



Ocean Grown
Abalone



OCEAN GROWN ABALONE LIMITED ACN 148 155 042

PROSPECTUS

For the Offer of 40,000,000 Shares at an issue price
of 25 cents each to raise \$10,000,000.

PROPOSED ASX CODE: OGA

UNDERWRITER
& LEAD MANAGER

Morgans IN ALLIANCE WITH **CIMB**

CORPORATE ADVISOR



This Prospectus provides important information about the Company. You should read the entire document including the Application Form. If you have any questions about the Offer or the Prospectus, you should speak to your professional adviser. The Shares offered by this Prospectus should be considered highly speculative.



IMPORTANT NOTICE

PROSPECTUS

This Prospectus is dated 28 September 2017 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application will be made to ASX within 7 days after the date of this Prospectus for quotation of the Shares the subject of this Prospectus.

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation that is not contained in this Prospectus may not be relied upon as having been authorised by our Directors or us.

An electronic version of this Prospectus can be downloaded from our website at www.oceangrown.com.au. If you access the electronic version of this Prospectus, you should ensure that you download and read the entire Prospectus. The electronic version of this Prospectus is only available to Australian residents. If you have received the Prospectus electronically, we will provide a paper copy and attached application form free of charge. Please telephone our registered office during the Offer period.

Applications for Shares may only be made on the Application Form included in or accompanying this Prospectus or in the electronic version, as downloaded in its entirety from our website.

The Offer in this Prospectus is available only to persons receiving this Prospectus within Australia, or another country where it is lawful to do so (electronically or otherwise). This Prospectus does not constitute an offer in any place where, or to any person whom, it would be unlawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice and observe any restrictions. Any failure to comply with these restrictions may violate securities laws.

You must ensure compliance with all laws of any country relevant to your application. We will take the return of a completed Application Form as a representation by you that there has been no breach of any laws.

EXPOSURE PERIOD

The Corporations Act prohibits us from processing Applications for 7 days after the date of lodgement of this Prospectus with ASIC. This period may be extended by ASIC for up to a further 7 days. This period is an exposure period to enable the Prospectus to be examined by market participants prior to the issue of Shares. Applications received during the exposure period will not be processed until after the expiry of the exposure period. No preference will be given to Applications received during that period. All Application Forms received during the exposure period will be treated as if they were simultaneously received on the Opening Date.

NO PROSPECTIVE FINANCIAL FORECASTS

The Directors have considered the matters outlined in ASIC Regulatory Guide 170 (Prospective Financial Information). The Company owns and operates an abalone sea ranching business. The Company is seeking to expand its existing operations including developing new sites. Given the Company's current expansion phase and development, reliable forecasts of any prospective financial information such as prospective revenue and expenses cannot be prepared and accordingly the Directors have not included forecasts in this Prospectus.

GLOSSARY

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary in Section 13. In this Prospectus, the words "we", "our" and "us" refer to the Company. The words "you", or "your" refer to Applicants.

PHOTOGRAPHS

The photograph on the front cover is of Brad Adams, the managing director of the Company, with abalone harvested from the Flinders Bay 1 Project. The photograph on the back cover is of abalone harvested from the Flinders Bay 1 Project. Unless otherwise stated, the photographs of abalone sea ranching operations are from the Company's Flinders Bay 1 Project.

CORPORATE DIRECTORY



DIRECTORS

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

JOINT COMPANY SECRETARIES

Mr Winton Willesee
Ms Erlyn Dale

REGISTERED AND BUSINESS OFFICE

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UNDERWRITER AND LEAD MANAGER

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Telephone: +61 7 3334 4888

CORPORATE ADVISER

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SOLICITORS TO THE OFFER

Fairweather Corporate Lawyers
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PATENT ATTORNEY

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INVESTIGATING ACCOUNTANT

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SHARE REGISTRY

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Perth WA 6000

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1. INVESTMENT OVERVIEW

Question	Response	Where to find more information
Who is issuing this Prospectus?	Ocean Grown Abalone Limited – ACN 148 155 042 (the Company or OGA).	
What is our business model?	<p>The Company owns and operates an abalone “sea ranching” business.</p> <p>Abalone sea ranching as conducted by the Company consists of hatchery reared greenlip juvenile abalone being purchased at an average size of 40mm under an exclusive supply agreement with a land-based abalone hatchery and grow-out facility in Bremer Bay, Western Australia. The juvenile abalone are then placed on purpose built artificial abalone “ranches” (termed abitats) that have been developed by the Company. The ranches are self-sustaining and the abalone nurture and feed from the ocean until they are ready for harvest. Divers tend the ranches protecting the abalone from predators, monitoring growth, abalone density and seeding new juvenile abalone on the ranches as mature abalone are harvested. The growing cycle from seeding juvenile abalone to harvesting mature abalone of a preferred size takes approximately 3 years with a 5,000 abitat ranch to take approximately 5 years from seeding to achieve production capacity.</p> <p>The Company’s abalone sea ranching in ocean waters is unique to it and is a clean, green and sustainable model where the greenlip juvenile abalone are grown with a minimal environmental footprint without feed and power inputs. The Company has applied for an Australian standard patent to protect intellectual property in respect of its sea ranching artificial reef structure and processes and has 2 Australian registered trademarks (see the Intellectual Property Report at Section 8).</p> <p>The Company was incorporated in January 2011 and has established a 5,000 abitat ranch in Flinders Bay, Augusta, Western Australia (Flinders Bay 1 Project). Harvesting at this Project has commenced with the first export sales of the greenlip mature abalone from September 2016 primarily for the individual quick frozen (IQF) meat market in Hong Kong.</p> <p>Additionally, the Company plans to construct an Abalone Processing Facility at Flinders Bay, has obtained approvals for and commenced construction of a second 5,000 abitat sea ranching project at Flinders Bay (Flinders Bay 2 Project) with construction of approximately 1,960 abitats to date with all these abitats deployed in the ocean targeting high growth areas of the lease.</p> <p>The Company has further obtained approval for the operation of a sea ranching project at Wylie Bay, Esperance, Western Australia (Wylie Bay Project) where the Company will partner with a local operator and has been issued with research licences and associated leases for its Port Lincoln Development Project in South Australia. The Company intends to develop its operations to ultimately establish 5,000 abitat ranches at each of the Wylie Bay Project and, pending approvals and trial success, the Port Lincoln Development Project.</p> <p>The funds raised from the Offer at Full Subscription will be primarily used to complete the establishment of a 5,000 abitat ranch at the Flinders Bay 2 Project, to fund the construction of the Abalone Processing Facility at Flinders Bay, establish stage 1 of operations at the Wylie Bay Project and fund trials and development at the Port Lincoln Development Project as well as funding marketing.</p> <p>The Company will look to achieve capital growth for Shareholders by successful expansion and scaling of its sea ranching business with supply focused on Asian markets.</p>	Sections 4, 5 and 8


Question	Response	Where to find more information
	<p>The Company is a developing company with an initial established project that is still to achieve production capacity. The Company is yet to record profits. Income growth in the form of dividends will therefore only eventuate if our planned activities generate sufficient revenue and returns. There will be no dividends in the short term.</p> <p>As an abalone sea ranching business operating in the aquaculture industry the success of our business model is dependent on successfully managing risks such as aquaculture operational risks (such as disease), management of growth/strategies, future funding risk, the sale price of greenlip abalone, dependence on key personnel, government approvals risk, juvenile abalone supply contract risk, sales/client engagement risk, Wylie Bay Project partnering risk, intellectual property and competing technologies and general financial and economic factors. Risks of investing in our Shares are set out in this Section 1 (Key Risks) and Section 7.</p>	
What are the key dates of the Offer?	Opening Date	6 October 2017
	Closing Date	26 October 2017
	Issue of Shares under Prospectus	31 October 2017
	Despatch of holding statements	2 November 2017
	Shares commence trading on ASX	14 November 2017
	These dates are indicative only. We reserve the right to vary any of these dates, withdraw the Offer at any time before allotment of the Shares and to close the Offer early or extend the Closing Date, without notice to you. You are encouraged to apply as soon as possible after the Offer opens as the Offer may close at any time without notice.	
What are the benefits of investing in our Shares?	<ul style="list-style-type: none"> The Company has developed a unique "sea ranching" method of near-shore greenlip abalone production from artificial abalone ranches (or abitats). The method involves a clean, green and sustainable model where greenlip juvenile abalone are grown with a minimal environmental footprint without feed and power inputs. There are barriers to entry to operate abalone sea ranching operations and the Company has applied for an Australian standard patent to protect intellectual property in respect of its sea ranching artificial reef structure and processes. Abalone is a high value sought after delicacy, particularly in Asian markets. The Company has established operations at a 5,000 abitat ranch at Flinders Bay, Augusta, Western Australia (Flinders Bay 1 Project). Harvesting has commenced upon the Project with export sales of greenlip mature abalone from September 2016 primarily for the IQF meat market in Hong Kong. The Company has obtained approvals for and constructed and deployed 1,960 abitats in the ocean towards a second 5,000 abitat ranch at the Flinders Bay 2 Project. The Company has obtained approval for the operation of a sea ranching project at Wylie Bay, Esperance, Western Australia (Wylie Bay Project) where the Company will partner with a local operator. The Company has been issued with 7 research licences and leases for its Port Lincoln Development Project in South Australia. 	Sections 4, 5 and 6

Question	Response	Where to find more information
	<ul style="list-style-type: none"> Funds from the Prospectus are to be primarily used by the Company to expand and scale its abalone sea ranching business by completing the establishment of a 5,000 abitat ranch at the Flinders Bay 2 Project, funding the construction of the Abalone Processing Facility at Flinders Bay, establish stage 1 of the operations at the Wylie Bay Project and fund trials and development at the Port Lincoln Development Project as well as funding marketing. The Board and management team together have relevant skill and experience including in the conduct of the sea ranching abalone business and in capital market funding. 	
What are the key risks of investing in our Shares?	<p>The key risks of investing in the Company are set out below. The list of risks is not exhaustive and further details of risks are set out in Section 7.</p> <p>Aquaculture operational risk</p> <p>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 of a preferred size 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.</p> <p>Management of growth/strategies</p> <p>The Company is seeking to expand and scale its sea ranching business including completing the establishment of a 5,000 abitat ranch at the Flinders Bay 2 Project, establishing stage 1 of operations at the Wylie Bay Project and funding trials and development at the Port Lincoln Development Project. The Company has yet to record profits. There is a risk that management of the Company will not be able to successfully implement the Company's growth strategy which will adversely affect the Company's financial performance.</p> <p>Future Funding Needs</p> <p>The Company is a developing company with an initial established project that is still to achieve production capacity and is yet to record profits. 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) as is needed, it may be required to reduce the scope of its operations and scale back its expansion and development programs.</p> <p>Sale price of greenlip abalone</p> <p>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.</p> <p>Dependence on key personnel</p> <p>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.</p>	Section 7




Question	Response	Where to find more information
	<p>Government approvals and compliance risk</p> <p>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 upon which it needs to construct the Abalone Processing Facility in accordance with development milestones (see Section 4.9.3). Additionally, each of the Company's Flinders Bay 1 Project, Flinders Bay 2 Project and Wylie Bay Project have relevant government licences and approvals in place in accordance with Western Australian regulations. The Company has been issued with research licences and leases from the South Australian government allowing a sea ranching trial to be conducted at the Port Lincoln Development Project. To establish a commercial sea ranching operation after completion of trials for the Port Lincoln Development Project, a pilot lease and associated licence will need to be successfully applied for. See Section 4.5 for more detail as to licences, leases and approvals. There is no guarantee of the grant of future licences or leases or the renewal of existing licences or leases.</p> <p>Juvenile abalone supply contract / contract risk</p> <p>The Company's success is reliant in part on successfully engaging in contractual relationships with third parties. The material contracts the Company has entered into are summarised in Section 10 and includes the juvenile abalone supply agreement by which the Company purchases hatchery reared greenlip juvenile abalone under an exclusive supply agreement with a land-based abalone hatchery and grow-out facility in Bremer Bay, Western Australia. The risk is also of dependence on one supplier by this supply agreement.</p> <p>Sales/client engagement</p> <p>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 intends to continue to generate revenue by selling produce primarily into South East Asia as well as seeking to expand its product range such as for whole frozen in shell, live and dried (preserved).</p> <p>Wylie Bay Project partnering risk</p> <p>The Company is partnering with a local operator at the Wylie Bay Project. Both a Company subsidiary and the local operator intend to establish separate sea ranching operations within the Wylie Bay lease area. The relationship between the parties is governed by contractual documentation described in Section 10.2 and the successful operation of the Project is reliant upon an effective relationship between the parties.</p> <p>Intellectual Property and competing technologies risk</p> <p>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 application has been made in respect of the Company's sea ranching artificial reef structure and processes (see Section 8). 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.</p>	

Question	Response	Where to find more information
What is our financial position?	<p>The Company was incorporated as an Australian proprietary limited company in January 2011. The Company changed its status to a public company limited by shares in December 2016.</p> <p>The Company owns and operates an abalone sea ranching business. The Company is seeking to expand its existing operations including by developing new sites.</p> <p>The Company has an increasing revenue profile as referred to in the Investigating Accountant's Report in Section 9, with revenue from abalone sales for the year ended 30 June 2017 being \$514,576. However, given the Company's current expansion phase and development, it is not able to provide any meaningful key financial ratios such as relating to market performance, profitability or financial stability.</p> <p>The Company's only interest bearing debt relates to 3 equipment leases with National Australia Bank Limited over 2 motor vehicles, 2 boats and ancillary equipment. The total repayment obligations to the end dates of July 2020 and November 2020 is approximately \$392,000. More information on the equipment leases is set out in Sections 3.3 and 7.</p> <p>The Company's relevant financial information (including recent historical audited financial information) is set out in the Investigating Accountants Report. This includes a pro-forma balance sheet that shows the effect of the Offer.</p> <p>The financial reports of the Company for the years ended 30 June 2015, 30 June 2016 and 30 June 2017 have been lodged with ASIC and are taken to be incorporated by reference in this Prospectus in accordance with section 712 of the Corporations Act. The Company will give a copy of these incorporated documents free of charge to any person during the application period of the Offer by the Prospectus.</p> <p>The auditor issued modified audit opinions on the financial reports of the Company for the years ended 30 June 2015, 30 June 2016 and 30 June 2017 as they included emphasis of matter regarding the Company's estimation of biological assets (ie the carrying value of abalone stock). The Company refers to Section 4.3.7 concerning the estimation of abalone stock and the system it has implemented to estimate and manage abalone stock. Further the auditor issued a modified audit opinion on the financial report of the Company for the year ended 30 June 2017 as it included an emphasis of matter regarding the Company's ability to continue as a going concern. The Investigating Accountant in the Investigating Accountant's Report considers the going concern emphasis of matter will be satisfied if the Company is successful in achieving the minimum raising under the Prospectus.</p> <p>We intend to apply the proceeds of the Offer as outlined in Section 3.</p>	Section 9
Who are our Directors?	<p>Mr Peter Harold (Non-Executive Chairman)</p> <p>Mr Brad Adams (Managing Director)</p> <p>Mr Ian Ricciardi (Executive Director)</p> <p>Ms Danielle Lee (Non-Executive Director)</p> <p>Information about the experience and background of each Director and independence is set out in Section 6.</p>	Section 6



Question	Response	Where to find more information
What benefits are being paid to Directors or related parties?	<p>The Directors are paid directors' fees for operating the Company as set out in Section 11.8.</p> <p>Mr Brad Adams has entered into an executive service agreement with the Company under which he will be engaged as managing director as summarised in Section 10.</p> <p>Mr Ian Ricciardi has entered into an executive service agreement with the Company under which he will be engaged as an executive director summarised in Section 10.</p> <p>Each of the contracts referred to above are entered into by the Company with related parties. The independent Directors of the Company in each case considered the contract that was to be entered into was on reasonable arms-length terms as far as the Company was concerned and therefore no Shareholder approval under the related party provisions of the Corporations Act was necessary.</p>	Sections 10 and 11
What material contracts have we entered into?	<p>We are a party to a number of material contracts. They are:</p> <ul style="list-style-type: none"> • Juvenile Abalone Supply Agreement. • Wylie Bay contractual documents. • Executive Service Agreement with Brad Adams, the Managing Director. • Executive Service Agreement with Ian Ricciardi, an Executive Director. • Underwriting Agreement and mandate agreement with Morgans Corporate Limited as the Underwriter and Lead Manager to the Offer. • Corporate Adviser Agreement with View Street Partners as the Corporate Adviser to the Offer. • Aquaculture leases for Flinders Bay Projects, the Wylie Bay Project and the Port Lincoln Development Project and the ground lease at Flinders Bay. <p>Summaries of the key terms of these agreements are included in Section 10 other than the leases which are referred to in Sections 4.5 and 4.9.3.</p>	Section 10
What is the Offer?	We are inviting subscriptions for 40,000,000 Shares at 25 cents each to raise \$10,000,000 at Full Subscription.	Section 3.1
What are the objectives of the Offer?	<p>The objectives of the Offer are to:</p> <ul style="list-style-type: none"> • Fund a 2 year development and expansion program for the Company's operations. • Fund 2 year corporate administration costs. • Provide general working capital. • Pay the costs of the Prospectus process. • List on the ASX, which will provide the Company with improved access to capital markets. 	Section 3.2

Question	Response	Where to find more information	
How will the funds raised under the Offer be used?	<p>We intend to use current funds and funds raised from the Offer as follows:</p> <ul style="list-style-type: none">• To fund a 2 year development and expansion program for the Company's operations.• To pay the 2 year corporate administration costs.• To provide general working capital.• To pay the costs of the Prospectus process. <p>A budget of how funds are to be used is set out in Section 3.3.</p> <p>As with any budget, new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to vary the way funds are applied.</p>	Section 3.3	
What is the effect of the Offer on our capital structure?	On the issue of Shares under this Prospectus and at ASX listing, the capital structure at Full Subscription will be:	Sections 3.5, 11.2 and 11.3	
	Shares		
	Existing Shares		127,218,750
	Shares under this Prospectus		40,000,000
	Shares to Corporate Adviser		6,891,510
	Total Shares		174,110,260
	Options		
	Series A Options		8,807,452
	Series B Options		10,039,450
	Series C Options		2,500,000
	Total Options		21,346,902
	Performance Rights		
	Class A Performance Rights		4,000,000
	Class B Performance Rights		4,000,000
	Class C Performance Rights		4,000,000
	Total Performance Rights		12,000,000
	The terms of the Options are set out in Section 11.2.		
The terms of the Performance Rights are set out in Section 11.3.			
What is the minimum subscription?	The minimum subscription for the Offer is 40,000,000 Shares at 25 cents per Share to raise \$10,000,000, before expenses of the Offer.	Section 3.12	



Question	Response	Where to find more information
Is the Offer underwritten? What is the arrangements with brokers?	<p>The Offer is underwritten. Morgans Corporate Limited is the Underwriter and Lead Manager to the Offer. The Company will pay Morgans Corporate Limited a total fee of 5% plus GST of the moneys to be raised under the Offer.</p> <p>The mandate agreement and the Underwriting Agreement with Morgans Corporate Limited is summarised in Section 10.5.</p>	Section 3.13 and 10.5
Where will the Shares be quoted?	We will apply to ASX for quotation of the Shares under the trading symbol "OGA".	Section 3.14
How do I apply for Shares under the Offer?	Applications can be made by either completing an online application form or the Application Form at the back of this Prospectus and complying with the instructions in Section 3.8 and the Application Form.	Section 3.8
What is the minimum investment?	The minimum investment is \$2,000 (8,000 Shares).	Section 3.8
When will I know if my Application is successful?	A holding statement confirming your allocation under the Offer will be sent to you if your Application is successful.	Section 3.11
Will we pay a dividend?	Our focus will be on generating capital growth. We have no immediate intention to declare or distribute dividends. Payment of future dividends will depend on matters such as our future profitability and financial position.	Section 11.6
Is there an Intellectual Property Report?	Griffith Hack has prepared an Independent Intellectual Property Report providing information on an Australian standard patent application and 2 Australian registered trademarks.	Section 8



This is a photograph at May 2017 of staff of OGA based at Flinders Bay, Augusta.

2. CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Board I am pleased to invite you to participate in the Offer by the Company as part of the process to list on ASX.

The Company has developed a unique "sea ranching" method of near-shore greenlip abalone production from artificial abalone ranches (or abitats). The method involves a clean, green and sustainable model where greenlip juvenile abalone are grown with a minimal environmental footprint without feed and power inputs.

The Company has established operations at a 5,000 abitat ranch at Flinders Bay, Augusta, Western Australia (Flinders Bay 1 Project). Harvesting has commenced upon the Project with export sales of greenlip mature abalone from September 2016 primarily for individual quick frozen (IQF) market in Hong Kong.

A feature of abalone is they are a high value sought after delicacy, particularly in Asian markets.

The Company is supported by an experienced Board of Directors. The management team is led by Brad Adams as managing director and Ian Ricciardi as an executive director, who have each been performing executive roles for the Company since July 2013.

Brad in his role as managing director brings with him experience in abalone aquaculture research and development and in commercial abalone diving as well as holding relevant tertiary qualifications.

With this Offer the Company is seeking to raise \$10,000,000. The funds will predominantly be used to fund a 2 year development and expansion program for the Company's operations including completing the establishment of a 5,000 abitat ranch at the Flinders Bay 2 Project, funding the construction of an Abalone Processing Facility at Flinders Bay, establishing stage 1 of operations at the Wylie Bay Project and funding trials and development at the Port Lincoln Development Project.

An investment in the Company involves a number of risks which are addressed in both Sections 1 and 7.

This Prospectus contains important information regarding the Company and I encourage you to read it in its entirety.

I look forward to welcoming you as a Shareholder.

Yours faithfully



Mr Peter Harold

Non-Executive Chairman

Ocean Grown Abalone Limited

3. DETAILS OF THE OFFER

3.1 SHARES OFFERED FOR SUBSCRIPTION

By this Prospectus the Company offers for subscription 40,000,000 Shares at 25 cents each to raise \$10,000,000 at Full Subscription.

All Shares offered under this Prospectus will rank equally with existing Shares.

3.2 OBJECTIVES OF THE OFFER

The objectives of the Offer are to:

1. Fund a 2 year development and expansion program for the Company's operations.
2. Fund 2 years of corporate administration costs.
3. Provide general working capital.
4. Pay the costs of the Prospectus process and the cash portion of a success fee.
5. List on the ASX, which provides the Company with improved access to capital markets.

3.3 USE OF FUNDS

The Company intends to use its current funds of approximately \$1,100,000 cash on hand at 20 September 2017, a research and development tax incentive payment to be received and the funds raised from the Offer at Full Subscription broadly as follows:

Full Subscription	
Funds available	
Cash on hand	\$1,100,000
Funds from this Offer	\$10,000,000
Net Research & Development tax incentive payment for the 2017 financial year ¹	\$1,260,000
Total funds available²	\$12,360,000
Application of proceeds	
Complete the establishment of a 5,000 abitat ranch at Flinders Bay 2 Project ³	\$2,500,000
Construct the Abalone Processing Facility at Flinders Bay ³	\$3,000,000
Establish stage 1 of operations at Wylie Bay Project ³	\$1,400,000
Fund trials and development at Port Lincoln Development Project ³	\$900,000
Marketing ³	\$400,000
Two year corporate administration costs ⁴	\$2,110,000
Costs of the Offer ⁵	\$820,000
Repayments on equipment loans (two years) ⁶	\$240,000
General working capital ⁷	\$990,000
Total	\$12,360,000



Notes:

1. Currently, an Australian Commonwealth Government research and development tax incentive provides a refundable tax offset for certain research and development activities for an entity whose aggregated turnover is less than \$20 million. As in previous years, the Company is eligible for a tax offset from the Australian Commonwealth Government in respect of various abalone sea ranching activities. The Company has applied for a tax offset payment for research and development activities for the financial year ended 30 June 2017. See the profit and loss statement in the Investigating Accountant's Report in Section 9. In respect of this application, the Company expects to receive a net payment of approximately \$1,260,000 in or about the end of November 2017.
2. The Company from September 2016 commenced the first export sales of greenlip abalone from the Flinders Bay 1 Project and is earning revenue. Revenue earned for the year by reason of greenlip abalone sales to 30 June 2017 was \$514,576. Given the Company's expansion phase as set out in this Prospectus, it is not in a position to forecast reliable prospective financial information such as prospective revenue. The Company will however seek to continue to generate revenue which may be available from the sale of greenlip abalone from the Flinders Bay 1 Project and intends to apply any such revenue which may be available to operations which may include accelerating development or completion of any of the Project expenditure referred to above such as the Flinders Bay 2 Project, the Wylie Bay Project, the Port Lincoln Development Project or construction of the Abalone Processing Facility.
3. A 2 year budget for the intended use of funds towards the Project based items and marketing is set out in Section 4.9.
4. Corporate administration costs include a portion of the remuneration of the executive directors, directors fees payable to the non-executive chairman and the non-executive director, salaries of the chief financial controller and company secretaries, the corporate adviser mandate fee, rent on operating leases, aquaculture lease commitments, ASX and share registry fees and fees associated with patent protection.
5. The total costs of the Offer is \$870,000 in accordance with Section 11.11. \$50,000 of these costs have been paid to date. The costs of the Offer includes a fundraising fee (consisting of a management and underwriting fee as set out in Section 10.5) of 5% on all moneys raised (being \$500,000 at Full Subscription) and a cash portion of \$100,000 of a success fee payable to the Corporate Adviser as set out in Section 10.6.
6. The Company's only interest bearing debt relates to 3 equipment leases with National Australia Bank Limited ("NAB"). These equipment leases are for 2 motor vehicles, 2 boats and ancillary equipment. 60 monthly payments are to be made concluding in July 2020 and November 2020 in order to pay out borrowings and for the Company to have unencumbered ownership of the assets. The total repayment obligation to the end dates is approximately \$392,000. In the 2 years from the date of this Prospectus, the sum of approximately \$240,000 is intended to be paid to NAB.
7. General working capital includes allocations for accounting, tax and audit fees, insurance, IT and travel costs and is otherwise unallocated. General working capital may also be used for acceleration of the development of the Company's Projects.
8. The above table is a statement of current intentions as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to vary the way funds are applied.

