank guarantees for leases held and lease bond.		

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	44	45
3.6 Repayment of borrowings	(28)	(104)
3.7 Transaction costs related to loans and borrowings	(4)	(4)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>12</b>	<b>(63)</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	4,352	7,416
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(421)	(1,489)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,371)	(3,292)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	12	(63)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>2,572</b>	<b>2,572</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	711	515
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Term deposits	1,861	3,837
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,572</b>	<b>4,352</b>

<b>6. Payments to directors of the entity and their associates</b>		<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2 <sup>5</sup>	126
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

<sup>5</sup> Item 6.1 relates to payments for Directors services and fees for the current quarter ended 30 June 2019

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
-	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities <sup>6</sup>	2,500	175
8.2 Credit standby arrangements	-	-
8.3 Other (Credit card) <sup>6</sup>	45	20
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

<sup>6</sup> The equipment loans have been provided by National Australia Bank Limited, pursuant to a master asset finance agreement. The loans are secured over the financed assets via an equitable mortgage. Additional loan security is provided in the form of a charge over the assets of OGA. The Company has also provided a guarantee and indemnity to the loan provider for the full facility limit. OGA has also secured a business overdraft facility with National Australia Bank Limited to the value of \$1,000,000 and has increased the amount available under its equipment finance arrangement to \$1,500,000 (previously \$750,000).

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development <sup>7</sup>	-
9.2 Product manufacturing and operating costs <sup>7</sup>	959
9.3 Advertising and marketing	57
9.4 Leased assets	-
9.5 Staff costs <sup>7</sup>	694
9.6 Administration and corporate costs	157
9.7 Other (provide details if material) <sup>8</sup>	392
<b>9.8 Total estimated cash outflows</b>	<b>2,259</b>


<sup>7</sup> Where anticipated R&D tax incentive forms part of existing business activities, these are included in cash outflows in 9.2 and 9.5, otherwise, unique R&D activities are identified in 9.1.

<sup>8</sup> Estimated final payments for Augusta Processing facility fit-out, equipment loan repayments and feasibility assessment for Esperance development.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:   
Company Secretary

Date: 31 July 2019

Print name: Romolo Santoro

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.