3.4 WORKING CAPITAL

On successful completion of the Offer with at least Full Subscription, the Company will have enough working capital to carry out the objectives stated in this Prospectus.

3.5 CAPITAL STRUCTURE

On the issue of Shares under this Prospectus and at ASX listing, the capital structure of the Company at Full Subscription will be:

Shares		Full Subscription
		Shares
Existing Shares ¹		127,218,750
Shares under this Prospectus ²		40,000,000
Shares to Corporate Adviser ³		6,891,510
Total Shares		174,110,260

		Options
Series A Options (to Corporate Adviser) ⁴		8,807,452
Series B Options (to Corporate Adviser) ⁵		10,039,450
Series C Options (to Non-Executive Directors) ⁶		2,500,000
Total Options		21,346,902

		Performance Rights
Class A Performance Rights (to Managing Director) ⁷		4,000,000
Class B Performance Rights (to Managing Director) ⁷		4,000,000
Class C Performance Rights (to Managing Director) ⁷		4,000,000
Total Performance Rights		12,000,000

Notes:

1. Certain of the Shares, Options and Performance Rights may be subject to ASX escrow provisions restricting their ability to be transferred or pledged as set out in Section 3.7.
2. Shares issued under this Prospectus will rank equally with the existing Shares on issue. The key rights attaching to the Shares are summarised at Section 11.1 of this Prospectus.
3. The Shares are to be issued to the Corporate Adviser at a deemed issue price of 25 cents each as part of a success fee under the terms of the corporate adviser agreement summarised in Section 10.6.
4. The Series A Options have an exercise price of 30 cents and an expiry date of 28 December 2020. They have been issued to the Corporate Adviser under the terms of the corporate adviser agreement summarised in Section 10.6. The full terms of the Options are set out in Section 11.2.
5. The Series B Options have an exercise price of 39 cents and an expiry date of 30 September 2021. They are to be issued to the Corporate Adviser under the terms of the corporate adviser agreement summarised in Section 10.6. The full terms of the Options are set out in Section 11.2.
6. The Series C Options have an exercise price of 44 cents and an expiry date of 30 September 2021. They have been issued to the Non-Executive Chairman (Peter Harold) and the Non-Executive Director (Danielle Lee). The full terms of the Options are set out in Section 11.2.

7. The Performance Rights have been issued in 3 classes to the Managing Director. The terms of the Performance Rights including service and performance conditions are set out in Section 11.3.

3.6 SUBSTANTIAL SHAREHOLDERS

Shareholders who have a relevant interest in 5% or more of the Shares on issue at the date of this Prospectus and on completion of this Offer are set out in the table below.

Name of Shareholder	Pre-Offer		On completion of Offer Full Subscription	
	Shares	% of Shares	Shares	% of Shares
Ian Ricciardi and associates	26,219,225	20.61%	26,219,225	15.06%
Frewin Corporation Pty Ltd	11,156,250	8.77%	11,156,250	6.41%
NE & HJ Soulos Pty Ltd	9,131,930	7.18%	9,131,930	5.24%
Tomba Nominees Pty Ltd	6,818,960	5.36%	6,818,960	3.92%

Notes:

1. This table assumes that no existing substantial Shareholder subscribes for, and receives additional Shares under the Offer. The Company will announce to ASX details of its top 20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

3.7 RESTRICTED SECURITIES

Subject to the Company being admitted to the official list of ASX, certain of our existing securities on issue prior to the Offer are likely to be classified by ASX as restricted securities and will be required to be held in escrow. These include securities issued to Directors, other related parties and promoters, seed capital investors and others prior to the Offer. If so classified, such securities will be required to be held in escrow for a period determined by ASX and will not be able to be sold, mortgaged, assigned or transferred for the escrow period without the consent of ASX.

The principles of escrow that may apply to the existing securities include:

- (a) Shares, Options and Performance Rights issued to related parties (such as Directors) or promoters (such as the Corporate Adviser) other than where cash was paid will be subject to escrow for a period of 24 months from the date on which official quotation of the Shares commences on ASX; and
- (b) a portion of the Shares (after "cash formula" relief) that have been issued to seed capital investors (investors who subscribed prior to this Prospectus) who are not related parties or promoters and that have been issued in the last 12 months will be escrowed for a period of 12 months from the date the securities were issued.

None of the Shares offered under this Prospectus will be treated as restricted securities and will be freely transferable from their date of allotment.

The Company has no voluntary escrow arrangements in place.

The Company will announce to ASX details (quantity and duration) of the securities required to be held in escrow prior to the Shares commencing trading on ASX.

3.8 APPLICATION FOR SHARES

You may apply on-line and pay electronically by BPAY (if an Australian resident) and complete an on-line Application Form in accordance with instructions on the Application Form. Overseas residents applying on-line must complete the Application Form accompanying this Prospectus and follow relevant instructions. Alternatively, you may pay by cheque and complete the Application Form accompanying this Prospectus and follow relevant instructions.

Applications must be for a minimum of 8,000 Shares (being minimum application moneys of \$2,000).

If you are an Australian resident and paying electronically by BPAY you will need to complete an on-line Application Form and make payment in accordance with instructions on that Application Form. Overseas residents may pay by electronic funds transfer and by emailing a completed Application Form in accordance with instructions on the Application Form. Applications by overseas residents may not be accepted in accordance with Section 3.9.

If paying by cheque, the cheque must be drawn on an Australian bank and made payable to "Ocean Grown Abalone Limited – Share Issue Account" and crossed "Not Negotiable" and the completed Application Form together with the accompanying cheque must be mailed or delivered to the following addresses:

By Post to:

Ocean Grown Abalone Limited
c/- Automic Registry Services
PO Box 2226
STRAWBERRY HILLS NSW 2012

By Delivery to:

Ocean Grown Abalone Limited
c/- Automic Registry Services
Level 3, 50 Holt Street
SURRY HILLS NSW 2010

Applicants who wish to apply under the Offer are urged to lodge an Application Form as soon as possible as the Offer may close early without notice.

An Application Form must not be circulated to a prospective investor unless accompanied by a copy of this Prospectus.

An Application Form completed and lodged in accordance with instructions, together with payment for the Application Moneys, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon allotment of the Shares.

If the Application Form is not completed correctly, or if the accompanying payment of the Application Moneys is for the wrong amount, it may be treated by the Company as valid at its discretion. The Directors' decision as to whether to treat such an application as valid, and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the payment for the Application Moneys.

No brokerage or stamp duty is payable by Applicants in respect of an Application for Shares under this Prospectus.

3.9 APPLICANTS OUTSIDE AUSTRALIA

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia and the Prospectus does not constitute an offer in any country or place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of the Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of the Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities law. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed to enable them to subscribe for Shares.

The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained.



3.10 APPLICATION MONEY HELD ON TRUST

We will hold the Application Money on trust for you in accordance with the Corporations Act until we issue Shares under the Prospectus or refund your Application Money. We will retain any interest that accrues on the Application Money, whether or not Shares are issued to you.

3.11 ALLOTMENT AND ISSUE OF SHARES

Subject to ASX granting approval for the Company to be admitted to the official list of ASX, allotment of the Shares offered by this Prospectus will occur as soon as practicable after the Closing Date. Pending the allotment and issue of Shares or payment of any refunds under this Prospectus we will hold all Application Moneys on trust for you in a separate bank account. We will retain all interest that accrues on the Application Moneys we hold.

The Directors will determine the recipients of the issued Shares in their sole discretion. The Directors may reject your Application or allocate fewer Shares to you than the number applied for.

We will refund to you any Application Moneys to the extent that your Application is not accepted (in full or in part) by us.

A holding statement confirming the allotment of Shares will be sent to you, if your Application is successful.

3.12 MINIMUM SUBSCRIPTION

The minimum subscription under the Offer is \$10,000,000. We will not issue any Shares under this Prospectus until the minimum subscription is satisfied.

If the minimum subscription is not reached within 4 months from the date of this Prospectus, we will either repay your Application Moneys or issue a supplementary prospectus or replacement prospectus. If we issue a supplementary or replacement prospectus, we will allow you one month to withdraw your Application and, if you do so, we will repay your Application Moneys. No interest will be paid on these moneys.

3.13 UNDERWRITER AND LEAD MANAGER TO THE OFFER

The Company has entered into the Underwriting Agreement by which Morgans Corporate Limited has agreed to underwrite the Offer. The Company has further entered into a mandate agreement with Morgans Corporate Limited by which Morgans Corporate Limited has agreed to act as lead manager to the Offer. The material terms of the Underwriting Agreement and the mandate agreement are set out in Section 10.5.

3.14 ASX LISTING

We will apply to ASX within 7 days after the date of this Prospectus for quotation of the Shares offered by this Prospectus on ASX. If ASX does not grant permission for the quotation of the Shares offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be allotted or issued. In these circumstances, your Application will be dealt with in accordance with the Corporations Act including the return of all Application Moneys without interest.

A decision by ASX to grant official quotation of the Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the Shares. ASX and its officers take no responsibility as to the contents of this Prospectus. Quotation, if granted, of the Shares offered by this Prospectus will commence as soon as practicable after statements of holdings of the Shares are dispatched.

3.15 CHESS

We will apply to participate in the security transfer system known as CHESS, operated by ASX Settlement Pty Ltd (ACN 008 504 532) (a wholly owned subsidiary of ASX) ("ASPL") in accordance with the Listing Rules and the ASX Settlement Operating Rules.

On admission to CHESS, we will operate an electronic issuer-sponsored sub-register and an electronic sub-register. The sub-registers together will make up our principal register of securities. Under CHESS you will not receive a share certificate. You will receive a holding statement setting out the number of Shares issued to you under this Prospectus. If you are broker sponsored, ASX Settlement Pty Ltd will send you a CHESS statement.

3.16 TAXATION

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

3.17 ELECTRONIC PROSPECTUS

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

4. COMPANY OVERVIEW

4.1 COMPANY BACKGROUND

Western Australian based Ocean Grown Abalone Limited owns and operates an abalone “sea ranching” business.

OGA was incorporated on 11 January 2011 as a proprietary limited company and converted to a public company limited by shares in December 2016. Brad Adams, the managing director of OGA, has driven the development of its unique aquaculture technologies. These technologies facilitate the ranching of abalone on artificial reefs in their natural habitat.

OGA validated the aquaculture technologies in January 2013 by completing sea trials in Flinders Bay, Augusta, Western Australia. Following a capital raising in August 2014 the first of the abitat ranch infrastructure for Flinders Bay 1 Project was deployed and seeded with juvenile abalone.

Key features of OGA's business are as follows:

- Abalone is a high-value, low-volume highly sought-after delicacy, particularly in Asian markets.
- OGA has developed a unique “sea ranching” method of near-shore greenlip abalone production from artificial abalone ranches (or abitats), which are manufactured by OGA on site at Flinders Bay. The method of sea ranching involves a clean, green and sustainable model where greenlip juvenile abalone are grown with a minimal environmental footprint without feed and power inputs.
- The sea ranching process entails the seeding of the artificial reefs (abitats) with juvenile abalone followed by a grow-out phase. During the grow-out phase the abalone rely solely on the natural environment for nutrition. Divers are required to monitor the abalones growth rate, to ensure the health of abalone and for harvest.
- The research and development process has ensured a barrier to entry to the greenlip ranching environment. OGA has applied for an Australian standard patent on its sea ranching artificial reef structure and processes.
- Site selection and the availability of infrastructure (marina and transport network) is another barrier to entry. Sites must be suitable to sustain high growth rates of greenlip abalone and be close to a port to construct, service, maintain and harvest the ranch. Suitable locations for this method of sea ranching aquaculture are limited.
- OGA has 20 employees based at Flinders Bay including 14 commercial divers and has 4 employees based at its Fremantle office.
- The Company is progressing towards production capacity at the Flinders Bay 1 Project with harvesting having commenced and the first export sales of greenlip mature abalone from September 2016 primarily for the individual quick frozen (IQF) market in Hong Kong.
- The Flinders Bay 2 Project has commenced with construction of 1,960 abitats to date with all deployed in the ocean targeting high growth areas of the lease.
- The Company currently has a small processing facility which does not have the capability to process abalone from expanded operations. The Company is therefore intending to construct an Abalone Processing Facility at Flinders Bay.
- The Company has obtained approvals for the operation of a sea ranching project at Wylie Bay, Esperance, Western Australia (the Wylie Bay Project) where the Company will partner with a local operator.
- The Company has been issued with 7 research licences and leases for its Port Lincoln Development Project in South Australia.
- OGA has an experienced management team who have experience in fishing, aquaculture and abalone.
- The Company has received industry awards including the 2017 WA Seafood Industry Producer Award and the 2017 Delicious Magazine Australia Producer of the Year.

The funds raised from the Offer at Full Subscription will be primarily used to complete the establishment of a 5,000 abitat ranch at the Flinders Bay 2 Project, to fund the construction of the Abalone Processing Facility at Flinders Bay, establish stage 1 of operations at the Wylie Bay Project and fund trials and development at the Port Lincoln Development Project as well as funding marketing.

4.2 COMPANY'S BUSINESS

4.2.1 Sea Ranching

OGA has developed a purpose built artificial reef design, called abitats which replicate the natural habitat of greenlip abalone in the wild.

OGA has an Australian registered trademark for the abitat name.

Abitats are carefully located on the seabed and positioned by divers into strings to form larger reefs that act to capture drifting algal wrack as a source of food. Abitats also provide a hard substrate (underlying surface) for the abalone to live and grow on. The abitats must be located in an area where abalone would grow well naturally if habitat were available.

The seabed substrate that OGA choose for the location of abalone ranching is typically that of sand and seagrass. Seagrass has the epiphytic red algal species growing on it that are the preferred food of greenlip abalone. The tide and swell at the Flinders Bay Projects act to break off the red algae from the seagrass beds, which then drift past the reefs created by OGA.

There are no additional feed requirements. The abalone rely solely on the natural algal wrack that drifts past for their nutrition.

Sea ranching of greenlip abalone is a clean and sustainable aquaculture technology without feed and power inputs. The abitats also provide habitat for other species of marine life, enhancing the marine biodiversity of the lease area.

The juvenile abalone are placed on the abitats at an average size of 40mm. The abalone are then left to grow naturally for approximately 3 years, before being of a preferred size to be harvested by divers.



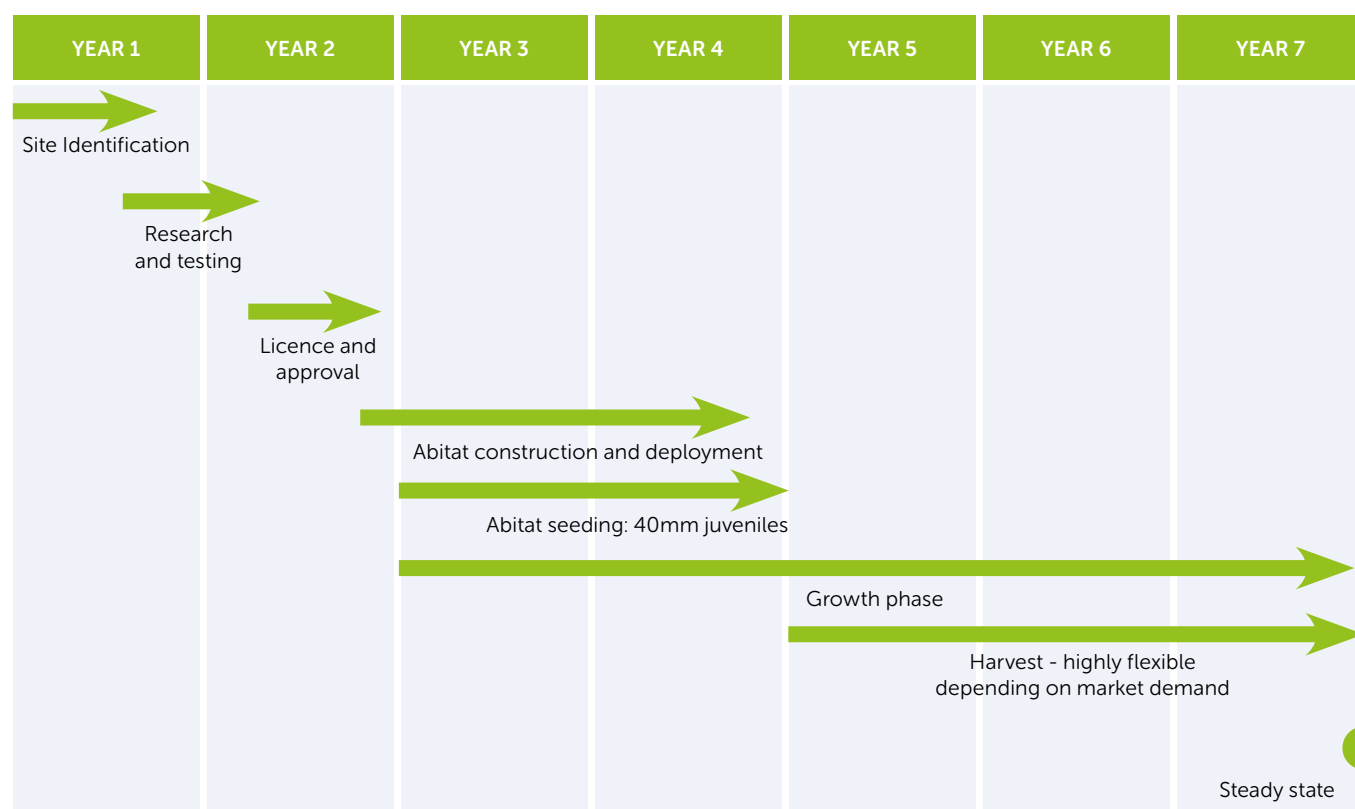
Left: an abitat being put in place at the Flinders Bay 1 Project and Below: a close-up of an abitat with abalone.



4.2.2 Business Phases of sea ranching

Key phases of the OGA sea ranching business comprise of site identification, research and testing, licensing and approvals, ranch construction, seeding and growth, harvest and steady state/production capacity.

The diagram below is based on a typical 5,000 abitat scale ranch.



- **Site identification:** OGA carefully selects the most suitable oceanic locations for abalone ranches.
- **Research & testing:** OGA typically undertakes up to a year of site testing to confirm specific suitability of ranch locations.
- **License approval:** OGA engages with the government authorities to secure all necessary approvals and licences for site leases.
- **Ranch construction:** OGA usually allows 2 years for the deployment of 5,000 abitats, which would form one OGA purpose-built ranch capable of producing up to 100 tonnes of abalone per year.
- **Seeding and growth:** To date, well-modelled mortality rates provide for accurate harvest modelling and determination of juvenile requirements. OGA sources its abalone juveniles from an independent land based hatchery. See Section 10.1.
- **Harvest and Steady state/production capacity:** Conceptually the aim is that the growing cycle from seeding to harvesting mature abalone of a preferred size will take approximately 3 years with approximately 5 years from seeding to achieve production capacity of up to 100 tonnes of abalone per year.

Of the Company's Projects, the Flinders Bay 1 Project commenced the harvest phase in September 2016, with the 3 year growth phase for the harvesting of mature abalone of a preferred size commencing from in or about October 2017. The Flinders Bay 2 Project commenced the abitat construction and deployment phase in March 2017. The Wylie Bay Project has obtained licensing and approvals in July 2017. The Port Lincoln Development Project is set to undertake research and testing from on or about the date of proposed ASX listing of the Company.

4.3 FLINDERS BAY, AUGUSTA OPERATIONS

4.3.1 Location



The Flinders Bay aquaculture licence and lease area is indicated in the diagram above. This area includes the Flinders Bay 1 Project and the Flinders Bay 2 Project.

Augusta is located in the south west region of Western Australia. The waters off Augusta contain large areas of suitable habitat. The bay and unique island system protects both the marina and the sea ranch from large swells.

The Flinders Bay 1 Project has been fully established with a 5,000 Abitat ranch within the Flinders Bay lease area. The Company is progressing towards production capacity at the Flinders Bay 1 Project with harvesting having commenced and the first export sales of greenlip mature abalone from September 2016 primarily for the IQF market in Hong Kong.

The Company has partly established the Flinders Bay 2 Project within the Flinders Bay lease area. To date, the Company has constructed approximately 1,960 abitats all of which have been deployed in the ocean targeting high growth areas of the lease. The funds from the Prospectus will be used in part to expand the Flinders Bay 2 Project to a 5,000 abitat ranch.

OGA operations are based at the Augusta marina with a large proportion of the staff living locally. The proximity from the sea ranches to the town of Augusta and the marina provide logistical advantages for sea ranch operations.

Augusta has key infrastructure located within the greater area including transport networks and an airport that are being utilised to export product, import juvenile abalone and allow for other operating activities.

Some of the processes involved in the Flinders Bay operations of the Company are described in more detail below.



4.3.2 Supply of juvenile abalone from Hatchery

In July 2014, 888 Abalone Pty Ltd ("888") and OGA entered into the Juvenile Abalone Supply Agreement by which 888 agreed to the supply on an exclusive basis the juvenile abalone to be used by OGA for abalone sea ranching in Western Australia. 888 is an arms-length party to OGA. The material terms of the Juvenile Abalone Supply Agreement are set out in Section 10.1.

888 is an established land based abalone hatchery and grow out facility in Bremer Bay, Western Australia. The hatchery has been operating for a number of years and has been disease free. Strict biosecurity protocols are applied.

4.3.3 Quarantine and Transportation

Juvenile abalone at the 888 abalone farm destined for release onto the OGA Flinders Bay ranches are held in quarantine tanks prior to transportation. Samples from these tanks are sent to the Fish Health Unit of the Western Australia Department of Fisheries for pathogen testing. These samples must be certified as disease free by the Fish Health Unit before they can be delivered to a sea ranch facility.

888 is based in Bremer Bay, Western Australia. This is roughly 500km from the Flinders Bay sea ranch facilities in Augusta. The day before deployment onto the OGA abitats the abalone are packed into release baskets and stacked into a transport bin. These specially designed transport bins keep the water oxygenated throughout transportation. The bins are monitored throughout the journey to ensure the abalone arrive in the best condition possible.

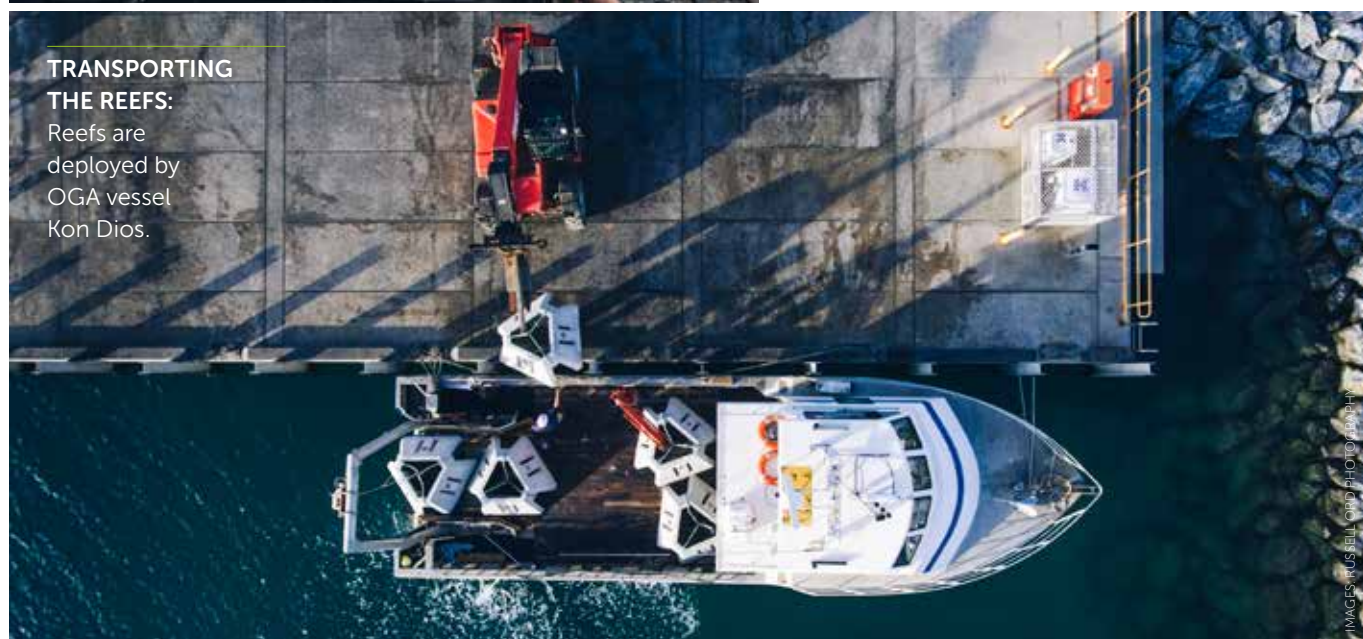
4.3.4 Ranch Construction

The abitats are made from 40 megapascal concrete and strengthened with poly fibres. Each weighs 900kg and has a surface area of 10m².

Once the concrete has cured, a deployment vessel owned by OGA is then used to deploy the abitats in the area selected. Divers then use large airbags to position the abitats into their final positions.



MAKING THE ABITATS: Pouring cement into our custom built abitats - specifically designed and tested as a habitat for greenlip abalone.



TRANSPORTING THE REEFS:

Reefs are deployed by OGA vessel Kon Dios.

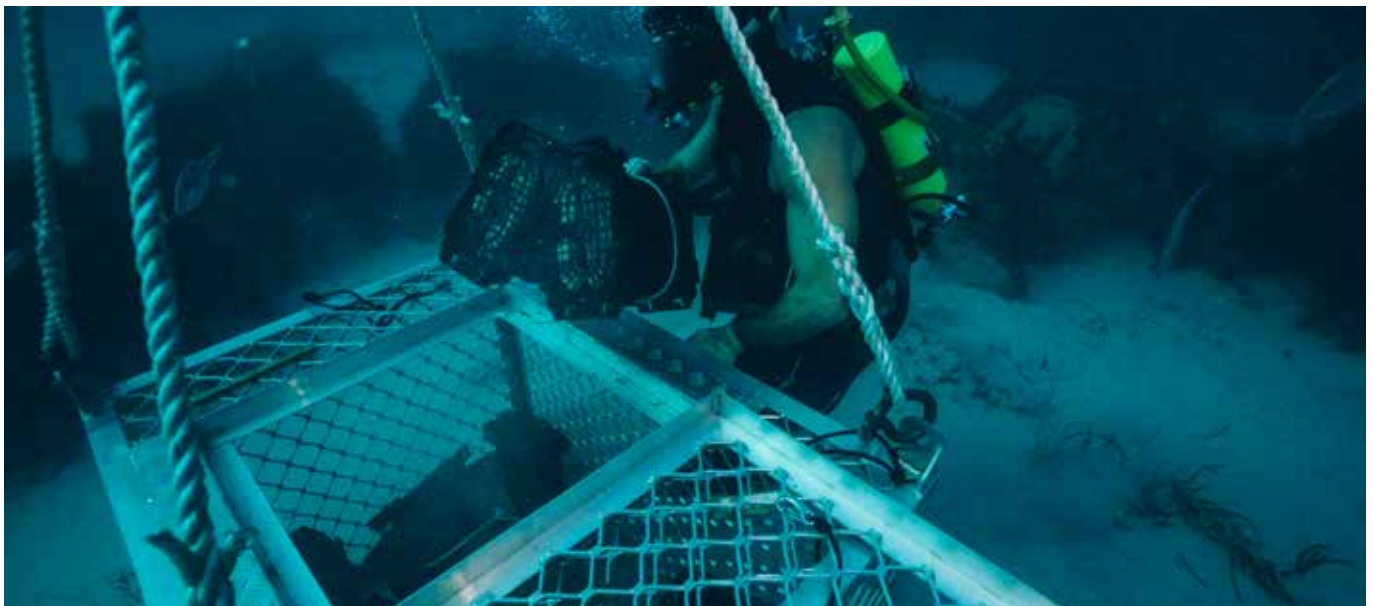
BUILDING THE ARTIFICIAL REEFS:
We lower the OGA custom built artificial reefs or abitats into the ocean.



4.3.5 Seeding and Grow-out Phase

Release baskets are placed by divers in the centre of the abitats. The following day the lids of the release baskets are removed by divers. The abalone then move out of the release baskets at night over the next 3 to 4 weeks and colonise the abitats. Empty release baskets are then retrieved and recycled.

Abalone in the sea ranch grow at about the same rate as nearby wild populations.



RELEASE BASKETS: the juvenile abalone are placed in the center of the abitats.

4.3.6 Harvest and Processing

Abalone are harvested at a preferred size approximately 3 years after seeding. OGA has the ability to harvest greenlip abalone at a smaller size than permitted for wild catch (which, is currently 140mm for recreational catch and higher for commercial caught abalone in Western Australia).

For the Flinders Bay 1 Project, over 1,000 kilograms of greenlip abalone have been harvested during the research and growth phase. Commercial harvest begun in 2015. Approximately 923 kilograms of greenlip abalone was harvested in the financial year ending 30 June 2016 and approximately 17,238 kilograms of greenlip abalone was harvested in the financial year ending 30 June 2017.

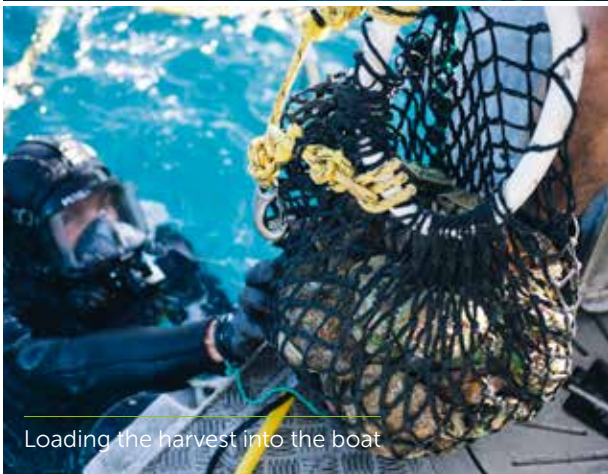
The stock report from 30 June 2017 indicates the abitats that make up Flinders Bay 1 Project currently hold over 1.5 million individual abalone totalling a current biomass of approximately 121,000 kilograms (being the beach weight). The diagrams below indicate the estimated number of abalone and the biomass (in beach weight) for the Flinders Bay 1 Project at 30 June 2017.



A diver harvesting abalone from the artificial reef.



Freshly harvested abalone



Loading the harvest into the boat



Processing the abalone



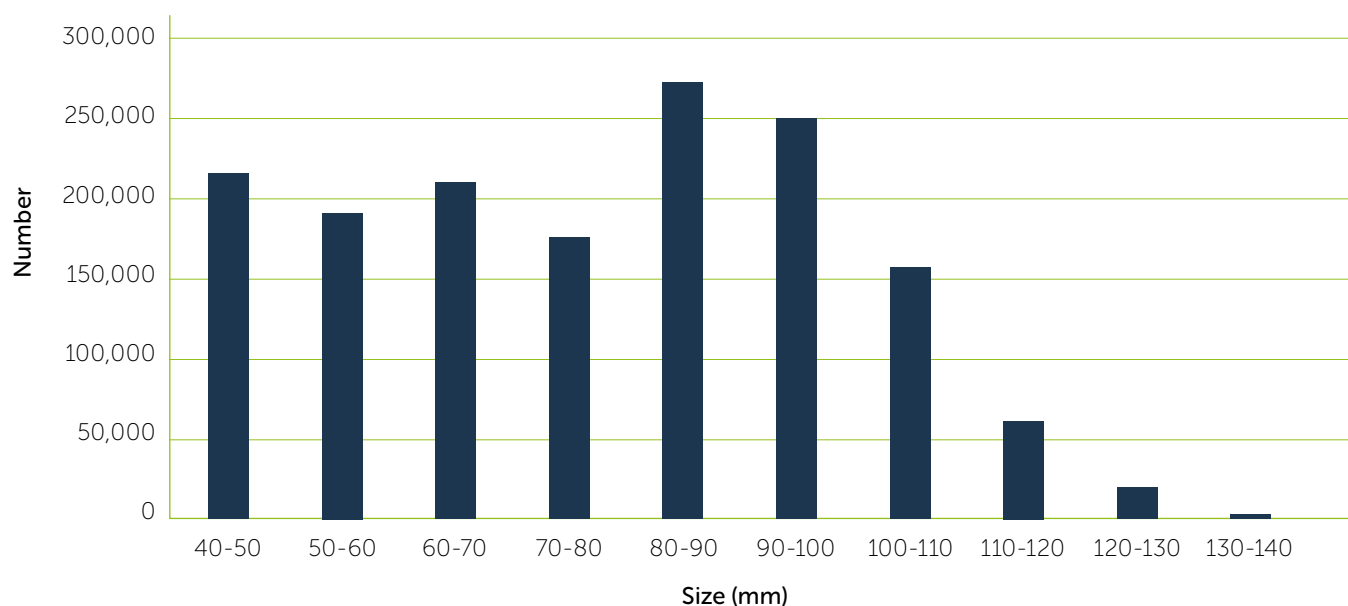
Abalone being weighed



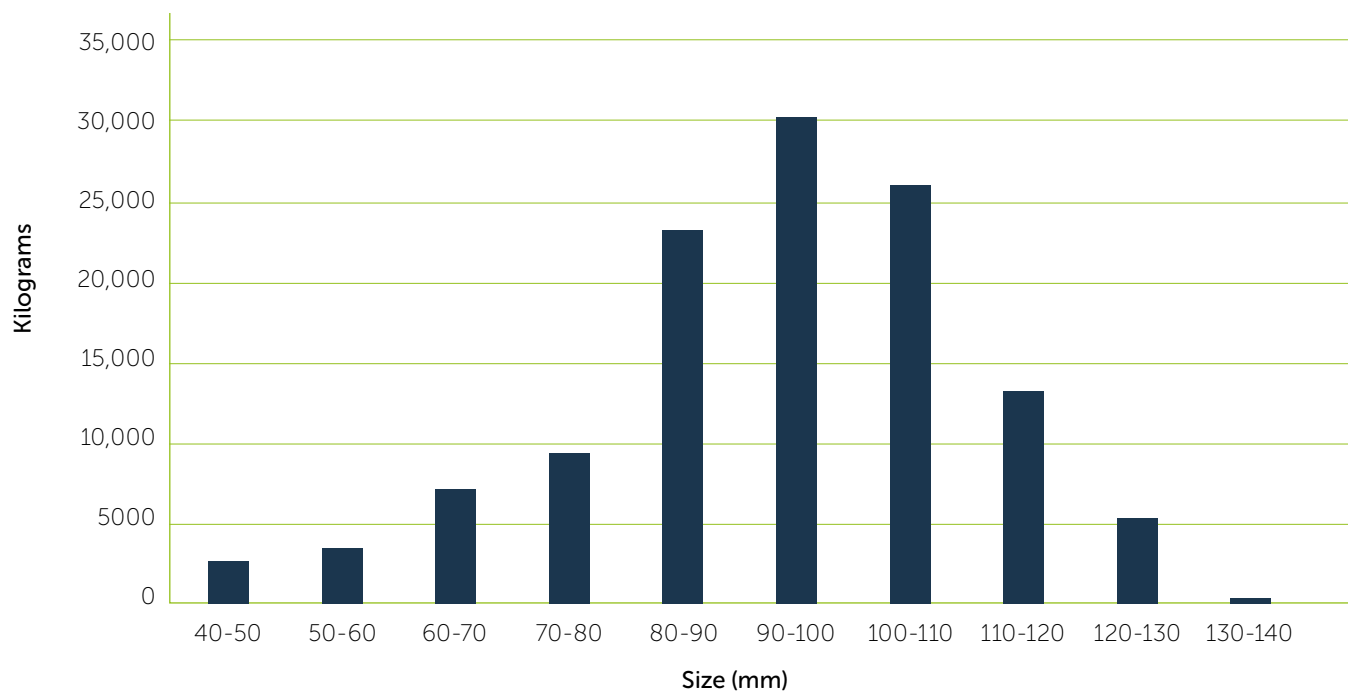
Full batch of processed abalone



NUMBER OF ABALONE SEPARATED BY SIZE CLASS ON THE FLINDERS BAY 1 PROJECT – AT 30 JUNE 2017



BIOMASS OF ABALONE SEPARATED BY SIZE CLASS ON THE FLINDERS BAY 1 PROJECT – AT 30 JUNE 2017



OGA has an export processing facility in Augusta. At this stage the abalone is mostly processed for the individual quick frozen (IQF) meat market for export into Hong Kong. Other markets are being developed. The OGA Augusta processing facility is also contracted by other abalone suppliers, including local wild catch and 888 farmed abalone to process their harvest.

4.3.7 Abalone Stock Management System

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

Since March 2016 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 units so as to provide a statistically relevant sample of abalone to enable OGA to assess total stock.

Abitats are positioned at Flinders Bay in clusters of 6 to 11 abitats (touching each other), which is termed a "reef". OGA sets up a management unit termed a "bay" equating to between 70 to 110 abitats of approximately 90 metres in length. A dive vessel mooring is located at either end of a bay so that OGA divers can tend the bay with the vessel being tethered to the mooring.

OGA currently has 81 bays at the Flinders Bay area in Augusta and expects to have approximately 140 bays once the Flinders Bay 2 Project is complete.

OGA collects a significant amount of data from the bays which is entered into its stock management system including detail on the number of juvenile deployed, the number of abalone harvested and the amount of feed evidenced.

Every 6 months in June and December of each year a stock assessment of Flinders Bay is undertaken. The most recent stock assessment occurred in June 2017. 66 bays were assessed and 5 abitats were randomly selected in each bay (being an area of approximately 70 to 110 abitats). 330 abitats were therefore tested of a total of approximately 5,000 abitats representing 6.6% of the abitats.

From the data obtained, OGA assesses total stock based on the samples. The number of abalone and biomass information at June 2017 are set out in Section 4.3.6 above.

4.3.8 Sales from Flinders Bay 1 Project

Greenlip abalone harvested from the Flinders Bay 1 Project are largely sold to export markets rather than domestically. The export market sold into to date is primarily the individual quick frozen (IQF) meat market in Hong Kong.

Other than limited whole in shell sales to the domestic market, all sales are of greenlip abalone "meat" and the information below is of meat sales. The meat weight of abalone at the Flinders Bay 1 Project is approximately 29% to 32% of the beach weight of the abalone.

A summary of OGA's sales of greenlip abalone from the Flinders Bay 1 Project is set out below.

Period	Total revenue from abalone sales	Export Sales (kg)	Average price of export meat sales (\$A)	Domestic Sales (kg)	Average price of domestic meat sales (\$A)
1 July 2016 to 30 June 2017	\$514,576	3,060	\$160.12	193 ¹	\$147.18 ¹
1 July 2017 to 17 August 2017	\$219,448	1,260	\$163.21	198 ²	\$155.02 ²

1. Domestic sales for 1 July 2016 to 30 June 2017 includes 39.3 kilograms of whole in shell sales that averaged \$50 per kilogram.
2. Domestic sales for 1 July 2017 to 17 August 2017 includes 183.37 kilograms of whole in shell sales that averaged \$62.87 per kilogram.

4.3.9 Boats

OGA currently uses 4 dive vessels and one abitat deployment vessel at its operations at Flinders Bay and currently employs 14 commercial divers. The boats are owned by OGA with 2 being the subject of an equipment lease to National Australia Bank Limited as set out in section 3.3.



The picture above is of 3 OGA boats at Flinders Bay.

4.3.10 Processing of Abalone

The Company currently has a small processing facility at the Augusta light industrial area approximately 8 kilometres from Flinders Bay. This facility does not have the capacity to process abalone from expanded operations and does not allow the Company to value add to the abalone and access markets such as live export, dried meat or whole frozen in shell. By accessing these value add markets, OGA may be able to achieve a differentiated product to bulk frozen markets, higher average sales price, a more diversified customer base including premium restaurants, and a better brand profile. As the scale of harvests grows, the new Abalone Processing Facility co-located at the Flinders harbour will streamline the logistics and sales process through the removal of additional transport, with the potential to reduce costs in these areas.

Thereby, the Company intends to use part of the proceeds of the Offer (as set out in Section 4.9) to construct a larger scale Abalone Processing Facility at Flinders Bay. The Facility will feature an area for retail sales and tourism associated with aquaculture use. An overview of the construction and the lease upon which the Facility is to be built is set out in Section 4.9.3.



4.4 PATENT APPLICATION AND REGISTERED TRADEMARKS

OGA has developed infrastructure and unique aquaculture technology. An Australian standard patent application has been made to seek to protect OGA's intellectual property in respect to its sea ranching artificial reef structure and processes.

OGA has 2 Australian registered trademarks which are in respect of the "Ocean Grown Abalone" logo and the word "abibat".

Please refer to the Intellectual Property Report in Section 8 which reports as to the standard patent application and 2 trade mark registrations.

4.5 GOVERNMENT COMPLIANCE AND AQUACULTURE APPROVALS

OGA engages with government authorities to obtain all necessary approvals and licences required to operate its facilities.

Flinders Bay 1 Project and Flinders Bay 2 Project

The abalone sea ranching business that the Company operates by its Flinders Bay 1 Project and Flinders Bay 2 Project is conducted under Western Australian Government aquaculture licences and seabed leases.

Aquaculture licences are issued by the Western Australia Department of Fisheries. These licences specify the species of fish that is to be cultured, area of water that can be used, the method of aquaculture plus a range of other conditions such as environmental monitoring, record keeping and biosecurity. It is the practice of the Department of Fisheries to renew aquaculture licences on an annual basis.

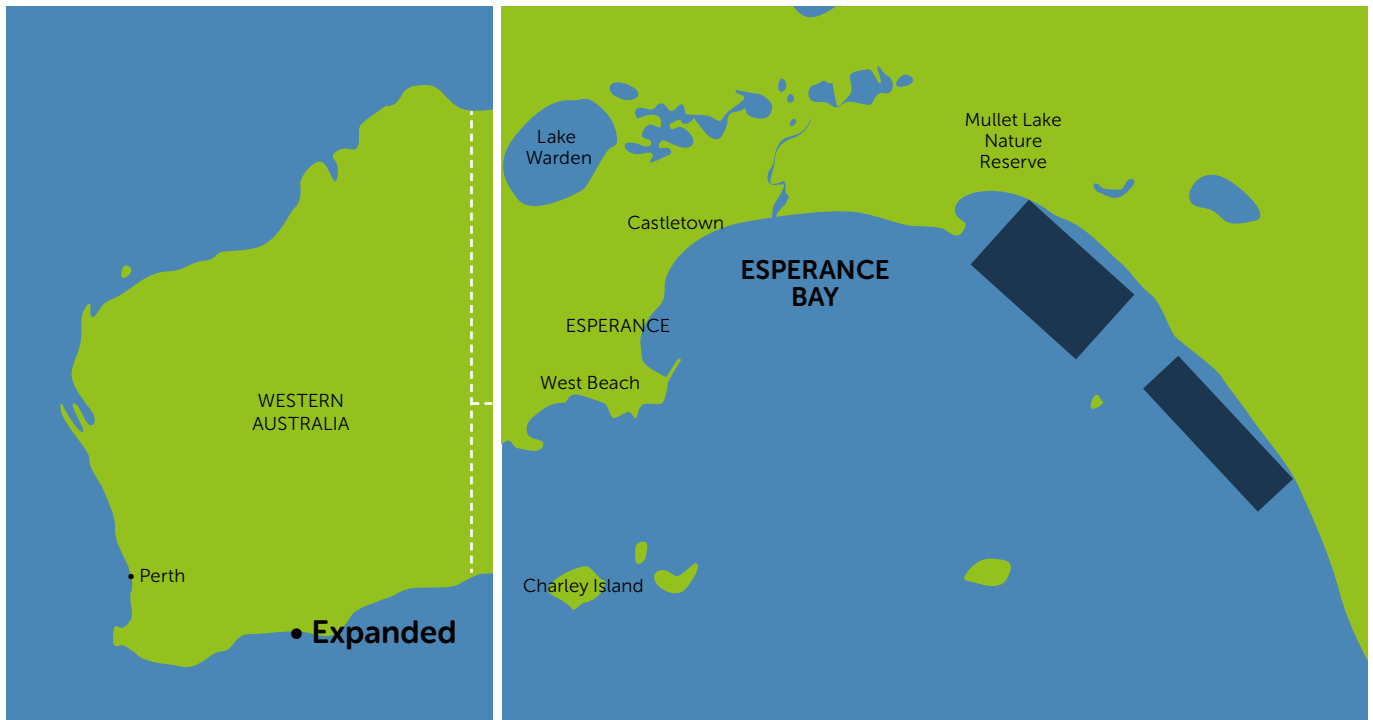
The current OGA aquaculture licence for the Flinders Bay area covers the period 6 January 2017 to 5 January 2018 and enables greenlip abalone sea ranching to occur within the Flinders Bay site covering the Flinders Bay 1 Project and the Flinders Bay 2 Project.

The Company has lease tenure in respect of the Flinders Bay area by 2 aquaculture leases entered into with the Western Australia Minister of Fisheries. The leases cover an area of 413.1 hectares (or 4.13 km²) in Flinders Bay and authorises OGA to occupy and use the area for abalone sea ranching for a period until 30 June 2035 and OGA may apply for a renewal of not more than 21 years, which renewal will be at the Minister's discretion.

The leased area for Flinders Bay covers both the Flinders Bay 1 Project and the Flinders Bay 2 Project.

Wylie Bay Project

An aquaculture licence from the Western Australia Department of Fisheries has been issued and an aquaculture lease with the Southern Port Authority has been entered into for the Wylie Bay Project.



The diagram above indicates the Wylie Bay aquaculture licence and lease area.

The aquaculture licence issued by the Western Australia Department of Fisheries is for the annual period 15 June 2017 to 14 June 2018 and enables greenlip abalone sea ranching to occur within the Wylie Bay Project area. The terms of the aquaculture lease with the Southern Port Authority authorises Wylie Bay Abalone Pty Ltd to occupy and use the Wylie Bay Project area for abalone sea ranching for a period of 21 years until in or about September 2038.

The Wylie Bay contractual documents as between OGA companies and OKF as summarised in Section 10.2 are relevant to contractual rights in relation to each of OGA and OKF establishing sea ranching projects within the Wylie Bay area.

Port Lincoln Development Project

OGA has been granted 7 aquaculture research licences and leases in the waters off Port Lincoln. The licences and leases were issued by the South Australian Government in July 2017 and are for the period 10 July 2017 to 30 September 2018. Each licence area is approximately 1 hectare in the ocean approximately 20 kilometres south-east of Port Lincoln.

The licences authorise abalone trials at the lease site and the leases provide use of the designated area for the abalone aquaculture.



The diagram above indicates the 7 research licence areas in the waters off Port Lincoln.

The trials are expected to last 12 months commencing in September 2017 with trials initially focused on 4 of the 7 sites. Stock from the research sites cannot be sold.

As set out in Section 4.9.5, the Company intends to conduct trials at the research areas with a view to determining the best location for, and then establishing, a commercial sea ranching project. Once trials are completed, OGA will need to apply for and be granted a pilot lease and associated licence to undertake commercial sea ranching operations. A pilot lease may be issued for a maximum of 12 months and may be renewed, but only up to a maximum aggregate term of 5 years. If the holder of a pilot lease is able to demonstrate productive use of the lease area, the holder may apply to convert the pilot lease to a production lease. A production lease may be issued for a maximum term of 20 years and is renewable for successive terms. There is no guarantee that any future application for a pilot lease or later a production lease will be successful. As set out in Section 7, a native title claim has been made in respect of an area covering 4 of the 7 lease areas in the waters off Port Lincoln (Taylor North, Taylor East, Grindal 2 and Thistle 3) which may affect any future application for a pilot lease and associated licence or a later production lease and associated licence.

4.6 BARRIERS TO ENTRY

The table below shows the Company's assessment of the barriers to entry across each process in developing an abalone sea ranching facility. The Company is able to assess this from its development of its unique sea ranching business and the actual conduct of its business. The barriers limit the potential for a new entrant to enter the market.

Barrier to Entry	Detail in respect of the Barrier
Sea ranch technologies	<ul style="list-style-type: none">• The Company has developed a world first aquaculture facility with an application for patent protection in respect of the relevant technologies that produce a unique and highly identifiable product.• During the research and development phase multiple ranch designs were accessed and knowledge was gained regarding the intricate requirements of successful ranch design.• OGA's expertise is held in-house with an end-to-end knowledge base.• OGA conducts an ongoing research and development program with the aim of continuing to increase productivity through improvements to sea ranching technology.
Suitable ranch locations	<ul style="list-style-type: none">• Abalone ranching technology is suited to a few select locations around Australia.• Infrastructure and significantly port access is critical in this assessment.
Long lead times prior to reaching steady state / production capacity	<ul style="list-style-type: none">• Long lead times are necessary to acquire and develop new leases.• A typical 5,000 abitat ranch takes approximately 5 years to reach steady state/production capacity from deployment date.
Juvenile abalone supply	<ul style="list-style-type: none">• Strategic alliances with key abalone hatcheries have been maintained to secure supply of juvenile abalone.• Long lead times are required to secure supply of juvenile abalone.• High cost and long lead times of developing land-based abalone hatcheries.
Supply chain to consumers	<ul style="list-style-type: none">• There is a large consumer demand for the product.
Regulatory barriers	<ul style="list-style-type: none">• Aquaculture within Australia is a highly regulated industry.• High level of quarantine and biosecurity oversight.
Capital barriers	<ul style="list-style-type: none">• There are costs to develop a sea ranch.

4.7 COMPETITIVE ADVANTAGES

The sea ranching system of OGA has unique qualities when compared to traditional land based abalone aquaculture.

Sea Ranching features:

- Higher-quality abalone by virtue of larger size, better texture and flavour.
- Ranches in the ocean – natural and pristine seawater, sustainable habitat.
- Abalone in OGA ranches feed (at no feed cost) on ocean grown organic seaweed.
- Reduced biosecurity risk due to spacing of the abitats.
- Lower cost structure than farm-based systems (that rely heavily on power and feed).
- Cost of real estate.

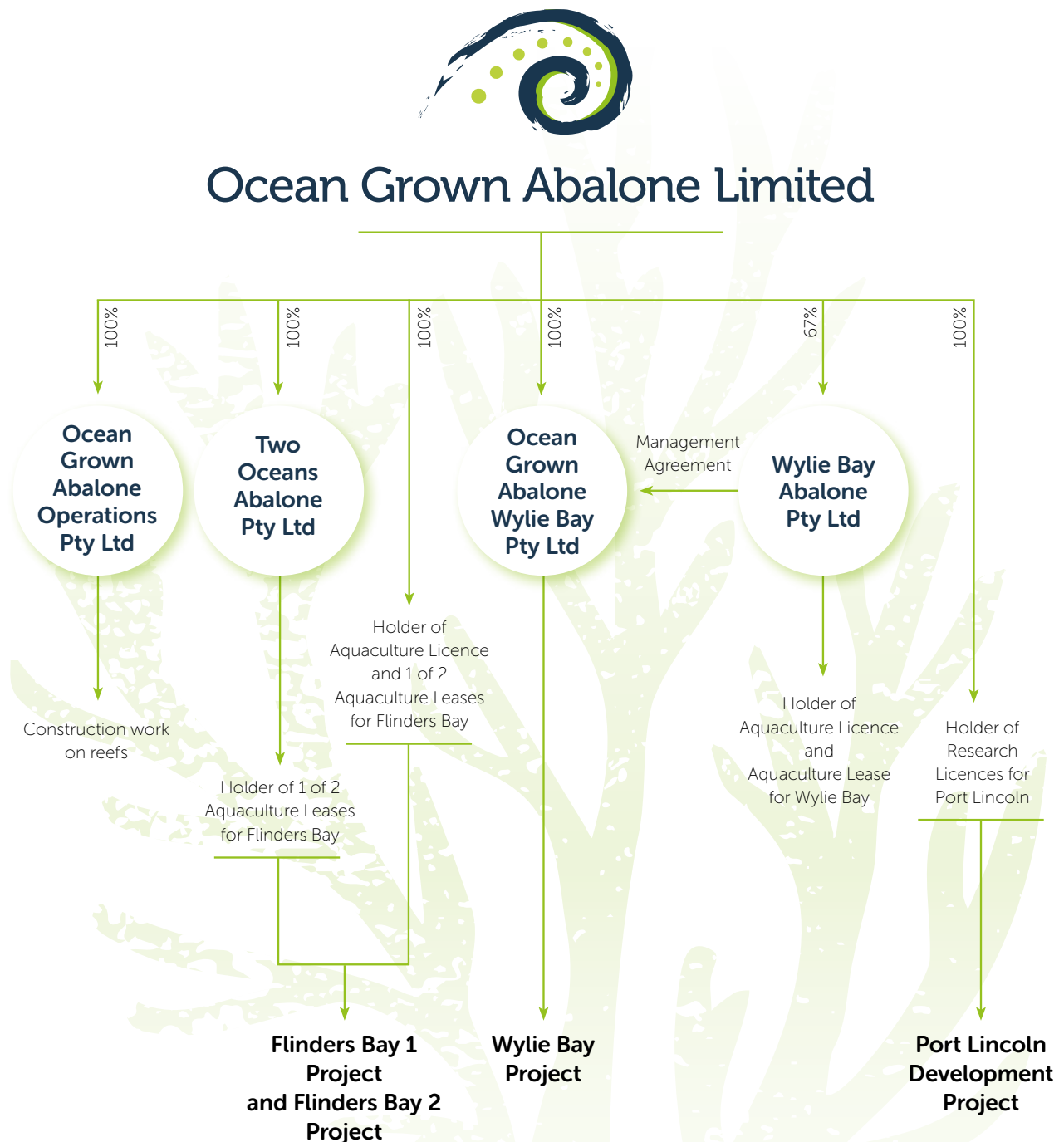


Land based aquaculture facilities features:

- Smaller size abalone, less preferred taste – perceived to be of lower quality.
- Farmed in artificial tank environment on land – water needs to be pumped.
- Farmed abalone feed on factory produced, artificial aquafeed and chemical formulas.
- Biosecurity risk is increased due to high densities of abalone.
- Higher cost of electricity/pump and feedstock.

4.8 CORPORATE STRUCTURE

Set out below is a Corporate Structure Diagram.



4.9 PROPOSED PROJECT EXPENDITURE

4.9.1 Two Year Project Budgets

Set out below are budgets for the Projects of the Company and marketing for a period of 2 years.

Project/Description	Year 1 / \$	Year 2 / \$	Total / \$
Complete the establishment of a 5,000 abitat ranch at Flinders Bay 2 Project ¹	2,400,000	100,000	2,500,000
Construction of Abalone Processing Facility ²	1,700,000	1,300,000	3,000,000
Establish stage 1 of operations at Wylie Bay Project ³	30,000	1,370,000	1,400,000
Fund trials and development at Port Lincoln Development Project ⁴	500,000	400,000	900,000
Marketing ⁵	150,000	250,000	400,000
Total	4,780,000	3,420,000	8,200,000

Notes:

1. The completion of a 5,000 abitat ranch at Flinders Bay is addressed in Section 4.9.2.
2. The construction of the Abalone Processing Facility is addressed in Section 4.9.3.
3. The projected expenditure of \$1,400,000 is estimated to establish stage 1 of operations at the Wylie Bay Project being the construction and deployment of an approximately 1,000 abitat ranch. As set out in Section 4.9.4, the first capital expenditure is expected in or around early 2019.
4. The Company has been issued with 7 research licences and associated leases from the South Australian government to allow an abalone trial to be conducted. The Company intends to conduct a trial in the first 12 months. Year 2 expenditure assumes the grant of a pilot lease and licence. In the event that a pilot lease and licence is not granted, any such projected expenditure in respect of a pilot lease is intended to be applied pro-rata to the other Projects.
5. Marketing expenditure and activities is addressed in Section 4.10.3. A portion of the remuneration of the executive directors is included in marketing.
6. For the financial year ended 30 June 2018 the Company intends to apply for a tax offset in respect of eligible research and development sea ranching activities. Such a payment can assist funding the abalone sea ranching operations. Any such funding is uncertain and has therefore not been included in year 2 of the budget above.
7. The above budgets are a statement of current intention at the date of this Prospectus. As with any budget, intervening events (including development success or failure) and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to vary the way funds are applied on this basis.

4.9.2 Flinders Bay 2 Project – Flinders Bay, Augusta

In January 2017, the lease expansion was approved and construction of Flinders Bay 2 commenced in March 2017. The Company intends to develop a 5,000 abitat ranch at the Flinders Bay 2 Project. To date, approximately 1,960 abitats have been constructed and deployed in the ocean. Deployment has targeted high growth areas within the lease.

An additional dive team has been engaged to facilitate the expansion. A total of 10 full time commercial divers work on the Augusta sea ranches.

In accordance with the above budget, OGA intends to spend approximately \$2,500,000 on completing the construction, deployment and seeding of a 5,000 abitat ranch at the Flinders Bay 2 Project.

4.9.3 Construction of Abalone Processing Facility – Flinders Bay, Augusta

OGA is seeking to construct an Abalone Processing Facility at Flinders Bay, Augusta on land leased by the Company. The land is leased from the Western Australia Minister for Transport for a period until 31 August 2036 with OGA having an option to renew for a further 21 year period (provided OGA has complied with the lease). The termination provisions of the lease are customary for a lease and include events of default and insolvency.

OGA as lessee is obliged by the lease in its capacity as lessee to construct an aquaculture facility on the leased land featuring matters such as a seafood processing facility, seawater pump room, warehouse, storage, offices and an ancillary area for retail sales and tourism associated with aquaculture use. The development milestones for OGA to satisfy under the lease include site work and construction commencement by 31 March 2018 with construction completion by 31 May 2019.

The estimated cost of the Abalone Processing Facility is \$3,000,000 which is intended to be funded in the next 2 years from the Prospectus funds as set out in the table above. The Facility will be in terms of the lease obligations and includes an ancillary area for retail sales and tourism. The Company may seek to expand upon the Facility or upgrade fitout in the future if this becomes a priority. This will be dependent on further funding beyond the scope of this Prospectus.

4.9.4 Wylie Bay Project – Esperance

Wylie Bay has been chosen as an abalone sea ranching location as there is a suitable seabed that meets the habitat and growth requirements for the abalone and the Port of Esperance is less than 10 kilometres from the project area. Travel times to and from the ranch is short and construction, servicing, maintenance and harvesting of the project ranch will be possible on a daily basis.

In Wylie Bay, Esperance, Western Australia, OGA has decided to partner with Ocean King Fishing Pty Ltd ("OKF"), a company controlled by Alan Wilson. Mr Wilson has over 35 years' abalone diving experience. He has also been an active participant and investor in a number of other WA Fisheries.

The structure of the Wylie Bay Project is that OGA holds two-thirds of Wylie Bay Abalone Pty Ltd and OKF holds one-third. Wylie Bay Abalone Pty Ltd holds the aquaculture licence and aquaculture lease for Wylie Bay which was granted in July 2017. Wylie Bay Abalone Pty Ltd (as holder of the licence and lease) has entered into a separate management agreement with each of OGA's wholly owned subsidiary, Ocean Grown Abalone Wylie Bay Pty Ltd ("OGAWB") and OKF by which Wylie Bay Abalone Pty Ltd agrees to sub-lease part of the aquaculture site to each of OGAWB and OKF. The relationship between OGA and OKF and related entities is governed by a cooperation agreement, a shareholders agreement of Wylie Bay Abalone Pty Ltd and a management agreement with each of OGAWB and OKF. The material terms of these agreements are summarised in Section 10.2.

The abitat ranching operations to be established by each of OGA's subsidiary and by OKF at Wylie Bay will be separate operations owned by the relevant operator. In OGA's case, OGA's subsidiary will wholly own an abitat ranching operation to be established by the OGA subsidiary.

In accordance with the Wylie Bay Project agreements, OKF (the Alan Wilson controlled entity) will incur the cost of constructing, deploying and seeding an approximate 400 abitat ranch on OKF's sub-leased site. OGA will sell juvenile abalone to OKF.

OGA will assist in monitoring the operation of the OKF trial operation including mortality and growth rates.



After having the benefit of assessing commercial scale results from OKF's trial operation, OGA in early 2019 intends to commence expenditure of approximately \$1,400,000 to establish stage 1 of operations at Wylie Bay. Stage 1 will represent an approximate 1,000 abitat ranch. The Wylie Bay Project of OGA will be wholly owned and conducted by OGAWB (a wholly owned subsidiary of OGA).

Ultimately, OGA intends to establish a 5,000 abitat ranch at Wylie Bay. This is dependent on further funding beyond the scope of this Prospectus.

4.9.5 Port Lincoln Development Project – South Australia

In July 2017 the South Australian Government issued OGA with 7 aquaculture research licences and leases of approximately 1 hectare each in the ocean approximately 20 kilometres south east of Port Lincoln, South Australia. The licences and leases are for the period 10 July 2017 to 30 September 2018.

OGA intends to conduct a trial consisting of the construction, deployment and seeding of an approximate 10 abitats per trial site. The initial focus is on 4 trial sites of the 7 sites.

The trial is expected to last 12 months and commence from approximately September 2017 and cost approximately \$500,000.

The areas chosen to conduct the trials are areas featuring wild abalone. The sites chosen have very similar substrate characteristics to the Flinders Bay location; sandy substrate, surrounded by extensive seagrass beds which provide food for the abalone to graze on.

The sites are approximately 20 kilometres from a large commercial fishing fleet and port based in Port Lincoln. The sites can be serviced by divers by a 40 minute boat ride from Port Lincoln. There are many large vessels that OGA can access to build a large scale abalone ranch. The City of Port Lincoln has access to qualified staff, and has all the services required for the operation of the ranch and downstream processing of the harvest.

Juvenile abalone for the trial will be purchased from the Yumbah Abalone Hatchery and Farm.

After completion of the trial, OGA intends to spend approximately \$400,000 to collate data, undertake environmental consultation and apply for a pilot lease and associated licence so as to be able to undertake commercial sea ranching operations. The nature of a pilot lease is referred to in Section 4.5. There is no guarantee that an application for a pilot lease and associated licence will be successful. A native title claim has been made as set out in Section 7 which may affect any application for a pilot lease and associated licence. The native title claim will not affect the conduct of the trials under the research licences and leases.

Ultimately, dependent on trials and a later initial commercial operation, OGA intends to establish a 5,000 abitat ranch at Port Lincoln. This is dependent on further funding beyond the scope of this Prospectus.



4.10 MARKETING

4.10.1 Unique Product

OGA harvests abalone at an average size greater than harvested aquaculture abalone which are generally harvested at between 50mm to 90mm.

Each Australian state has regulations on the size of wild catch greenlip abalone. Western Australia have minimum size limits of 140mm for recreational catch and higher for commercial caught abalone.

OGA's abalone is therefore an identifiable and differentiated product when compared to the current abalone market.

4.10.2 Harvest to match demand

Most regulated wild catch fisheries have periodic lock out periods and well defined harvest periods, for example, to allow for spawning or stock recovery.

OGA has the ability to harvest at any time during the year. There is no additional cost in delaying harvest. This gives OGA the ability to meet market specifications on demand, e.g. Chinese New Year.

4.10.3 Marketing Activities

OGA intends to develop an in-house marketing capacity with Ian Ricciardi in his role as an executive director initially overseeing marketing campaigns. Brad Adams, managing director, will assist in initial marketing campaigns as required.

OGA's predominant export product currently to Hong Kong is individual quick frozen (IQF) greenlip abalone. The Company intends to grow its product range. Processing abalone for whole frozen in shell, live and dried (preserved) will be explored to grow the export range of abalone products.

Marketing campaigns are intended to focus on brand awareness and promote OGA's unique products into South East Asia.

5. MARKET OVERVIEW

The Company's aim is to successfully scale-up its operations and penetrate relevant markets. The achievement of this aim is subject to a number of risks as summarised in Section 7. This Section 5 does not represent any forecast or projection as to future revenue or profitability of the Company or penetration into markets. The Company provides an overview of the profiled abalone markets so investors can gain an appreciation of the markets, their size and some of the drivers for these markets.

The Company is and will be producing greenlip abalone from its sea ranching operations initially in Western Australia. Due to the proximity to South East Asia and existing supply chains, the Company has primarily sold its greenlip mature abalone as an individually quick frozen (IQF) product into Hong Kong. The Company will continue to target South East Asian markets with its greenlip abalone product. The Company may look to expand beyond providing an IQF product to products such as whole frozen in shell, live and dried (preserved).

5.1 ABALONE SPECIES

Abalone are a family of reef-dwelling marine snails. There are approximately 90 species of abalone that exist globally. Consumer preferences dictate how sought-after one species is compared to another and hence are priced differently. A variety of species make up the world market, some of the international species include:

- H Discus Hannai & H Discus: produced and sold widely throughout China and Korea
- Haliotis midae: Found in the waters off South Africa
- Red abalone (Haliotis suessens): Found in the waters off California

The four species of abalone endemic to Australia are:

- Greenlip abalone (Haliotis laevis): One of the most, highly sought-after variety. Cultured and harvested in limited locations – the southern coast of Australia being the most prevalent.
- Blacklip abalone (Haliotis rubra): Most commonly exported Australian abalone species.
- Roes abalone (Haliotis roei).
- Brownlip abalone (Haliotis conicopora).

Hybrids between species have also been crossbred for aquaculture. For example, a commercially crossbred between greenlip abalone and blacklip abalone have been produced and exported from Australia.

When abalone weight is referred to, it is generally stated in live or in-shell weight, unless specified as meat weight. Meat weight is approximately 29% to 32% of live or in-shell weight.

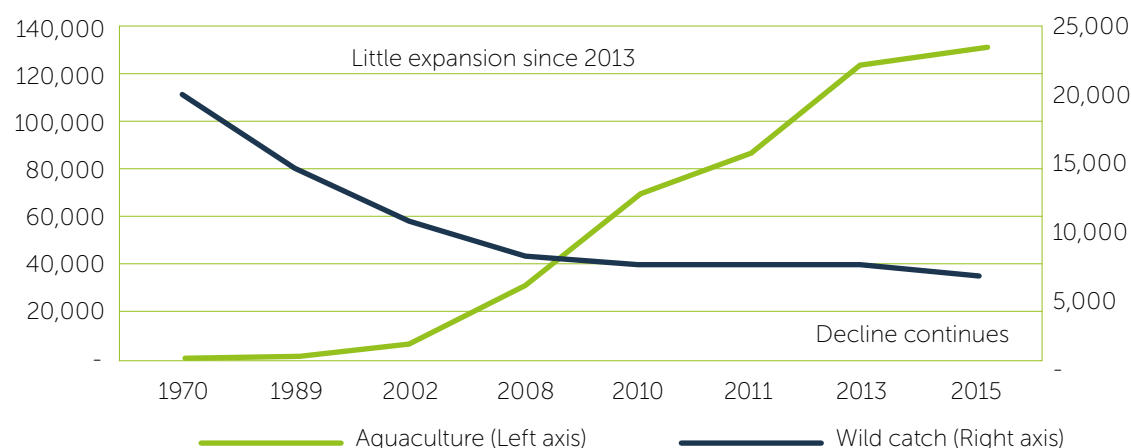
5.2 GLOBAL ABALONE MARKET - SUPPLY

Wild catch from abalone fisheries have gradually decreased from 20,000 metric tonnes in the 1970's to about 6,500 metric tonnes in 2015. Over fishing, illegal harvesting, disease, increased predation, and habitat degradation have all contributed to this decline¹.

During the same period, farmed abalone supply has increased rapidly. In the 1970's, farm production was almost negligible. Increases in production have taken place in countries such as China and South Korea. In 2015 aquaculture produced 129,287 metric tonnes of abalone¹.

WORLD ABALONE SUPPLY

(metric tonnes produced)



FARM PRODUCTION IN VARIOUS REGIONS (metric tonnes produced)

Region	2010 Production	2016 Production
China	42,373	115,397
Korea	5,000	9,400
Chile	1,500	700
South Africa	1,023	1,400
Japan	200	200
Australia	500	900
Taiwan	300	171
USA	200	362
New Zealand	90	100
Mexico	33	30
Europe	10	15
Thailand	10	8
Philippines	4	4

Source for both figures above: Recent trends in worldwide abalone production. Peter Cook, Centre of Excellence in Natural Resource Management University of Western Australia, 2016.

Between 2010 and 2015, farmed production in most countries remained stable while production in both China and Korea increased rapidly.

Many Chinese abalone farms have become more efficient by changing from land-based to sea cage operations. Innovations in low-cost seed production have helped establish a viable industry. Abalone in sea cages are generally fed a mixture of farmed seaweeds. Disadvantages with sea based farms include that the nets are subject to bio-fouling that requires cleaning of cages. In addition, farms are subject to vagaries of sea conditions. Abalone in sea cages can be grown to market size at much lower costs than in land based farms¹.

In the Chinese provinces, Fujian and Guangdong, abalone farms are usually crowded very close together, with individual bays sometimes housing hundreds of sea cages. This leads to a situation where the potential for the spread of disease is high should a serious disease outbreak occur, this could spread quickly¹.

5.3 AUSTRALIAN ABALONE MARKET - SUPPLY

5.3.1 Wild Catch Abalone

Abalone is a quota managed fishery with a restricted number of operating licences in the wild harvest sector². These restrictions apply to both recreational and commercial fishers. Greenlip and blacklip abalone make up the vast majority of Australian wild catch species. These two species exist in the waters around the south coast of Australia as illustrated in the diagram below.



Distribution of reported commercial catch of wild catch Blacklip abalone (Source: Blacklip Abalone, Fisheries Research and Development Corporation (Australia), 2016)



Distribution of reported commercial catch of wild catch Greenlip abalone (Source: Greenlip Abalone, Fisheries Research and Development Corporation (Australia), 2016.)

The stock status comparing each wild catch fishery region is shown below.

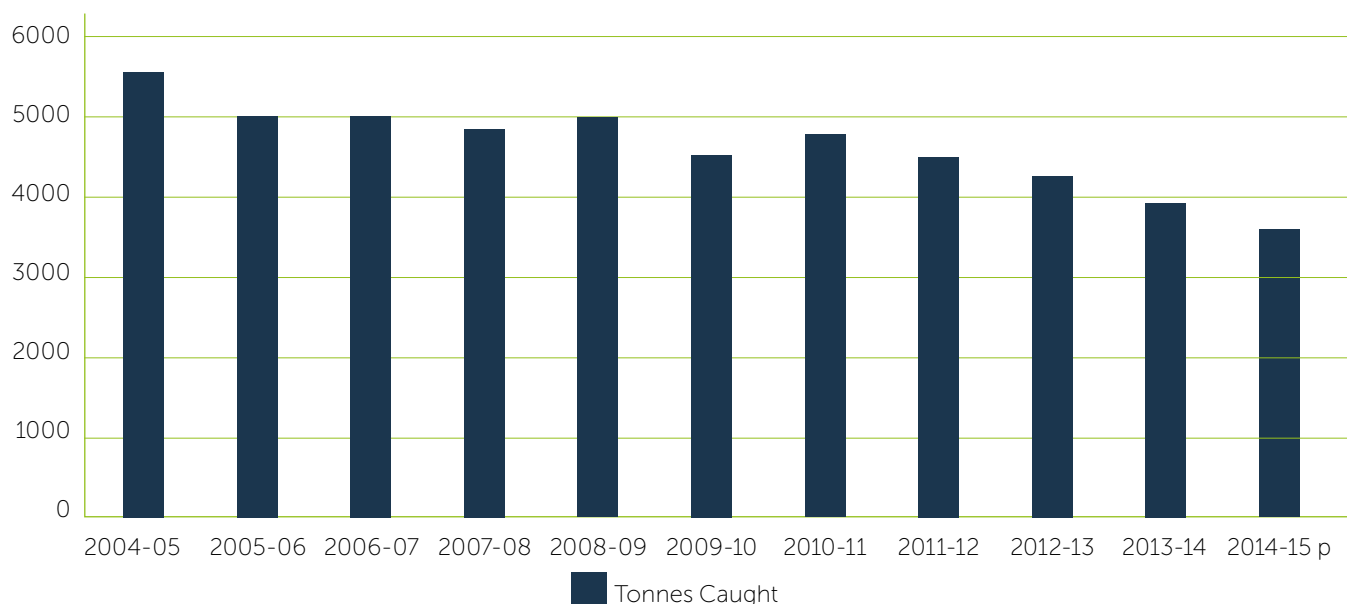
Jurisdiction	Fishery Zone	Fisheries	Greenlip Abalone Stock Status	Blacklip Abalone Stock Status
NSW	New South Wales	NSWAF	-	Sustainable
SA	Central Zone Fishery	SACZF	Transitional / Depleting	Transitional / Depleting
SA	Southern Zone Fishery	SACZF	Undefined	Transitional / Depleting
SA	Western Zone Fishery	SAWZF	Sustainable	Transitional / Depleting
TAS	Bass Straight Zone Fishery	TBSZF	-	Sustainable
TAS	Central Western Zone Fishery	TCWZF	-	Transitional / Depleting
TAS	Eastern Zone Fishery	TEZF	-	Sustainable
TAS	Northern Zone Fishery	TNZF	-	Transitional / Depleting
TAS	Western Zone Fishery	TWZF	-	Transitional / Depleting
TAS	Greenlip Zone Fishery		Transitional / Depleting	-

Jurisdiction	Fishery Zone	Fisheries	Greenlip Abalone Stock Status	Blacklip Abalone Stock Status
VIC	Central Zone Fishery	VCZF	Overfished	Transitional / Depleting
VIC	Eastern Zone Fishery	VEZF	-	Transitional / Depleting
VIC	Western Zone Fishery	VWZF	Overfished	Sustainable
WA	Area 2 Fishery	WAA2F	Transitional / Depleting	Negligible
WA	Area 3 Fishery	WAA3F	Transitional / Depleting	Negligible

Stock status determination (Source: Fisheries Research and Development Corporation (Australia), *Blacklip Abalone*, 2016 and Source: Fisheries Research and Development Corporation (Australia), *Greenlip Abalone*, 2016.)

The total amount of wild catch abalone has been in decline since 2005³. The main reason for this decline has been the reduction in quotas in most abalone zones around Australia due to sustainability concerns by fishery managers.

AUSTRALIAN WILD CATCH ABALONE, GREENLIP AND BLACKLIP ABALONE



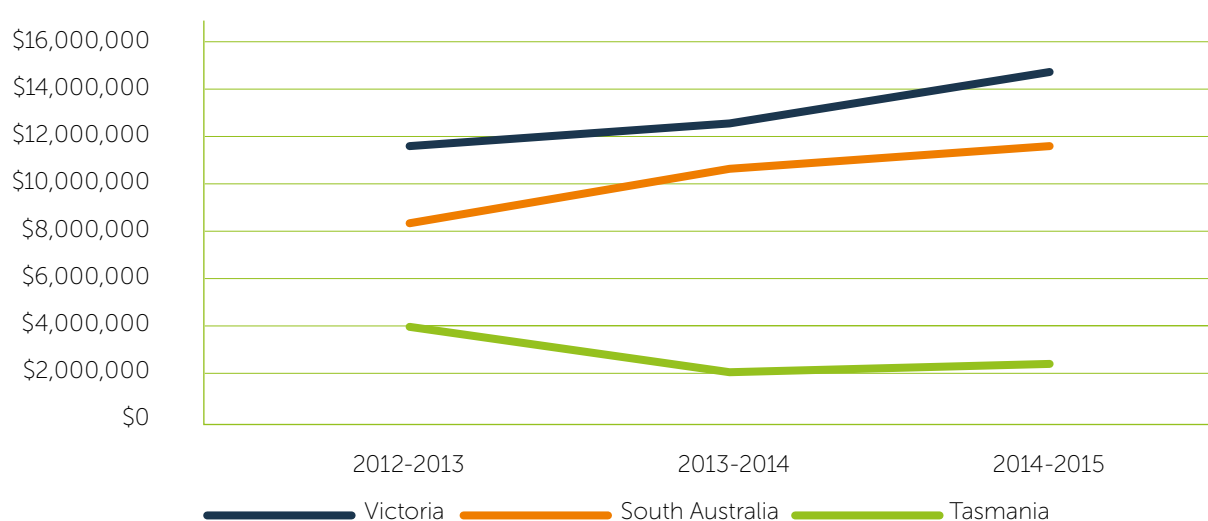
Source: Department of Agriculture of Water Resources, ABARES, TABLE S2 Wild catch fisheries production

Both the Australian fishery and world supply of wild catch has declined over the past 10 years. Wild catch abalone is considered a premium product when compared with abalone produced via aquaculture.

5.3.2 Abalone Aquaculture

Abalone aquaculture production is primarily conducted out of three states in Australia. Victoria and South Australia account for the majority of aquaculture production with a smaller industry based in Tasmania.

ABALONE AQUACULTURE PRODUCTION BY STATE



Source: Department of Agriculture and Water Resources, ABARES, Aquaculture production by state, Table S15 to S17

Abalone aquaculture in Australia has increased to a \$28.5 million-dollar industry in 2015³. Land-based systems are the most popular as they offer a greater degree of control over the growing process.

The land based facilities vary depending on the operating company. They generally consist of a hatchery (either on or off site) and a range a large holding ponds used for the grow out phase. Key inputs include large amounts of water, power, abalone feed and access to transport networks. The feed used is either an artificial feed or specially grown seaweed or a range of both.⁴

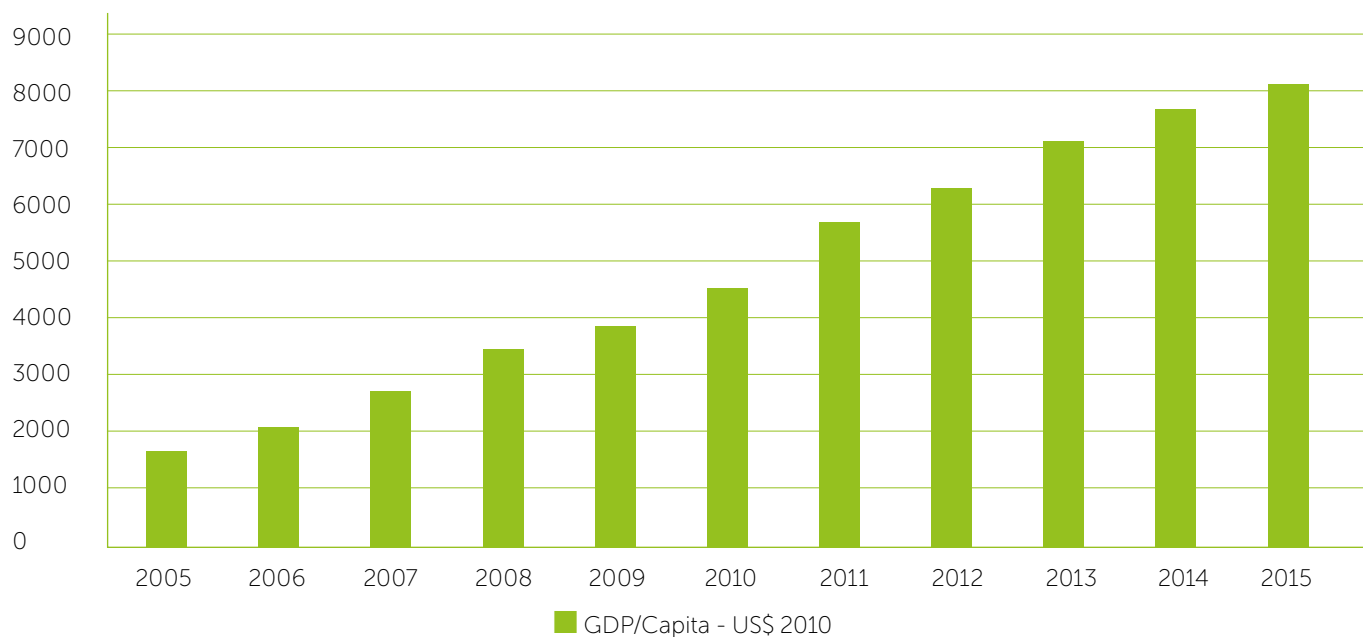
5.4 DEMAND FOR AUSTRALIAN ABALONE

The major consumption countries tend to have substantial Asian population bases, particularly significant Chinese populations. Hence, Hong Kong, China, Japan, Taiwan, Singapore and the US are major abalone consuming countries². Given the proximity to South East Asia and existing supply chains, OGA will continue to target South East Asian markets with its greenlip abalone product.

5.4.1 China

China is both a major producer and consumer of abalone¹. China absorbs its own production, yet imports from many producing countries in fresh, frozen and processed form⁵.

CHINA GDP PER CAPITA (CURRENT US\$)



Source: World Development Indicators, World Bank national accounts data, and OECD National Accounts data files

Australian seafood exports to China totalled \$105 million in 2015-16⁶. Australian abalone and rock lobster are the leading Australian premium seafood exports to China, with exports worth \$24 million and \$10 million, respectively, in 2015-16⁶. The China- Australia Free Trade Agreement (ChAFTA) creates an opportunity for Australian seafood in the Chinese market. Tariffs on all Australian seafood exports are scheduled to be eliminated progressively by 1 January 2019. Key outcomes under ChAFTA include the elimination of the 10 to 14 per cent tariff on abalone by 1 January 2019⁶.

Since the China – New Zealand Free Trade Agreement came into force, China's imports of seafood from New Zealand have grown six-fold (to \$454 million)⁶.

China imported 208 tonnes of Australian abalone in 2014-2015 valued at over \$12 million³.

5.4.2 Vietnam

Vietnam imported 530 tonnes of Australian abalone in 2014-2015 valued at over \$30 million³.

5.4.3 Japan

Australia's seafood exports to Japan were worth over \$205 million in 2015-16⁷. Japan imported 313 tonnes of Australian abalone in 2014-2015 valued at over \$17 million³.

5.4.4 Hong Kong

Hong Kong imported 935 tonnes of Australian abalone in 2014-2015 valued at over \$73 million³.

5.4.5 Singapore

Singapore is reliant on food imports for over 90 per cent of its needs, having very little agricultural land and limited domestic food production. Singapore imported over S\$11.25 billion in food and live animals⁸.

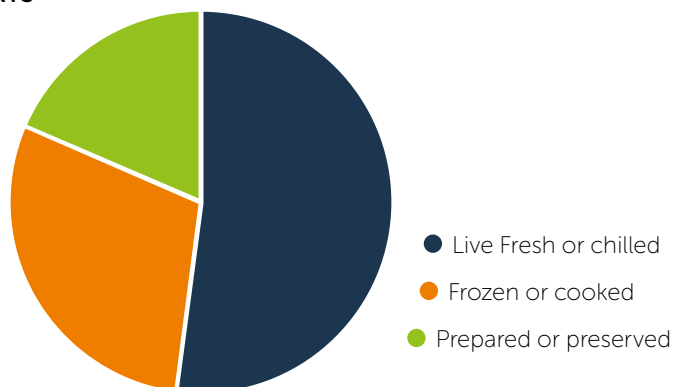
Singapore imported 309 tonnes of Australian Abalone in 2014-2015 valued at over \$20 million³.

5.4.6 Australian Abalone Exports

The majority of Australian abalone is exported to markets in South East Asia. The Australian Bureau of Statistics, International Trade, Australia 2015 classify the abalone export into three categories:

- Live, fresh or chilled
- Frozen or cooked
- Prepared or preserved

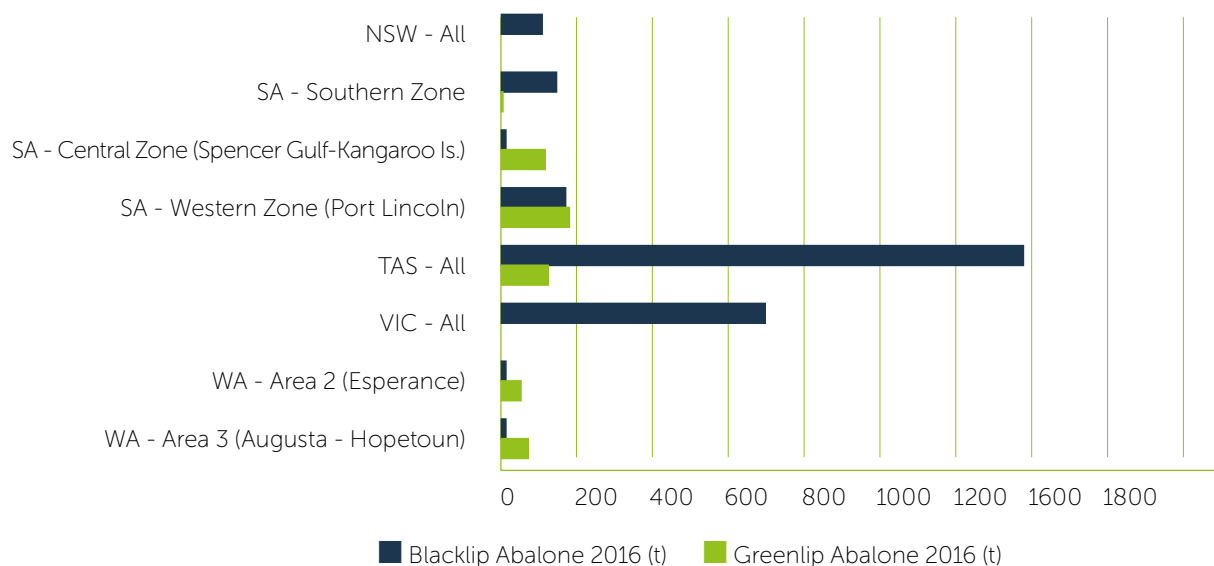
TOTAL AUSTRALIAN 2015 ABALONE EXPORTS




Source: Department of Agriculture and Water Resources, ABARES, Exports of crustaceans and molluscs, Table S20

Australia exports over 60 per cent of its abalone, mainly to Hong Kong, China and Japan. The abalone exported are primarily greenlip and blacklip varieties, which are both farmed and wild catch. In volume terms, Tasmania accounted for 55 per cent of Australia's total abalone production and is one of the largest abalone fisheries in the world. Besides Tasmania, abalone is primarily harvested in Victoria and South Australia⁹.

WILD CATCH ABALONE TONNAGE EXPORTED



Source: Blacklip Abalone, Fisheries Research and Development Corporation (Australia), 2016 and Source: FRDC, Greenlip Abalone, 2016.



The export of fish and fish products from Australia is regulated by the Commonwealth Department of Agriculture and Water Resources, under the Export Control Act 1982 (Cth) and associated legislation. Regulation ensures continued market access and satisfies Australia's trading partners that prescribed goods manufactured and exported from Australia are safe and comply with export legislation and specific importing country requirements.

References

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5. 2012 World Abalone Supply Markets and Pricing, *Fishtech*.
6. Factsheet: Agriculture and Processed Food, China - Australia Free Trade Agreement, Australian Government, 20 December 2016.
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6. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

6.1 DIRECTORS AND KEY MANAGEMENT

The Company is managed by the Board of Directors. The Board comprises four Directors.

Profiles of the Directors are detailed below.



Mr Peter Harold (Non-Executive Chairman)

Bachelor of Applied Science in Chemistry (Melb Uni), FAICD

Peter is the Managing Director of Panoramic Resources Limited (ASX:PAN) and is a process engineer with over 26 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 Peak Resources Limited (ASX:PEK) and a Non-Executive Director of Pacifico Minerals Limited (ASX:PMY). Peter is the immediate past Chairman of Youth Focus, having served on the board for 9½ years. Youth Focus is a not-for-profit charity working to prevent youth suicide and depression.

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 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 Chairman of Shark Bay Prawn Association for 10 years and has significant experience in WA Fisheries-related processes.

Ian has been a Director of and served in an executive capacity for Ocean Grown Abalone Limited since July 2013.



Ms Danielle Lee (Non-Executive Director)
LLB, BEc

Ms Lee is a corporate lawyer with more than 23 years' experience shared between private law firms and the ASX. Her main practice areas are corporate advisory, governance and equity capital markets. She advises on a range of corporate and commercial transactions including capital raisings, business and share acquisitions, shareholder agreements and joint venture arrangements. Most recently Ms Lee was special counsel at Jackson McDonald and previously was counsel for Fairweather Corporate Lawyers for approximately 7 years after having worked for approximately 10 years as legal counsel at ASX Sydney and Assistant Manager at ASX Perth. Ms. Lee is currently a non-executive director of Hazer Group Limited (ASX:HZR).

6.2 CORPORATE GOVERNANCE

The Company has adopted systems of control and accountability in order to implement and maintain a culture of good corporate governance both internally and in its external dealings.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by the ASX Corporate Governance Council ("**Recommendations**"). The Company does not consider that it is appropriate at this time to adopt all the Recommendations given the current size and the scale of its operations. As the Company's operations develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below. Copies of the Company's corporate governance policies are available on the Company's website at www.oceangrown.com.au.

Board of Directors and Composition of the Board

The Board is responsible for corporate governance of the Company and for protecting the rights and interests of Shareholders. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives.

The Board's responsibilities include:

- (a) developing initiatives for asset growth and profit;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Board has a separately constituted Audit and Risk Committee and a Remuneration Committee.

Composition of the Board

The Board comprises 4 Directors. The names, qualification and relevant experience of each Director are set out in Section 6.1. There is no requirement for any Director's shareholding qualification.

As the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately govern the Company's activities determined within the limitations imposed by the Constitution.

Identification and management of risk

The Audit and Risk Committee will identify and manage risk in conjunction with the Board including compliance with risk management policies.



Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration arrangements

Details regarding the remuneration of the Directors is set out in Section 11.8.

The Remuneration Committee is responsible for reviewing and negotiating the compensation arrangements of Directors and senior executives and reviewing and recommending remuneration strategies and policies.

Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel and employees. The policy prohibits any dealing in securities if a person possesses inside information and otherwise generally prohibits dealing during certain closed periods. A process is outlined for prior written clearance to trade for key management personnel generally and for employees during a closed period.

Audit Committee

The Company has an Audit and Risk Committee. This Committee monitors and reviews any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

6.3 COMPLIANCE AND DEPARTURES FROM RECOMMENDATIONS

Following admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are set out below.

Principle and Recommendations	Comply	Explanation
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
Recommendation 1.1 A listed entity should disclose: <ul style="list-style-type: none"> (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management. 	Yes	<p>The Company has adopted a Board Charter which sets out matters including the specific roles and responsibilities of the Board and management, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretaries, and the establishment, operation and management of Board Committees.</p> <p>The Board Charter is set out in the Company's Corporate Governance Plan which is available on the Company's website.</p>
Recommendation 1.2 A listed entity should: <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director. 	Yes	<ul style="list-style-type: none"> (a) The Company undertakes appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director. These checks may include good fame and character, experience, education and financial history and background. <p>The Company confirms that such checks were undertaken in respect of each of the Company's current directors as part of the IPO process.</p> <ul style="list-style-type: none"> (b) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting circulated prior to any general meeting at which a resolution to elect or re-elect a Director will be voted on.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	<p>Each director and senior executive of the Company is party to a written agreement with the Company which sets out the terms and conditions of their appointment.</p>
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretaries. The Company Secretaries are accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</p>



Principle and Recommendations	Comply	Explanation
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have a diversity policy which includes requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: <ul style="list-style-type: none"> (A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. 	Partially	<ul style="list-style-type: none"> (a) The Company has adopted a Diversity Policy however, given the current size of the Company, the Board has determined that the benefits of the initiatives recommended by the ASX Corporate Governance Council in this regard are disproportionate to the costs involved in the implementation of such strategies. Accordingly, the Board has elected to adopt a tiered approach to the implementation of its Diversity Policy which is relative to the size of the Company and its workforce. The Company's policy provides: <ul style="list-style-type: none"> – Where the Company employs 100 or more employees, the Board undertakes to adopt practices in line with the Recommendations of the ASX Corporate Governance Council, including compliance with the requirement for the Company to set and report against measurable objectives for achieving gender diversity. – Whilst the Company's workforce remains below this threshold, the Board will continue to drive the Company's diversity strategies on an informal basis and will apply the initiatives contained in its Diversity Policy to the extent that the Board considers relevant and necessary. (b) The Diversity Policy is set out in the Company's Corporate Governance Plan which is available on the Company's website. (c) For each reporting period following admission to the Official List of the ASX, the Company will include in the annual report each year relevant information about the Company's diversity practices to the extent required by its Diversity Policy.
<p>Recommendation 1.6</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Yes	<ul style="list-style-type: none"> (a) The full board (which performs the role ordinarily assigned to a Nomination Committee) is responsible for evaluating the performance of the Board and individual Directors on an annual basis. The process for this is set out in the Company's Performance Evaluation Procedures policy which is available on the Company's website in the Corporate Governance Plan. (b) For each reporting period following admission to the Official List of ASX, the Company will disclose in the annual report each year whether or not performance evaluations were conducted during the relevant reporting period in line with the Company's Performance Evaluation Procedures policy.



Principle and Recommendations	Comply	Explanation
Recommendation 1.7 A listed entity should: <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Yes	<ul style="list-style-type: none"> (a) The Remuneration Committee is responsible for evaluating the performance of senior executives on an annual basis in accordance with the Company's Performance Evaluation Procedures policy. The Performance Evaluation Procedures policy is available on the Company's website in the Corporate Governance Plan. (b) For each reporting period following admission to the Official List of ASX, the Company will disclose in the annual report each year whether or not performance evaluations were conducted during the relevant reporting period in line with the Company's Performance Evaluation Procedures policy.
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE		
Recommendation 2.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have a nomination committee which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director; and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively. 	Yes	<ul style="list-style-type: none"> (a) The Board has determined that the function of the Nomination Committee is most efficiently carried out with full board participation and accordingly, the Company has elected not to establish a separate Nomination Committee at this stage. As a result, the duties that would ordinarily be assigned to the Nomination Committee under the Nomination Committee Charter are carried out by the full board. The Nomination Committee Charter is set out in the Company's Corporate Governance Plan which is available on the Company's website. (b) The Board will devote time at board meetings to discuss Board succession issues on at least one occasion each financial year. All members of the Board are to be involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.



Principle and Recommendations	Comply	Explanation
Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the skills and diversity that the board currently has or is looking to achieve in its membership.	Yes	<p>The Board of the Company is comprised of directors with a broad range of technical, operational, commercial, legal, financial and other skills, experience and knowledge relevant to overseeing the business of the Company.</p> <p>The Company had developed a skills matrix which it intends to use as a tool to assess the appropriate and ideal balance of knowledge, skills, experience, independence and diversity necessary for the Board to discharge its duties and responsibilities effectively.</p> <p>A summary of the collective skills, experience, independence and diversity of the Board is set in Annexure C of the Company's Corporate Governance Plan which is available on the Company's website.</p>
Recommendation 2.3 A listed entity should disclose: <ul style="list-style-type: none"> (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director. 	Yes	<ul style="list-style-type: none"> (a) The independent directors of the Company are: <ul style="list-style-type: none"> - Peter Harold (Non-Executive Chairman); and - Danielle Lee (Non-Executive Director). Brad Adams (Managing Director) is an executive director and is not independent. Ian Ricciardi (Executive Director) is a substantial shareholder and an executive director and is not considered independent. (b) Details of the Directors interests, positions, associations and relationships are contained within this Prospectus. The Board has determined the independence of each of the Company's directors in line with the guidance set out by the ASX's Corporate Governance Council and have not formed an opinion contrary to those guidelines. (c) The Directors in office have served continuously since their respective dates of appointment which are as follows: <ul style="list-style-type: none"> - Peter Harold: appointed 19 May 2017; - Brad Adams: appointed 1 July 2013; - Ian Ricciardi: appointed 1 July 2013; and - Danielle Lee: appointed 19 May 2017.
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	No	<p>The Board Charter requires that where practical the majority of the Board will be independent.</p> <p>The current independent directors are Peter Harold and Danielle Lee (being 2 of 4 Directors), with Peter Harold holding a casting vote in his capacity as Chairman of the Board.</p>



Principle and Recommendations	Comply	Explanation
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	The Chairman of the Board (Peter Harold) is an independent Director. The Chairman is not the same person as the CEO.
Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	<p>The Company's program for the induction of new directors is tailored to each new Director depending on their personal requirements, background skills, qualifications and experience and includes meetings with management of the Company, the provision of a formal letter of appointment and an induction pack containing sufficient information to allow the new Director to gain an understanding of the business of the Company and the roles, duties and responsibilities of Directors.</p> <p>All Directors are expected to maintain the skills required to effectively discharge their obligations to the Company. All Directors are also encouraged to undergo continual professional development and, subject to prior approval by the Chairman, all Directors have access to numerous resources and professional development training to address any skills gaps.</p>
PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY		
Recommendation 3.1 A listed entity should: <ul style="list-style-type: none"> (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. 	Yes	<ul style="list-style-type: none"> (a) The Company has a Corporate Code of Conduct that applies to its Directors, senior executives and employees. (b) The Company's Corporate Code of Conduct is set out in the Company's Corporate Governance Plan which is available on the Company's website



Principle and Recommendations	Comply	Explanation
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING		
<p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, <p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	Partially	<p>The Company has an Audit and Risk Committee which comprises:</p> <ul style="list-style-type: none"> - Danielle Lee (Independent Chairperson); - Peter Harold (Independent Director); and - Ian Ricciardi (Executive Director). <p>The majority of members of the Audit and Risk Committee are independent directors. Not all members are non-executive directors.</p> <p>The Audit and Risk Committee is chaired by an independent director who is not the chair of the Board.</p> <p>The Audit and Risk Committee Charter is set out in the Company's Corporate Governance Plan which is available on the Company's website.</p> <p>The relevant qualifications and experience of the members of the Audit and Risk Committee are set out in the Prospectus and on the Company's website.</p> <p>For each reporting period following the Company's admission to the Official List of the ASX, the Company will disclose in its annual report the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</p>
<p>Recommendation 4.2</p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Yes	<p>The Company's Audit and Risk Committee is responsible for ensuring that before the Board approves the Company's financial statements for a financial period, the Company receives from its CEO and CFO a declaration that the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>



Principle and Recommendations	Comply	Explanation
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	For each AGM following admission to the Official List of ASX, the Company will ensure its external auditor attends the AGM (in person or by telephone) and is available to answer questions from security holders relevant to the audit.
PRINCIPLE 5: MAKE TIMELY AND BALANCE DISCLOSURE		
Recommendation 5.1 A listed entity should: <ul style="list-style-type: none"> (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. 	Yes	<ul style="list-style-type: none"> (a) The Company has adopted a Continuous Disclosure Policy which details the processes and procedures which have been adopted by the Company to ensure that it complies with its continuous disclosure obligations as required under the ASX Listing Rules and other relevant legislation. (b) The Continuous Disclosure Policy is set out in the Company's Corporate Governance Plan which is available on the Company's website.
PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	Shareholders can access information about the Company and its governance (including its Constitution, Corporate Governance Plan and Corporate Governance Statement) on the Company's website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	<p>The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to Shareholders, including via its website, through announcements released to the ASX, its annual report and general meetings. Shareholders are also welcome to contact the Company or its registrar, Automatic Registry Services, via email or telephone.</p> <p>The Company's Shareholder Communications Strategy is contained in the Company's Corporate Governance Plan which is available on the Company's website.</p>



Principle and Recommendations	Comply	Explanation
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	<p>Shareholders will be encouraged to participate at all general meetings of the Company by written statement contained in every notice of meeting sent to shareholders prior to each meeting.</p> <p>The Company intends to accommodate shareholders who are unable to attend general meetings in person by accepting votes by proxy.</p> <p>Further, any material presented to shareholders at the meeting will be released to the ASX immediately prior to the commencement of the meeting for the benefit of those shareholders who are unable to attend in person. The Company will also announce to the ASX the outcome of each meeting immediately following its conclusion.</p> <p>At each general meeting, shareholders will be given an opportunity to ask questions in relation to the resolutions put to shareholders at that meeting, and in respect of the Company's business and operations generally.</p> <p>At each annual general meeting, shareholders will also be invited by the Chairman to ask questions of the Company's external auditor and the Board in relation to the annual financial report of the Company and the conduct of the audit.</p>
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	<p>Shareholders have the option of electing to receive all shareholder communications by e-mail and can update their communication preferences with the Company's registrar at any time.</p> <p>Security holders can also register with the Company at info@oceangrown.com.au to receive an email notification each time the Company releases an announcement to the ASX.</p>



Principle and Recommendations	Comply	Explanation
PRINCIPLE 7: RECOGNISE AND MANAGE RISK		
Recommendation 7.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework. 	Yes	<p>The Company has an Audit and Risk Committee which comprises:</p> <ul style="list-style-type: none"> - Danielle Lee (Independent Chairperson); - Peter Harold (Independent Director); and - Ian Ricciardi (Executive Director). <p>The majority of members of the Audit and Risk Committee are independent directors.</p> <p>The Audit and Risk Committee is chaired by an independent director who is not the chair of the Board.</p> <p>The Audit and Risk Committee Charter is available on the Company's website.</p> <p>For each reporting period following the Company's admission to the Official List of the ASX, the Company will disclose in its annual report the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</p>
Recommendation 7.2 The board or a committee of the board should: <ul style="list-style-type: none"> (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and (b) disclose in relation to each reporting period, whether such a review has taken place. 	Yes	<ul style="list-style-type: none"> (a) The Company's process for risk management and internal compliance is set out in its Risk Management Policy and includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. The Company's Audit and Risk Committee is responsible for the review of the Company's risk management procedures and internal compliance and controls on an annual basis. (b) For each reporting period following the Company's admission to the Official List of the ASX, the Company will disclose in its annual report whether a review of the Company's risk management framework was undertaken in line with its Risk Management Policy.



Principle and Recommendations	Comply	Explanation
Recommendation 7.3 A listed entity should disclose: <ul style="list-style-type: none"> (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. 	Yes	<ul style="list-style-type: none"> (a) Due to the size and nature of the Company's operations, the Company does not consider it necessary to establish a formal internal audit function at this stage. The Audit and Risk Committee, will however, monitor the need for a formal internal audit function as the Company develops. (b) The effectiveness of the Company's risk management and internal control processes is subject to annual review by the Audit and Risk Committee.
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	The Company's Risk Management Policy details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (where appropriate).
PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY		
Recommendation 8.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have a remuneration committee which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. 	Yes	<p>The Company has a Remuneration Committee which comprises:</p> <ul style="list-style-type: none"> - Danielle Lee (Independent Chairperson); - Peter Harold (Independent Director); and - Brad Adams (Managing Director). <p>The majority of members of the Remuneration Committee are independent directors.</p> <p>The Remuneration Committee is chaired by an independent director who is not the chair of the Board.</p> <p>The Remuneration Committee Charter is available on the Company's website.</p> <p>For each reporting period following the Company's admission to the Official List of the ASX, the Company will disclose in its annual report the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</p>



Principle and Recommendations	Comply	Explanation
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives	Yes	<p>The Company's policies and practices regarding the remuneration of non-executive and executive directors and other senior employees are set out in its Remuneration Policy, a copy of which is available on the Company's website.</p> <p>Non-executive directors are remunerated at a fixed fee for time and may receive equity-based remuneration, subject to shareholder approval, where the Company believes the issue of securities will align the interests of the Company's non-executive Directors with those of shareholders. There are no documented agreements providing for termination or retirement benefits to non-executive directors.</p> <p>Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Performance incentives may include performance bonus payments, shares and / or other appropriate equity securities granted at the discretion of the Board and subject to obtaining the relevant approvals.</p>
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it. 	Yes	<ul style="list-style-type: none"> (a) The Company has an employee incentive scheme. The Remuneration Committee is also responsible for granting permission, on a case by case basis, for scheme participants to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Scheme. (b) The Company's policy in this regard is set out the Company's Remuneration Committee Charter, a copy of which is available on the Company's website

7. RISK FACTORS

An investment in the Shares the subject of this Prospectus is highly speculative as the Company owns and operates an abalone sea ranching business and is seeking to expand its existing operations including developing new sites. Careful consideration should be given to all matters raised in this Prospectus and the relative risk factors prior to applying for Shares offered for subscription under this Prospectus. 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. You should also consider consulting with your professional advisers before deciding whether or not to apply for Shares.

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 "Company and Industry Risks" and "General Investment Risks". The list is not an exhaustive list of risks.

7.1 COMPANY AND INDUSTRY RISKS

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 at a preferred size 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 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 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.

Management of Growth


The Company is seeking to expand and scale its sea ranching business including completing the establishment of a 5,000 habitat ranch at the Flinders Bay 2 Project, establishing stage 1 of operations at the Wylie Bay Project and funding trials and development at the Port Lincoln Development Project. The Company has yet to record profits.

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.

Future funding needs

The funds raised by the Offer will be used to carry out the Company's objectives as detailed in this Prospectus.

The Company is a developing company with an initial established project that is still to achieve production capacity and is yet to record profits. 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) as needed, it may be required to reduce the scope of its operations and scale back its expansion and development programs.

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 upon which it needs to construct the Abalone Processing Facility in accordance with development milestones (see Section 4.9.3). Additionally, the Company's existing Flinders Bay 1 Project and each of the Flinders Bay 2 Project and Wylie Bay Project have relevant government licences and approvals in place in accordance with Western Australian regulations. The Company has been issued with 7 research licences and leases from the South Australian government allowing a sea ranching trial to be conducted at the Port Lincoln Development Project. To establish a commercial sea ranching operation after completion of trials for the Port Lincoln Development Project, a pilot lease and associated licence will need to be successfully applied for.

See Section 4.5 for more detail as to licences, leases and approvals. There is no guarantee of the grant of future licences or leases or the renewal of existing licences or leases.

Juvenile abalone supply contract/contract risk

The Company's success is reliant in part on successfully engaging in contractual relationships with third parties. The material contracts the Company has entered into are summarised in Section 10 and includes the Juvenile Abalone Supply Agreement by which the Company purchase hatchery reared greenlip juvenile abalone under an exclusive supply agreement with a land-based abalone hatchery and grow-out facility in Bremer Bay, Western Australia. This risk is also of dependence on one supplier by this supply agreement.

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 intends to continue to generate revenue by selling produce primarily into South East Asia as well as seeking to expand its product range such as for whole frozen in shell, live and dried (preserved). The risk is that the Company does not engage successfully with wholesalers for its products.

Wylie Bay Project partnering risk

The Company is partnering with a local operator at the Wylie Bay Project. Both a Company subsidiary and the local operator intend to establish separate sea ranching operations within the Wylie Bay lease area. The relationship between the parties is governed by contractual documentation described in Section 10.2 and the successful operation of the Project is reliant upon an effective relationship between the parties



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 application has been made in respect of the Company's sea ranching hardware design and processes (see Section 8). 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.

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.

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.

Assessment of abalone stock 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 stock management system is described in Section 4.3.7.

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.

Diving risk

The Company at the date of this Prospectus employs 14 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.

Liquidity risk

There is no guarantee that the Shares will trade at a particular price or a particular volume after the Company's listing on the ASX. There is no guarantee that there will be an ongoing liquid market for Shares. Accordingly, there is a risk that, should the market for Shares become illiquid, Shareholders will be unable to realise their investment in the Company.



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 Prospectus, there are no legal proceedings or threatened legal proceedings against the Company which are material to its operations, assets, performance or prospects.

Repayment of debt obligations

The Company's only interest bearing debt relates to 3 equipment leases with National Australia Bank Limited ("NAB") over 2 motor vehicles, 2 boats and ancillary equipment. In consideration of a loan, the equipment is mortgaged to NAB with 60 monthly payments to be made from July and December 2015 respectively to July and November 2020. The Company will have unencumbered ownership of the equipment upon completion of the monthly payments. The total repayment obligations to the end dates is approximately \$392,000. The Company intends to continue to make monthly payments until the end dates in order to obtain unencumbered ownership of the equipment.

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 projects as referred to in this Prospectus.


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) (**NTA**), 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.

There is one native title claim in respect of the Company's operations. This is a native title claim by the Nauo People in respect of part of the Port Lincoln Development Project in South Australia. The claim includes 4 of the 7 aquaculture research lease areas constituting the Port Lincoln Development Project (being the Taylor North, Taylor East, Grindal 2 and Thistle 3 areas as shown on the diagram of the Port Lincoln area in Section 4.5). The claim was filed on 6 April 2016 and was accepted for registration on 6 July 2017.

The Company was notified of the native title claim by the National Native Title Tribunal on 30 August 2017 and intends to apply to the Federal Court to become a party to the claim given its holding of the 4 aquaculture research licences and leases within the claim area.

The NTA contains "*future act*" provisions which set out the processes to be followed by governments and their agencies when granting interests that may affect native title. To the extent that interests are granted in accordance with these future act provisions, the interests will be valid with respect to native title. This means that the interests will prevail over, and be unaffected by, any native title over the area covered by the interests.

Section 24HA of the NTA provides for the valid grant of interests which relate to the management or regulation of water or airspace, and includes a requirement for representative Aboriginal bodies and registered native title claimants to be notified of, and given the opportunity to comment on, the proposed grant.



The aquaculture research licences and leases constituting the Port Lincoln Development Project have been granted and the native title claim will not affect the conduct of the trials under the research licences and leases.

In the event that the Company ultimately applies for grants of any pilot or later production licence and lease following the research phase within an area covered by the native title claim, the Department of Primary Industries and Regions (South Australia) will be required to notify the Nauo People as the native title claimant of the application and the Nauo People will be given an opportunity to comment which is generally a 2 month period. This notification and opportunity to comment right prior to grant may affect the proposed grant of any pilot (or later production) licence and lease.

7.2 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.

8. INTELLECTUAL PROPERTY REPORT



The Directors
Ocean Grown Abalone Ltd

20 September 2017

Dear Directors

Ocean Grown Abalone IPO Report
Our Ref: G114432

1. SUMMARY

We provide below our report (the "Report") providing information on the patent application and trade marks being handled by Griffith Hack on behalf of Ocean Grown Abalone Ltd.

Ocean Grown Abalone Ltd is the applicant or owner of the following:

- Australian Standard Patent Application No. 2015202133
- Registered Australian Trade Mark No. 1638882
- Registered Australian Trade Mark No. 1638883

The Report and Schedule set out details of these IP rights, as well as their status as at the date indicated in the Report. The Report is correct to the best of our knowledge as at the date of the Report.

2. MEANING OF INTELLECTUAL PROPERTY

The term "intellectual property" refers to the collection of registrable and non-registrable rights, including rights in patents, designs, trade marks, plant varieties, copyright, confidential information and trade secrets. Intellectual property shares many of the characteristics associated with real and personal property. For example, intellectual property is an asset, and as such it can be bought, sold, valued, licensed, exchanged, or gratuitously given away like any other form of property. Further, the intellectual property owner, has the right to prevent the unauthorised use or sale of the property.

This Report deals only with intellectual property in the form of patents, patent applications and trade marks.

3. PATENTS: GENERAL INFORMATION

3.1. Patent Rights

Patent rights constitute an important component of intellectual property. Patents cover inventions and provide a monopoly in exchange for an inventor's full disclosure of his or her invention to the public. A patent provides protection for novel (new), inventive

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(non-obvious) and useful inventions for a limited period, typically twenty (20) years (subject to the payment of renewal fees). Patents may be granted in respect of new or improved products and methods in almost all areas of current scientific, commercial and industrial activities. As there is no such thing as a worldwide patent, patents must be obtained in every country where protection is required. In many countries the test for patentability is different from that in Australia.

Commercialisation of patented products and processes may require any party other than the patent owner wishing to use such developments to obtain a licence, subject to payment of royalties.

3.2. Inventorship and Ownership

Typically, a patent for an invention may only be granted to the inventor(s), or to a person who has entitlement to the invention by way of assignment or other means from the inventor(s).

3.3. Process for Obtaining Patent Protection

Ocean Grown Abalone Ltd is the applicant of a single pending Australian patent application. Hence, the information provided below is generally limited to the process of obtaining patent protection in Australia.

In Australia the process of protecting patent rights begins with the submission of a patent application comprising a patent specification describing the invention. In Australia, this is usually in the form of an Australian provisional patent application. This filing establishes a so-called "priority date".

A fundamental requirement of the patent system is that the invention is novel and inventive at the time of filing, relative to what was publicly known or used prior to the priority date. Accordingly, it is imperative that the specification contains a full disclosure of the invention. A patent specification generally consists of a description of the invention and so-called "claim(s)", which define the scope of the invention. The description also typically provides background information, such as a description of existing products, manufacturing or testing methods or processes and related problems, which enables an Examiner and others to assess the application for inventiveness.

A provisional patent application is not examined for novelty or inventiveness, and does not provide enforceable rights. Instead, a provisional patent application reserves a priority date for the information contained within the application, for twelve (12) months. An applicant must file a complete (i.e. non-provisional) patent application within a year of filing the provisional patent application in order for that complete patent application to take the priority date of the provisional patent application. The complete patent application may be in the form of an Australian patent application, one or more patent applications filed directly in overseas countries or regions, and/or a patent application

filed under the Patent Cooperation Treaty (sometimes referred to as an “International Patent Application”).

National or regional patent applications progress under the jurisprudence and legislation of each country or region. In Australia, once a standard patent application is filed, the applicant has five (5) years in which to request examination of the patent application. Commonly, however, the Australian Patent Office will direct an applicant to request examination of the patent application prior to the expiry of this five (5) year period. In such cases, the applicant must request examination of the application with two (2) months.

Examination by the Australian Patent Office comprises an examination of the art to which the invention pertains as it existed at the priority date of the application. A vigorous standard of examination applies to the patent application that is the subject of this report. Examination generally involves a “search” to locate prior publications (“prior art”) dated before the priority date of the patent application. Whether the invention is new and inventive (patentable) is then assessed against the prior art that has been located in the search and any other prior art that the Patent Office may have been made aware of. If a patent application is found to meet the requirements for patentability, it will progress to acceptance and then to grant.

3.4. Granted Patents: Validity, exploitation and enforcement

Grant of a patent provides a prima facie indication of validity or enforceability, but does not guarantee that the patent is valid or enforceable. Neither Griffith Hack nor the Australian Patent Office is able to provide an assurance that Ocean Grown Abalone Ltd’s pending patent application will be granted or will be held valid and enforceable following grant (e.g. in re-examination or litigation).

Notwithstanding the issue regarding guaranteed enforceability, once a patent has been granted and throughout the lifetime of a patent, the proprietor has the exclusive rights to use the patented technology. This means that they can decide to exclusively use it for their own benefit (for instance, by means of application in their own products) and prevent others from using it. Alternatively, they can allow others to use it under the terms of a license agreement. The terms of the license agreement generally define the limited scope of the use of the patent and the consideration to be paid for the use of it.

In Australia, the remedies for unauthorised use (patent infringement) available to the patent owner include an injunction, which effectively stops further infringement of the patent, damages or account of profits, and costs.

4. TRADE MARKS: GENERAL INFORMATION

4.1. Overview

A trade mark can be a word, phrase, letter, number, sound, smell, shape, logo, picture, aspect of packaging or a combination of these. A trade mark is a sign used by traders to distinguish their goods/services from those of other traders.

Only trade marks which are capable of distinguishing goods and/or services from other traders are registrable. As a result, it can be difficult to register a trade mark that is descriptive or that denotes the kind, quality, intended purpose or value of goods and/or services, or if it conflicts with an earlier mark.

A trade mark identifies a business as the source of the goods and/or services and as a result enables them to distinguish the goods and/or services from those of other traders. This can lead to brand loyalty as the public will associate a certain quality or image with the goods and/or services bearing the trade mark which can provide a competitive edge in order to grow the business.

Brand loyalty is important as a trade mark remains valid as long as it is actively used in relation to the goods and/or services for which it is registered.

4.2. Registration

The registration of a trade mark is effective for ten years and can be renewed for further ten (10) year periods, subject to payment of renewal fees. The registration of a trade mark grants the registered owner the exclusive right to use and authorise the use of the trade mark. It also enables the registered owner to prevent or take action against the unauthorised use of the mark by a third party.

4.3. International Protection

In relation to international protection, there is no form of world trade mark. Each individual country has enacted an active trade mark legislation and separate rights must be claimed in each country by the filing of an application. Separate searches must also be conducted in each country to determine the availability of a trade mark for use or registration. There are, however, two exceptions to this general rule.

The first exception is the European Community, which has established a community trade mark system that operates in parallel to the national trade mark registration systems of the 27 countries of the European Community. A single trade mark application can be filed covering all 27 countries of the European Community.

The second exception is the International Registration system established by the Madrid Protocol. This system allows for an International Registration to be claimed on the basis of an existing Australian registration. The International Registration does not in itself grant any rights in countries that are members of the International Registration system. Acquiring an International Registration does permit for the designation or filing

of a trade mark in each country. The advantage of a designation from an International Registration as opposed to the direct filing is that a designation occurs by means of a notification from the Australian Trade Marks Office; this avoids incurring the cost of appointing an attorney in each country and results in a significant cost savings.

4.4. Common Law Trade Marks

There is also value in unregistered or common law trade marks. These are trade marks that are in use in the marketplace but which have not been registered. If such marks have been used for a significant period of time, the owner could rely on reputation in the mark to prevent unauthorised use of trade mark by a third party. Extensive, long-term use of a common law trade mark may also enable it to be registered as a trade mark.

5. AUSTRALIAN PROVISIONAL PATENT APPLICATION NO. 2014901499

5.1. History and Status

This provisional application was filed on 24 April 2014 and lapsed on 24 April 2015. Prior to the lapsing of this application, Ocean Grown Abalone Ltd filed a Standard Australian Patent Application claiming priority from this provisional patent application.

5.2. Ownership and Inventorship

The inventor for this application is Brad Adams.

We have examined whether there are any issues regarding ownership by or entitlement of Ocean Grown Abalone Ltd with respect to this patent application and we are satisfied that unencumbered ownership and entitlement with respect to the invention that is the subject of this patent application is held by Ocean Grown Abalone Ltd.

At the time Mr Adams made the invention that is the subject of this provisional patent application, Mr Adams was a director of Ocean Grown Abalone Pty Ltd. Pursuant to his directorship, any right, title or interest of Mr Adams in the provisional patent application, vested exclusively in Ocean Grown Abalone Pty Ltd.

Subsequent to the filing of the provisional patent application Ocean Grown Abalone Pty Ltd became Ocean Grown Abalone Ltd.

Mr Adams has executed a Confirmatory Deed of Assignment, confirming assignment of ownership to Ocean Grown Abalone Ltd.

6. AUSTRALIAN STANDARD PATENT APPLICATION NO. 2015202133

6.1. History and Status

This standard application was filed on 24 April 2015 and claims the priority date (24 April 2014) of provisional patent application no. 2014901499.

On 10 January 2017, the Australian Patent Office directed Ocean Grown Abalone Ltd to request examination of this application. Examination of this application was subsequently requested on 11 January 2017.

This application is currently awaiting examination by the Australian Patent Office.

6.2. Ownership and Inventorship

The inventor for this application is Brad Adams.

We have examined whether there are any issues regarding ownership by or entitlement of Ocean Grown Abalone Ltd with respect to this patent application and we are satisfied that unencumbered ownership and entitlement with respect to the invention that is the subject of this patent application is held by Ocean Grown Abalone Ltd.

At the time Mr Adams made the invention that is the subject of this standard patent application, Mr Adams was a director of Ocean Grown Abalone Pty Ltd. Pursuant to his directorship, any right, title or interest of Mr Adams in the patent application, vested exclusively in Ocean Grown Abalone Pty Ltd.

Subsequent to the filing of this patent application Ocean Grown Abalone Pty Ltd became Ocean Grown Abalone Ltd.

Mr Adams has executed a Confirmatory Deed of Assignment, confirming assignment of ownership to Ocean Grown Abalone Ltd.

6.3. Content

This application is directed to an artificial reef structure, and currently includes claims defining:

- an artificial reef structure;
- a system for ranching abalone;
- a method of ranching abalone; and
- a method of manufacturing an artificial reef structure.

7. AUSTRALIAN REGISTERED TRADE MARK 1638882

7.1. History and Status

This trade mark was filed on 5 August 2014, and was entered on the register on 23 March 2015.

The current status of this trade mark is registered and it is thus currently enforceable.

7.2. Ownership

Ocean Grown Abalone Ltd engaged Red Meets Blue Pty Ltd to create the device that is the subject of this trade mark. The device was created by an employee of RMB in the course of the employee's employment at RMB.

RMB has executed a Confirmatory Deed of Assignment confirming assignment of ownership in all intellectual property in the work to Ocean Grown Abalone Ltd.

7.3. Protection

This registered trade mark is a device trade mark for the "Ocean Grown Abalone" logo. A copy of this device is provided in the Schedule.

8. AUSTRALIAN REGISTERED TRADE MARK 1638883

8.1. History and Status

This trade mark was filed on 5 August 2014, and was entered on the register on 23 March 2015.

The current status of this trade mark is registered and it is thus currently enforceable.

8.2. Ownership

We have examined whether there are any issues regarding ownership by or entitlement of Ocean Grown Abalone Ltd with respect to this trade mark and we are satisfied that unencumbered ownership and entitlement of the trade mark is held by Ocean Grown Abalone Ltd.

8.3. Protection

This registered trade mark is a word trade mark for the word "ABITAT".

9. FURTHER ISSUES

9.1. Patent Enforceability and Infringement

Once a patent has been granted the owner may initiate infringement proceedings against an alleged infringer of the patent. Patent infringement proceedings cannot be initiated on the basis of a pending application.

Having a patent application is not a defence to infringement of a patent owned by another party. Hence, it is still possible that the intellectual property rights or common law rights of another party may be infringed by making or selling the invention disclosed in Ocean Grown Abalone Ltd's standard Australian patent.

As at the date of the report we are not aware of intellectual property rights or common law rights that are being infringed by Ocean Grown Abalone Pty Ltd. However, we have not conducted a search in order to attempt to identify rights of any other parties.

As at the date of this report we are also not aware of an application referred to in this report being the subject of any opposition or litigation.

9.2. Validity of Patent Applications

The ultimate validity of the claims of patent can be challenged:

- (a) during examination;
- (b) in opposition proceedings once the application has been examined and found allowable;
- (c) in court during revocation proceedings brought by a third party; or
- (d) during infringement proceedings initiated against an alleged infringer by the patentee.

If a patent/application survives any and all such challenges then the validity of the claims of patent is strengthened.

As Ocean Grown Abalone Ltd's Australian standard patent application is pending, it will undergo examination. It cannot be assumed that this application (or any applications stemming from this application) will proceed to grant or, if grant is achieved, that the claims will remain in their present form. It is possible, for example, that the scope of the claims of this patent application may be restricted during examination of the application.

9.3. Entitlement to claimed priority date

In Australia, for subject matter contained in a non-provisional patent application to be entitled to the priority date established by a corresponding priority patent application or provisional patent application there must be a "real and reasonably clear disclosure" of the subject matter in the priority application. Similar provisions apply in other jurisdictions. Subject matter disclosed in a non-provisional patent application that is not contained in a corresponding priority application is generally only entitled to the filing date of the non-provisional application as a priority date.

9.4. Renewal fees

Ocean Grown Abalone Ltd recognises that renewal fees must be paid in order to maintain its patents. At the time of preparing this Report, no renewal fees are currently overdue.

9.5. Qualifications & Independence

Griffith Hack is a firm of patent and trade mark attorneys and lawyers that provide advice in relation to all aspects of intellectual property. Griffith Hack has extensive experience protecting and defending intellectual property rights and commercialising products and services. Griffith Hack provides a comprehensive intellectual property service through its patent and trade mark attorney practices, law firm, consultancy arm and through its partnership with a major international renewal service.

Yours sincerely

A handwritten signature in black ink, appearing to read "Robert Wulff".

Robert Wulff

Principal

robert.wulff@griffithhack.com


Enc: Schedule

SCHEDULE

Patents

Title: An Artificial Reef Structure					
Application No.	Type	Application Date	Earliest Priority	Case Status	Country
2014901499	Provisional Patent	24-Apr-2014	24-Apr-2014	Lapsed	Australia
2015202133	Standard Patent	24-Apr-2015	24-Apr-2014	Pending	Australia

Trade Marks

Title: OCEAN GROWN ABALONE Logo					
Device: 					
Application No.	Type	Application Date	Earliest Priority	Case Status	Country
1638882	Device	5-Aug-2015	5-Aug-2015	Registered	Australia

Title: ABITAT					
Application No.	Type	Application Date	Earliest Priority	Case Status	Country
1638883	Word	5-Aug-2015	5-Aug-2015	Registered	Australia

9. INVESTIGATING ACCOUNTANTS REPORT



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26 September 2017

The Directors
Ocean Grown Abalone Limited
Level 3, 3 Cantonment Street
Fremantle WA 6160

Dear Sirs

RE: INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

This report has been prepared at the request of the Directors of Ocean Grown Abalone Limited ("OGA" or "the Company") for inclusion in a Prospectus to be dated on or around 28 September 2017 ("the Prospectus") relating to the proposed offer and issue by OGA of 40,000,000 Shares ("New Shares") at a price of 25 cents each to raise a gross amount of \$10,000,000.

2. Basis of Preparation

This report has been prepared to provide investors with information on historical results, the condensed consolidated statement of financial position (balance sheet) of OGA and the pro-forma consolidated statement of financial position of OGA as noted in Appendix 2. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporation Act 2001.

This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stantons International Securities Pty Ltd (trading as Stantons International Securities) has not been requested to consider the prospects for OGA, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so.

Stantons International Securities Pty Ltd accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report and information in the Prospectus taken from or based on this report. Risk factors are set out in Sections 1 and 7 of the Prospectus and all investors should read the risks associated with investing in the Company.

3. Background

The principal activities of the Company are the ongoing development and expansion of its sea ranching hardware design and processes that allows for near-shore aquaculture ("Ranching"). This included activities in relation to the establishment of its initial abalone Ranching operation in Flinders Bay, Augusta WA. In particular, the continuation of the construction and deployment of Abitat structures ("Abitats") and the seeding of juvenile abalone stock with a three-year growth cycle.

During the financial year 2016, the Company continued the construction and deployment of Abitat structures and seeding of juvenile stock at the Flinders Bay project in Augusta WA with a three-year growth cycle.

Research and development activity was also undertaken in relation to potential expansion sites at Wylie Bay (Esperance, WA) and Port Lincoln (SA).

The Company incorporated a new subsidiary on 4 August 2015, called Wylie Bay Abalone Pty Ltd ("WBA"), for the purposes of undertaking activity on the Wylie Bay project. The Company owns 66.67% of WBA with remaining 33.33% owned by an unrelated entity, Ocean King Fishing Pty Ltd.

During the financial year 2016 the Company issued new convertible notes totalling \$1,700,000, the key terms of which were:

- annual interest rate of 8% payable monthly in arrears;
- loan balance being convertible to shares at an issue price of \$0.80 per share (on a pre-share split basis), with such conversion being at the election of the note holder; and
- termination date of 30 June 2017.

During the financial year 2016 the Company also raised \$50,000 via the exercise of 1,000,000 options, each with an exercise price of \$0.05. These options had previously been issued to directors in the 2015 financial year.

During the year ended 30 June 2017, the following significant matters occurred:

- additional convertible notes totalling \$0.25 million were issued during the 2017 financial year. These notes were issued on the same terms as the convertible notes issued during the 2016 financial year;
- on 11 November 2016, the Company undertook a share split on a 5 for 1 basis ("Share Split"), resulting in the number of Shares on issue in the Company increasing from 10,000,000 to 50,000,000;
- on 18 November 2016, the Company issued (on a post Share Split basis) 47,218,750 new Shares pursuant to the conversion of all outstanding convertible notes, totalling \$7,555,000, at a conversion price of \$0.16 per Share;
- on 22 December 2016, the Company converted from a proprietary company to a public company and changed its name to Ocean Grown Abalone Limited; and
- on 22 December 2016, the Company completed a placement consisting of (on a post Share Split basis) 30,000,000 Shares at an issue price of \$0.20 per Share for gross proceeds of \$6,000,000.

Significant matters that have arisen since the end of the 2017 financial year are:

- on 1 August 2017, the existing 7,633,125 options, each with an exercise price of \$0.26 and expiry date of 28 December 2020, were cancelled and replaced with 8,807,452 new options, each with an exercise price of 30 cents and an expiry date of 28 December 2020. The increased number of options being in proportion to the 30/26 increase in the exercise price;
- on 1 August 2017, 2,500,000 options were issued to non-executive directors, each with an exercise price of \$0.44 and expiry date of 30 September 2021; and
- in July 2017, the Company was granted 7 aquaculture licenses and leases, covering an area of approximately 7 hectares in the ocean off Port Lincoln, South Australia. The licenses and leases, which were issued by the South Australian Government and expire on 30 September 2018, were issued for the purposes of undertaking initial research and development trials.

The Company has entered into two key management personal employment contracts, the details of which are outlined in the Material Contracts Section 10 of the Prospectus.

In September 2017, the Company agreed to issue 12,000,000 Performance Rights to the Managing Director. Details are outlined elsewhere in the Prospectus and summarised in Note 16 to Appendix 3 below.

Potential investors should read the Prospectus in full. We make no comments as to ownership or values of the current and proposed assets of OGA. Further details on all significant material contracts entered into by OGA relevant to new and existing investors are referred to in Section 10 and elsewhere in the Prospectus.

4. Scope of Examination

You have requested Stantons International Securities Pty Ltd to prepare an Independent Accountant's Report on:

- (a) The consolidated statement of profit and loss and other comprehensive income of OGA for the three years ended 30 June 2015, 2016 and 2017;
- (b) The consolidated statement of financial position of OGA as at 30 June 2017; and
- (c) The pro-forma consolidated statement of financial position of OGA as at 30 June 2017 adjusted to include funds to be raised by the Prospectus and the completion of transactions referred to in note 2 of Appendix 3.

All of the historical and pro-forma financial information referred to above has been subject to audit review in accordance with Auditing Standard on Review Engagements ASAE 2405 "*Review of Historical Financial Information other than a Financial Report*" rather than an audit (except that an audit of OGA was conducted for the three years ended 30 June 2017 by Stantons Audit and Consulting Pty Ltd).

It is our view that the historic financial information set out in Appendices 1, 2 and 3 presents fairly and no adjustments on the historical results, cash flows and statements of financial position, as shown in Appendices 1, 2 and 3 are required. We state that nothing has come to our attention which would require any further modification to the financial information relating to OGA in order for it to present fairly, the consolidated statements of other comprehensive income for OGA for the three years ended 30 June 2017 (and the statement of change in equity for the two years ended 30 June 2017) and the consolidated statement of financial position as at 30 June 2017 for OGA.

The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. It is noted that OGA has been audited by an accounting firm associated with us and we have accepted the audit opinions and the financial information as giving a true and fair view of the results and cash flows of OGA for the years ended 30 June 2015, 2016 and 2017 (and the statement of changes in equity for the two years ended 30 June 2017) and the consolidated statements of financial position as at 30 June 2015, 2016 and 2017.

Our examination also included:

- a) Discussions with management of OGA;
- b) Review of contractual arrangements;
- c) A review of publicly available information; and
- d) A review of work papers, accounting records and other documents.

5. Opinion

In our opinion, the pro-forma consolidated statement of financial position as set out in Appendix 2 presents fairly, the pro-forma consolidated statement of financial position of OGA as at 30 June 2017 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3. It is our view that the historic financial information set out in Appendices 1, 2 and 3 presents fairly and no adjustments on the historical results and cash flows and statements of financial position, as shown in Appendices 1, 2 and 3 (OGA information to 30 June 2017 audited by an independent accounting firm associated with Stantons International Securities Pty Ltd) are required.

We state that nothing has come to our attention which would require any further modification to the financial information relating to OGA in order for it to present fairly, the statements of other comprehensive income for OGA for the three years ended 30 June 2017 (refer Appendix 1) and the statement of financial position as at 30 June 2017 for OGA.

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 30 June 2017 that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. Other Matters

At the date of this report, Stantons International Securities Pty Ltd does not have any interests in OGA either directly or indirectly, or in the outcome of the Offer as described in the Prospectus. Stantons International Securities Pty Ltd were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus except to the extent such information is, or is based on, the information in this report. The parent entity of Stantons International Securities Pty Ltd being Stantons International Audit and Consulting Pty Ltd, are the auditors of OGA and have issued unqualified audit reports as noted above. However, the audit reports contained an emphasis of matter pertaining to going concern. The raising of cash funds from the IPO as noted above will alleviate the going concern issue. The financial information in this report is to 30 June 2017 only and does not take into account losses incurred post 30 June 2017 to the date of the Prospectus. Stantons International Securities Pty Ltd consents to the inclusion of this report (including Appendices 1 to 3) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD



**John P Van Dieren – FCA
Director**

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 1 – CONDENSED STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME YEARS ENDED 30 JUNE

	2017 \$	2016 \$	2015 \$
Revenue	744,713	291,679	64,234
Other income	101,816	79,221	11,441
R&D tax incentive	1,377,541	1,435,659	1,526,085
Total income	2,224,070	1,806,559	1,601,760
Cost of goods sold	(394,546)	(3,045)	-
Fair value adjustment of biological assets	947,049	184,069	(71,692)
Processing expenses	(199,477)	(252,795)	(31,689)
Employee benefits expense	(1,374,231)	(1,058,612)	(891,229)
Diving, vessels & operations expense	(889,132)	(677,028)	(809,791)
Corporate & administration	(719,070)	(212,678)	(219,925)
Depreciation & amortisation expense	(393,478)	(274,726)	(196,881)
Goodwill write-off	-	-	(605,986)
Net interest received / (paid)	(597,338)	(551,547)	(246,307)
Other expenses	(113,586)	(83,429)	(21,758)
Selling and distribution	(39,829)	-	-
	(3,773,638)	(2,929,791)	(3,095,258)
(Loss) before tax	(1,549,568)	(1,123,232)	(1,493,498)
Income tax (expense)	(202,934)	(202,691)	(59,744)
(Loss) after tax from continuing operations	(1,752,502)	(1,325,923)	(1,553,242)
Other comprehensive income / (loss) for the year, net of tax:			
- Items that may be reclassified to profit or loss	-	-	-
- Items that will not be reclassified to profit or loss	-	-	-
Total comprehensive (Loss) for the year	(1,752,502)	(1,325,923)	(1,553,242)
Loss attributable to:			
-Owners of the Company	1,745,455	(1,325,823)	(1,553,242)
- Non-controlling interests	(7,047)	(100)	-
	1,752,502	(1,325,923)	(1,553,242)
Total comprehensive loss attributable to:			
-Owners of the Company	1,745,455	(1,325,823)	(1,553,242)
- Non-controlling interests	(7,047)	(100)	-
	(1,752,502)	(1,325,923)	(1,553,242)

APPENDIX 2 – AUDITED AND AUDIT REVIEWED CONSOLIDATED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	OGA 30 June 2017 (Audited)	OGA Pro-forma 30 June 2017 (Audit Reviewed)
		\$	\$
Current Assets			
Cash assets	3	2,990,360	12,120,360
Trade and other receivables	4	1,651,510	1,651,510
Biological assets	5	1,480,000	1,480,000
Inventory	6	184,346	184,346
Other	9	25,000	25,000
Total Current Assets		<u>6,331,216</u>	<u>15,461,216</u>
Non-Current Assets			
Property, plant and equipment	7	1,718,900	1,718,900
Biological assets	5	2,249,337	2,249,337
Intangible assets	8	72,263	72,263
Other assets	9	126,464	126,464
Total Non-Current Assets		<u>4,166,964</u>	<u>4,166,964</u>
Total Assets		<u>10,498,180</u>	<u>19,628,180</u>
Current Liabilities			
Trade payables	10	631,964	631,964
Unearned income	11	205,462	205,462
Interest bearing liabilities	12	105,009	105,009
Provisions- Employee Liabilities	13	53,693	53,693
Current tax liability	14	114,333	114,333
Total Current Liabilities		<u>1,110,461</u>	<u>1,110,461</u>
Non-Current Liabilities			
Interest bearing liabilities	12	255,730	255,370
Deferred tax liabilities	15	213,970	213,970
Total Non- Current Liabilities		<u>469,700</u>	<u>469,700</u>
Total Liabilities		<u>1,580,161</u>	<u>1,580,161</u>
Net Assets		<u>8,918,019</u>	<u>18,048,019</u>
Equity			
Issued capital	16	14,046,786	24,899,663
Reserves	17	823,660	2,913,528
Accumulated losses	18	(5,946,280)	(9,759,025)
Equity attributable to owners of the Company		<u>8,924,166</u>	<u>18,054,166</u>
Non-controlling interests		<u>(6,147)</u>	<u>(6,147)</u>
Total Equity		<u>8,918,019</u>	<u>18,048,019</u>

Condensed notes to and forming part of the above condensed statements of financial position are attached.

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 3

CONDENSED NOTES TO THE AUDITED AND AUDIT REVIEWED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION

1. Statement of Significant Accounting Policies

Basis of Accounting

The audited condensed Statement of Other Comprehensive Income and audited and unaudited condensed Statements of Financial Position have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia (including the Australian equivalents of International Financial Reporting Standards) and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated. The financial statements have been prepared on a going concern basis that is dependent on the capital raising being successful.

Basis of Consolidation

The Group financial statements consolidate those of the parent company and its subsidiaries. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interest are attributed their share of profit or loss and each component of comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business Combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interest issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (i) the fair value of consideration transferred; (ii) the recognised amount of any non-controlling interest in the acquiree; and (iii) the acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess is recognised directly in profit and loss as a bargain purchase.

Foreign currency translation

Foreign currency transactions during the period are converted to Australian currency using the exchange rates prevailing at the dates of the transactions. Amounts receivable and payable in foreign currency at balance date are also converted at the spot rate at each reporting date.

Realised exchange gains and losses during the period are included in the operating profit before income tax as they arise. Unrealised exchange gains and losses at balance date are included in the operating profit before income tax to the extent that their realisation is certain.

Revenue recognition

Revenue from the sale of goods is recognised upon the dispatch of goods to customers. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

Interest income and expenses are reported on an accrual basis.

Research and development tax refund

Refund amounts received or receivable under the Federal Government's Research and Development Tax Incentive are recognised on an accrual basis.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets are impaired. In the case of financial assets classified as available for sale, a significant or prolonged decline in the fair value of an asset below its cost is considered as an indicator that the assets are impaired. If any such evidence exists for financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of profit or loss and other comprehensive income – is removed from equity and recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments classified as available for sale are not reversed through the statement of profit or loss and other comprehensive income.

Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The Group is not consolidated for tax purposes.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Good and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash on hand, deposits held at call with banks and other highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents are as described above.

Trade and other receivables

Trade receivables, which generally have 30-day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs include all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs are assigned on the basis of weighted average costs. In the case of abalone stock, upon harvest the stock is transferred from Biological Assets to Inventory at a revised cost value, being the carrying value previously determined for that stock in accordance with the AASB 141 (refer below).

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expense.

Biological Assets

Biological assets comprise abalone stock located on Abitats.

The abalone stocks are valued at their fair value less costs to sell in accordance with the AASB 141 Agriculture Standard. Where fair value cannot be reliably measured biological assets are measured at cost less impairment losses.

For abalone stock below 90mm (~120g whole weight), these biological assets are measured at cost as the Company considers that the fair value for this stock cannot be reliably measured on the basis that its commercial sales are only for product above this size threshold.

Abalone stock above 90mm (~120g whole weight) are measured at fair value less cost to sell. The valuation takes into consideration estimated growth rates and mortality (refer Note 5 for a description of the methodology used for the estimation of growth rates and mortality). The market prices are derived from observable market prices (when available) and realised prices. The prices are reduced for estimated harvesting costs, processing costs, freight costs and other selling costs, to determine the net fair value.

The net increase / (decrease) in the fair value of abalone stock at period end is recognised as income / (expense) in the profit and loss.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Fair value movements are recognised within the income statement.

Property, plant and equipment

Property, plant and equipment is initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in a manner intended by the Group's management. These assets are subsequently measured at cost less depreciation and impairment losses.

Repairs and maintenance expenditure is charged to the Statement of Profit or Loss during the financial period in which it is incurred.

Depreciation

The depreciable amounts of fixed assets are depreciated on either a diminishing value (DV) method or on a straight-line (SL) basis over their useful lives to the Group commencing from the time the asset is held ready for use. The following depreciation rates were applied during the financial period:

Plant and equipment	20% SL
Dive vessels	20% SL
Barge	20% SL
Dive equipment	20% SL
Motor vehicles	20% SL
Moulds	20% SL

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Derecognition

Additions of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the Profit or Loss.

Impairment

Carrying values of plant and equipment are reviewed at each balance date to determine whether there are any objective indicators of impairment that may indicate the carrying values may be impaired.

Intangible assets

Trademarks, patents, leases and licenses are initially recorded at cost incurred to acquire. Intangible assets which are deemed to have an indefinite life are tested annually for impairment and carried at cost less accumulated impairment losses. Assets deemed to have a finite life are amortised over their expected economic life to the Company and then recorded at cost less accumulated amortisation and impairment losses.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Biological Assets

Biological assets are measured at fair value less cost to sell in accordance with AASB 141. Abalone stock below 90mm (~120g) are measured at cost, on the basis that the Company considers that the fair value cannot be measured reliably.

Abalone stock above 90mm (120g) is measured at fair value in accordance with AASB 141. Management estimates the fair value of biological assets, taking into account the most reliable evidence available at each reporting date in relation to the underlying assumptions, including mortality rates, growth rates, calculation of biomass, harvest costs, processing costs, selling costs and market prices.

Biomass is calculated using a size/weight algorithm derived from industry reports. In relation to the assumptions underlying mortality rates and growth rates, from which the stock estimates are extrapolated, including biomass, these are updated following each six monthly survival count and size class measurements. The bi-annual stock counts and measurements are taken over approximately 6% of the entire farm, which has been determined to be a statistically relevant sample size.

The future realisation of these biological assets may be affected by any variance between actual results and the assumptions relied upon.

Deferred Tax Assets and Liabilities

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the tax benefit can be utilised. Deferred tax assets are reviewed at each reporting date to assess the probability that the related tax benefit will be realised. Assumptions about the generation of future taxable profits depends on the Group's estimates of future cash flows, which in turn depend on estimates of future sales volumes and pricing, operational costs, capital expenditure and capital management transactions.

The Group recognises liabilities for anticipated tax issues based on estimates of the additional taxes that are likely to become due, which requires judgement. Amounts are accrued based on management's interpretation of applicable tax law and the likelihood of settlement. Where the final tax position is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax balances in the period in which such determination is made, resulting in an adjustment to prior years.

Impairment

In assessing impairment, management estimates the recoverable amount of each assets or cash generating unit based on expected future cash flows and uses an interest rate to discount them (where applicable). Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (if applicable).

Useful life of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected useful life of the assets. Uncertainties in these estimates include assessing the impact of the Company's operating environment and technical and other forms of obsolescence.

2. Actual and Proposed Transactions to Arrive at Pro-Forma Audit Reviewed Consolidated Statement of Financial Position

Actual and proposed transactions adjusting the 30 June 2017 audited condensed consolidated Statement of Financial Position of OGA in the pro-forma consolidated Statement of Financial Position of OGA are as follows:

- (a) The issue of a 40,000,000 New Shares raising the gross amount of \$10,000,000 from the capital raising at 25 cents each;
- (b) The incurring of capital raising costs estimated and expensing against issued capital at \$870,000;
- (c) The issue of 10,039,450 share options to an advisor at an exercise price of 39 cents with a deemed fair value of \$1,141,224;
- (d) The issue of 12,000,000 Performance Rights to the Managing Director:

- (e) The issue of 6,891,510 ordinary shares to an adviser at 25 cents each for a total cost of \$1,722,877;
- (f) The issue of 2,500,000 share options at an exercise price of 44 cents with a deemed fair value of \$197,326; and
- (g) The issue of 8,807,452 share options at an exercise price of 30 cents with a deemed fair value of \$751,408 and the cancelation of 7,633,125 share options outstanding as at 30 June 2017.

	Note 2	Audited OGA Group 30 June 2017	Audit Reviewed OGA Group Pro-forma 30 June 2017
		\$	\$
3. Cash Assets			
The movements in cash assets are as follows:			
Audit reviewed 30 June 2017		2,990,360	2,990,360
Issue of New Shares	(a)	-	10,000,000
Prospectus issue costs	(b)	-	(870,000)
		2,990,360	12,120,360
4. Trade and other receivables			
Trade debtors		86,107	86,107
Sundry and other debtors		1,377,541	1,377,541
GST receivable		187,862	187,862
		1,651,510	1,651,510

At the reporting date, none of the trade and other receivables were past due or impaired.

Sundry and other debtors for the 2017 financial year represents the R&D refund for the period of \$1,377,541.

5. Biological assets

Current			
Abalone on Abitats		1,480,000	1,480,000
		1,480,000	1,480,000
Non-current			
Abalone on Abitats		2,249,337	2,249,337
		2,249,337	2,249,337

The carrying value of abalone on hand at year end was calculated as follows:

	2017	2016
Opening balance	2,218,417	862,433
Increases due to purchases	1,077,021	1,174,960
Decreases due to harvest for processing to inventory	(513,150)	(3,045)
Fair value adjustment at year end recognised in profit and	947,049	184,069
Closing balance	3,729,337	2,218,417

The closing stock estimate was 1,558,699 abalone with a biomass of 121,870kg. This comprised (i) 1,070,019 abalone with an estimated nominal size below 90mm and total estimated biomass of 46,356kg; and (ii) 488,680 abalone with an estimated nominal size above 90mm and total estimated biomass of 75,514kg. The classification of the closing biological stock between current and non-current is based on the estimated harvest potential for the 2017 financial year, which will be sourced from within the closing stock above 90mm.

Historical cost is used as an estimate of fair value for abalone below the minimum commercial harvest size of 90mm.

Stock above 90mm is measured at fair value less costs to sell. For the 2017 financial year, the fair value of stock above 90mm has been estimated using a value of \$37/kg (live weight), which in turn is based on the Company's assessment of the market value of the stock at balance date, being the average price received for the 2017 financial year, less estimated harvest, processing and selling costs. The fair value assessment also assumes a further 10% mortality rate between balance date and harvest date. As these valuation variables are unobservable, they are deemed Level 3 inputs.

The harvest during the 2017 financial year comprised 17,105 kg abalone, which had a carrying value of \$513,150. The balance of the harvest during the 2017 financial year of 132.7kg was taken from pre-2015 trial stock that had been expensed in prior periods.

There is inherent uncertainty in the estimate of the closing number of abalone and biomass and hence the resultant fair value estimate for closing stock. The number of abalone and biomass is estimated using a model that factors in projected growth and mortality rates, which in turn are based on the results of survival counts and size class measurements taken during the Company's trial phase and subsequent six monthly stock counts (based upon a 6% statistically relevant sample). Actual growth and mortality rates will invariably differ to some extent across the farm.

Sensitivity analysis – Biological Assets

Based on the assumed market price and biomass at 30 June 2017 (refer above), with all other variables held constant, the Group's pre-tax operating loss for the period would have been impacted as follows:

- a pricing increase / decrease of 10% would have resulted in a change of \$305,834 lower / higher (2016: \$136,496); and
- a closing biomass (above 90mm) increase / decrease of 10% would have resulted in a change of \$251,464 lower / higher (2016: \$102,888).

	Note 2	Audited OGA Group 30 June 2017 \$	Audited Reviewed OGA Group 30 June 2017 \$
6. Inventory			
Finished goods		184,346	184,346
		184,346	184,346

Inventory is stated at the lower of cost or net realisable value. Inventory at balance date comprised 1,505kg (~5,318kg live weight equivalent) of individual quick frozen ("IQF") product. The inventory balance includes an allocation of harvest and processing costs (deferred cost of production). These costs are capitalised and carried forward to finished goods and subsequently cost of goods sold when the product is eventually sold.

7. Property, plant and equipment

Plant & equipment, at cost	438,494	438,494
less: Accumulated depreciation	(268,828)	(268,828)
	<u>169,666</u>	<u>169,666</u>
Motor vehicles, at cost	258,905	258,905
less: Accumulated depreciation	(101,017)	(101,017)
	<u>157,888</u>	<u>157,888</u>
Barge, at cost	63,190	63,190
less: Accumulated depreciation	(40,749)	(49,749)
	<u>22,441</u>	<u>22,441</u>
Dive vessels, at cost	1,446,470	1,446,470
less: Accumulated depreciation	(358,660)	(358,660)
	<u>1,087,810</u>	<u>1,087,810</u>
Dive equipment, at cost	278,174	278,174
less: Accumulated depreciation	(119,129)	(119,129)
	<u>159,045</u>	<u>159,045</u>
Moulds, at cost	144,440	144,440
less: Accumulated depreciation	(86,356)	(86,356)
	<u>58,084</u>	<u>54,084</u>
Leasehold improvements, at cost	103,908	103,908
less: Accumulated depreciation	(61,394)	(62,394)
	<u>42,514</u>	<u>42,514</u>
Office equipment, at cost	26,198	26,198
less: Accumulated depreciation	(4,746)	(4,756)
	<u>21,452</u>	<u>21,452</u>
Net carrying amount	<u>1,718,900</u>	<u>1,718,900</u>
8. Intangible assets		
Artificial reef technology, at cost	62,650	62,650
less accumulated amortisation	(15,786)	(15,786)
	<u>46,864</u>	<u>48,864</u>

	Note 2	Audited OGA Group 30 June 2017	Audited Reviewed OGA Group 30 June 2017
		\$	\$
Ocean leases, at cost		41,870	41,870
less accumulated amortisation		(41,870)	(41,870)
		<u>-</u>	<u>-</u>
Patents & trademarks, at cost		31,095	31,095
less accumulated amortisation		(5,696)	(5,696)
		<u>25,399</u>	<u>35,399</u>
		<u>72,263</u>	<u>72,263</u>

Artificial reef technology and patents & trademarks are amortised over a period of 20 years which is commensurate with the life of Australian patents. The capitalised ocean lease expenditure relates to a research and development lease in South Australian. The expenditure has been written off on the basis that the lease is expected to be surrendered following the granting of 7 new aquaculture licenses and leases in July 2017.

9. Other assets

Current			
Prepayments		<u>25,000</u>	<u>25,000</u>
		<u>25,000</u>	<u>25,000</u>
Non-current			
Augusta Boat Harbour Marina		50,626	50,626
Corporate & financing costs		2,560	2,560
Deposits		71,078	71,078
Other		<u>2,200</u>	<u>2,200</u>
		<u>126,464</u>	<u>124,464</u>

Prepayments relate to advance payments for hatchery-reared juvenile abalone stock that was subsequently received in the next financial period.

10. Trade and other payables

Trade payables	386,709	386,709
Accrued expenses	<u>245,255</u>	<u>245,255</u>
	<u>631,964</u>	<u>631,964</u>

Trade payables are not past due and are non-interest bearing. They are normally on average settled between 30 and 45 days' terms.

11. Unearned revenue

Finished goods	<u>205,642</u>	<u>205,642</u>
	<u>205,642</u>	<u>205,642</u>

	Note 2	Audited OGA Group 30 June 2017 \$	Audited Reviewed OGA Group 30 June 2017 \$
12. Interest bearing liabilities			
Current			
Equipment loans		105,009	105,009
Convertible notes		-	-
		<u>105,009</u>	<u>105,009</u>
Non-current			
Equipment loans		<u>255,730</u>	<u>255,730</u>
		<u>255,730</u>	<u>255,730</u>

Equipment Loans

The equipment loans have been provided to Ocean Grown Abalone Operations Pty Ltd (**OGA Operations**) by National Australia Bank Limited, pursuant to a master asset finance agreement with a facility limit of \$750,000. 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 Operations and the Company. The Company has also provided a guarantee and indemnity to the loan provider for the full facility limit.

The equipment loans at reporting date comprised:

- \$175,411 which commenced in July 2015, with 60 monthly repayments (final payment date of 10 July 2020) and an annual interest rate of 5.2%;
- \$155,968 which commenced in November 2015, with 60 monthly repayments (final payment date 15 November 2020) and an annual interest rate of 4.82%; and
- \$29,360 which commenced in November 2015, with 60 monthly repayments (final payment date 16 November 2020) and an annual interest rate of 4.82%

13. Provisions

Current		
Employee entitlements – annual leave	<u>53,693</u>	<u>53,693</u>
	<u>53,693</u>	<u>53,693</u>

14. Taxation

Current		
Current income tax payable	<u>114,333</u>	<u>114,433</u>

	Note 2	Audited OGA Group 30 June 2017	Audited Reviewed OGA Group 30 June 2017
		\$	\$
15. Deferred tax liabilities			
Deferred income tax liability		213,790	213,790

The movement in the deferred income tax liability benefit arises from the tax effect of the fair value adjustment at balance date to the carrying value of Biological Assets of \$260,439, the tax liability for which is expected to be realised in future periods when the assets are sold, offset by applicable deferred tax assets arising in the period of \$77,601.

16. Issued Capital

Ordinary

127,218,750 ordinary shares as at 30 June 2017

40,000,000 New Shares pursuant to the Prospectus

6,891,510 shares to an advisor

Pro-forma

		14,046,786	14,046,786
(a)	-	10,000,000	
	-	1,722,877	
		<u>14,046,786</u>	<u>25,769,663</u>

Less: estimated new share issue costs

(b) - (870,000)

Total net capital raised

14,046,786 24,899,663

The number of ordinary shares on issue after the \$10,000,000 capital raising and ordinary shares to an advisor is completed will be 174,110,260.

Performance Rights

The Company has agreed to issue 12,000,000 Performance Rights to Brad Adams, the Managing Director. The Performance Rights have yet to be ascribed a value by the Directors of OGA. Based on the 25 cents per share issue price for the New Shares, the maximum value for 12,000,000 Performance Rights would total \$3,000,000. The Performance Rights have been issued in 3 classes including service and performance conditions as follows:

Number of Performance Rights	Service Condition	Performance Condition
Class A 4,000,000	Brad Adams to remain engaged as an employee for a continuous period until the performance condition is satisfied.	(a) Prior to 31 December 2018, the Company completes its Flinders Bay 2 Project in Augusta, with completion deemed to occur upon the deployment and seeding of 5,000 ABITATS at the Flinders Bay 2 Project site. or (b) Prior to 31 December 2018 a Takeover Event occurs.
Class B 4,000,000	Brad Adams to remain engaged as an employee for a continuous period until the performance condition is satisfied.	(a) Within 2 years from the date the Company is admitted to the Official List of the ASX, the Company recognises revenue from the sale of 100 tonnes of abalone combined from Flinders Bay 1, Flinders Bay 2, Wylie Bay and Port Lincoln Development projects in any 12- month period. or (b) Within 2 years from the date the Company is admitted to the Official List of ASX a Takeover Event occurs.
Class C 4,000,000	Brad Adams to remain engaged as an employee for a continuous period until the performance condition is satisfied.	(a) Within 5 years from the date the Company is admitted to the Official List of the ASX, and subject to the Board determining the success of a material part of the Port Lincoln Development Project, the Company (either on its own or together with an affiliate or joint venture partner) deploys and seeds a cumulative total of 5,000 ABITATS across one or more commercial project sites within South Australia. (b) Within 5 years from the date the Company is admitted to the Official List of ASX a Takeover Event occurs.

	Note 2	Audited OGA Group 30 June 2017	Audit Reviewed OGA Group Pro-forma 30 June 2017
		\$	\$
17. Reserves- Option Reserve			
Balance as at 30 June 2017		823,660	823,660
Issue of 10,029,450 options at fair value	(c)	-	1,141,224
Issue of 2,500,000 options at fair value	(f)	-	197,236
Issue of 8,807,452 options at fair value	(g)	-	751,408
		823,660	2,913,528

The share options issued or to be issued post 30 June 2017 have been fair valued using a volatility factor of 75% and an interest rate of 1.75%.

The number of share options on issue after completion of the capital raising will be:

- 8,807,452 share options, exercisable at 30 cents each, on or before 28 December 2020;
- 2,500,000 share options, exercisable at 44 cents each, on or before 30 September 2021; and
- 10,039,450 share options, exercisable at 39 cents each, on or before 30 September 2021.

Further details on the terms and conditions of all share options are noted in Section 11.2 of the Prospectus.

18. Accumulated losses

Balance as at 30 June 2017		5,946,280	5,946,280
Share option issues	(c, f, g)	-	2,089,868
Issue of shares to advisor	(e)	-	1,722,877
		5,946,280	9,759,025

19. Contingent Assets, Liabilities and Commitments

The Company has the following contingent liabilities and commitments that have not been accounted for in the pro-forma consolidated statement of financial position as at 30 June 2017.

The Group had the following operating lease commitments as at 30 June 2017

Within one year	101,190
After one year but not more than five years	460,720
More than five years	412,463
	974,373

Operating leases comprise the Fremantle head office lease, Augusta Harbour site lease and various premise leases in Augusta which are required pending the eventual construction of the proposed new facility at Augusta harbour.

The Fremantle head office expires 13 April 2022, with current annual lease payments of \$55,245 increasing to \$90,231 (plus CPI) from April 2019. The Augusta harbour lease expires 31 August 2036, with current annual lease payments of \$28,945. The expenditure commitments for more than five years include the commitments through to the current expiry date of 31 August 2036.

Pursuant to the Augusta Harbour lease, the Company has a commitment to commence construction of a processing facility at the leased site on or before 31 March 2018, with final completion by 31 May 2019.

As at the date of this report the Company is in the process of finalising the design for the facility and will undertake a competitive tender process once this has been finalised. Consequently, the value of the any commitments that the Company enter into in relation to the facility are yet to be determined.

The Group had the following aquaculture lease commitments as at 30 June 2017

Within one year	15,950
After one year but not more than five years	63,800
More than five years	207,350
	<u>287,100</u>

The lease commitments for the period beyond five years are based on the current lease end dates of 30 June 2035.

At 30 June 2017, the Group had contingent liabilities in relation to the leases amounting to:

- \$60,000 in respect of security deposit guarantees in favour of the Minister for Fisheries (WA), \$20,000 of which relates to leases held in the name of Two Oceans Abalone Pty Ltd (TOA); and
- \$10,000 in respect of a security deposit guarantee in favour of the Department of Primary Industries and Regions.

The required security deposits over the WA leases will increase to \$100,000 in the period to 30 June 2019 and then to \$200,000 for the period 1 July 2019 to 30 June 2032. Thereafter the requirement will increase to \$700,000.

The Group had the following juvenile abalone purchase commitments as at 30 June 2017

Within one year	1,592,036
After one year but not more than five years	-
More than five years	-
	<u>\$1,592,036</u>

The Company's juvenile abalone purchase commitment for the 2018 financial year assumes an average size per juvenile of 40mm (average price \$1.027 per juvenile). The actual expenditure will be subject to the size of abalone delivered, with an additional price of \$0.026 payable for each mm above 40mm.

The Group had the following capital purchase commitments as at 30 June 2017

Within one year	195,669
After one year but not more than five years	-
More than five years	-
	<u>\$195,669</u>

Capital purchase commitments at balance date were attributable to the remaining payments due in relation to the purchase of an additional dive boat, which is currently under construction and due for delivery in the first quarter of the 2018 financial year.

Based on discussions with the Directors, to our knowledge, OGA has no material commitments or contingent liabilities not otherwise disclosed in this Investigating Accountant's Report (refer Background Section 3) and in the Prospectus. Investors should read the Prospectus for further possible contingencies and commitments.

For details on proposed commitments pertaining to the expanded OGA, refer to the Prospectus.

20. Additional Consolidated Financial Information –Summary of Consolidated Audited Balance Sheets as at 30 June – OGA Group

	2017 \$	2016 \$	2015 \$
Current Assets			
Cash and cash equivalents	2,990,360	467,393	1,474,187
Trade and other receivables	1,651,510	1,598,151	1,418,795
Biological assets	1,480,000	540,000	-
Inventory	184,346	-	-
Other	25,000	210,000	-
Total Current Assets	6,331,216	2,815,544	2,892,982
Non-Current Assets			
Property, plant and equipment	1,718,900	990,172	991,514
Biological assets	2,249,337	1,678,417	862,433
Deferred tax	-	-	21,507
Intangible assets	72,263	135,615	136,518
Other assets	126,464	96,289	88,884
Total Non-Current Assets	4,166,964	2,900,493	2,099,956
Total Assets	10,498,180	5,716,037	4,992,938
Current Liabilities			
Trade and other payables	631,964	187,693	242,679
Unearned revenue	205,642	-	-
Interest bearing liabilities	105,009	7,550,040	150,397
Provisions	53,693	16,856	18,042
Current tax liability	114,333	94,237	81,251
Total Current Liabilities	1,110,641	7,848,826	492,369
Non-Current Liabilities			
Interest bearing liabilities	255,730	360,738	5,720,125
Deferred tax liabilities	213,790	30,952	-
Total Non-Current Liabilities	469,520	391,690	5,720,125
Total Liabilities	1,580,161	8,240,516	6,242,494
Net Assets / (Deficiency)	8,918,019	(2,524,479)	(1,249,556)
Equity			
Contributed equity	14,046,786	1,675,446	1,625,446
Share based payment reserve	823,660	-	-
Accumulated losses	(5,946,280)	(4,200,825)	(2,895,002)
Equity attributable to owners of the Company	8,924,166	(2,525,379)	(1,249,556)
Non-controlling interests	(6,147)	900	-
Total Equity /(Deficiency)	8,918,019	(2,524,479)	(1,249,556)

21. Additional Consolidated Financial Information - Summary of Consolidated Audited Cash Flows for the three years ended 30 June. OGA Group

	2017	2016	2015
	\$	\$	\$
Cash flows from operating activities			
Receipts from customers	949,917	251,161	56,031
Other income	100,771	79,221	11,441
Payments to suppliers and employees	(3,928,990)	(3,823,609)	(2,910,404)
R&D tax incentive	1,435,659	1,266,641	259,444
Net cash (used in) operating activities	(1,442,643)	(2,226,586)	(2,583,488)
Cash flows from investing activities			
Purchases of plant, equipment and intangible assets	(1,091,127)	(276,249)	(492,345)
Pre-acquisition loan to Two Oceans Abalone	-	-	(173,980)
Purchase of Two Oceans Abalone	-	-	(450,000)
Incorporation of Wylie Bay Abalone	-	(2,000)	-
Payment of lease deposits	1,936	(1,237)	(60,624)
Interest received	31,148	16,071	15,162
Net cash (used in) investing activities	(1,058,043)	(263,415)	(1,161,787)
Cash flows from financing activities			
Proceeds from borrowings	257,179	2,160,653	4,484,924
Repayment of borrowings	(245,040)	(150,397)	(125,092)
Interest paid	(628,486)	(567,617)	(261,469)
Borrowing costs	-	(9,432)	(25,474)
Proceeds from issue of shares	6,000,000	50,000	900,000
Capital raising costs	(360,000)	-	-
Net cash from financing activities	5,023,653	1,483,207	4,972,889
Net (decrease) / increase in cash and cash equivalents	2,522,967	(1,006,794)	1,227,614
Cash and cash equivalents at the beginning of the financial year	467,393	1,474,187	246,573
Cash and cash equivalents at the end of the financial year	2,990,360	467,393	1,474,187

22. Additional Consolidated Financial Information - Summary of Consolidated Audited Statement of Change on Equity-Two years ended 30 June- OGA Group

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total	Non- controll- -ing interest	Total Equity
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2015	1,625,446	-	(2,875,002)	(1,249,556)	-	(1,249,556)
Loss after income tax expense for the year	-	-	(1,325,823)	(1,325,823)	(100)	(1,325,923)
Other comprehensive loss for the year	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	(1,325,823)	(1,325,823)	(100)	(1,325,923)
Transactions with owners recorded directly in equity						
Shares issued	50,000	-	-	50,000	-	50,000
Share issue costs	-	-	-	-	-	-
Non-controlling interest	-	-	-	-	1,000	1,000
Total transactions with owners recorded directly in equity	50,000	-	-	50,000	1,000	51,000
Balance as at 30 June 2016	1,675,446	-	(4,200,825)	(2,525,379)	900	(2,524,479)
Balance as at 1 July 2016	1,675,446	-	(4,200,825)	(2,525,379)	900	(2,524,479)
Loss after income tax expense for the year	-	-	(1,745,455)	(1,745,455)	(7,047)	(1,752,502)
Other comprehensive loss for the year	-	-	-	-	-	-
Total comprehensive loss	-	-	(1,745,455)	(1,745,455)	(7,047)	(1,752,502)
Transactions with owners recorded directly in equity						
Shares issued	13,555,000	-	-	13,555,000	-	13,555,000
Share issue costs	(1,183,660)	-	-	(1,183,660)	-	(1,183,660)
Share based payment	-	823,660	-	823,660	-	823,660
Non-controlling interest	-	-	-	-	-	-
Total transactions with owners recorded directly in equity	12,371,340	823,660	-	13,195,000	-	13,195,000
Balance as at 30 June 2017	14,046,786	823,660	(5,946,280)	8,924,166	(6,147)	8,918,019

10. MATERIAL CONTRACTS

Set out below is a summary of the contracts to which the Company is a party which may be material in terms of this Prospectus and which are not otherwise summarised or referred to in the Intellectual Property Report in Section 8 (being intellectual property deeds of assignment), in Section 4.5 (the aquaculture leases for the Flinders Bay Projects, the Wylie Bay Project and the Port Lincoln Development Project) or in Section 4.9.3 (the ground lease at Flinders Bay). That Report refers to agreements relevant to the intellectual property rights of the Company.

10.1 JUVENILE ABALONE SUPPLY AGREEMENT

In July 2014 the Company entered into the Juvenile Abalone Supply Agreement with 888 Abalone Pty Ltd ("**888**").

888 conducts a land based abalone hatchery and grow out facility in Bremer Bay, Western Australia. 888 is an arms-length entity to OGA.

By the agreement 888 agrees to supply juvenile abalone to be used by OGA for abalone sea ranching in Western Australia. The term of the agreement is 10 years being from 1 July 2014 until 30 June 2023.

Exclusivity provisions in the agreement provide that 888 may not, without the consent of OGA, sell or supply juvenile abalone within Western Australia for the purposes of sea ranching to a party other than OGA. OGA may not, without the consent of 888, acquire, develop or procure juvenile abalone for sea ranching from a party other than 888 except where 888 does not have the stock or where OGA requires juvenile abalone for a sea ranch outside Western Australia and 888 cannot supply at the same price as it supplies in Western Australia.

A sampling protocol by which the size, weight and quantities of juvenile abalone are assessed governs the price to be paid by OGA to 888 for the sale of the juvenile abalone. Prices are reviewed every 2 years.

The juvenile abalone purchased by OGA may only be used for the purposes of sea ranching. Ownership in the juvenile abalone remains with 888 until the Company has paid all moneys owed to 888 for the juvenile abalone supplied.

The agreement can be terminated upon a relevant insolvency event or an event of default by a party.

OGA has purchased juvenile abalone under the terms of this agreement since July 2014.

10.2 WYLIE BAY CONTRACTUAL DOCUMENTS

In Wylie Bay, Esperance, Western Australia, OGA is partnering with Ocean King Fishing Pty Ltd ("**OKF**"), a company controlled by Alan Wilson. OKF is an arms-length entity to OGA.


OGA holds two-thirds of the shares and has 2 of 3 directors of Wylie Bay Abalone Pty Ltd. OKF holds one-third of the shares and has 1 of 3 directors of Wylie Bay Abalone Pty Ltd. Wylie Bay Abalone Pty Ltd holds the aquaculture licence and aquaculture lease for Wylie Bay that was granted in July 2017.

The relevant contractual documents involving OGA are a Joint Venture Shareholders Agreement in respect of Wylie Bay Abalone Pty Ltd, a Cooperation Agreement between the relevant OGA parties and the OKF parties and a Management Agreement that Wylie Bay Abalone Pty Ltd has entered into with each of OGA's relevant subsidiary company and OKF.

The Joint Venture Shareholders Agreement is between OGA, OKF and Wylie Bay Abalone Pty Ltd and sets out the rights and obligations of each of OGA and OKF as shareholders of Wylie Bay Abalone Pty Ltd. Decisions at board and shareholder level of Wylie Bay Abalone Pty Ltd will be by majority decision unless otherwise required by law. Wylie Bay Abalone Pty Ltd is a special purpose vehicle that holds the aquaculture licence and aquaculture lease for Wylie Bay.

The Cooperation Agreement sets out the terms upon which OGA will supply juvenile abalone to OKF and an OGA subsidiary respectively. The parties acknowledge that the management and conducting of sea ranching operations in respect of the aquaculture lease will be undertaken by each of OKF and the OGA subsidiary in separate areas with each of OKF and the OGA subsidiary having 100% economic interest in the sea ranching operations conducted by it.

OKF will conduct an initial commercial sea ranching operation involving an approximately 400 abitat ranch from OKF's sub-leased site.



Wylie Bay Abalone Pty Ltd (as holder of the licence and lease for the Wylie Bay area) has entered into a Management Agreement with each of OKF and the OGA subsidiary. Wylie Bay Abalone Pty Ltd has in each case granted to OKF and the OGA subsidiary a sub-lease of a discrete area of the Wylie Bay site upon which OKF and the OGA subsidiary respectively intend to conduct sea ranching operations. Each of OKF and the OGA subsidiary agree to comply with the terms of the aquaculture lease in respect of Wylie Bay and all relevant regulation.

By the various contractual documents, the OGA subsidiary will wholly own an abitat ranching operation to be established by the OGA subsidiary in the Wylie Bay project area.

10.3 EXECUTIVE SERVICE AGREEMENT WITH BRAD ADAMS (MANAGING DIRECTOR)

The Company has entered into an executive service agreement with Brad Adams as managing director.

By the agreement Mr Adams is employed as the full-time managing director.

The engagement of Mr Adams under the agreement will commence on the date of ASX listing and continues until terminated by either party. The Company may terminate the employment without notice upon limited events akin to misconduct or incapacity. Additionally, either party may terminate the agreement without cause upon 12 months written notice.

Mr Adams' cash remuneration will consist of \$250,000 per annum plus statutory superannuation. He will be provided with a car (currently a Ford Ranger vehicle), a laptop and mobile telephone. Mr Adams will not be paid a separate director's fee for serving on the Board.

The remuneration of Mr Adams will be reviewed 12 months from the commencement date and every 12 months thereafter or as otherwise agreed between the parties.

10.4 EXECUTIVE SERVICE AGREEMENT WITH IAN RICCIARDI (EXECUTIVE DIRECTOR)

The Company has entered into an executive service agreement with Ian Ricciardi as an executive director.

By the agreement Mr Ricciardi is employed as an executive director on a full-time basis.

The engagement of Mr Ricciardi under the agreement will commence on the date of ASX listing and continues until terminated by either party. The Company may terminate the employment without notice upon limited events akin to misconduct or incapacity. Additionally, either party may terminate the agreement without cause upon 6 months written notice.

Mr Ricciardi's cash remuneration will consist of \$150,000 per annum plus statutory superannuation. He will be provided with a laptop.


The remuneration of Mr Ricciardi will be reviewed 12 months from the commencement date and every 12 months thereafter or as otherwise agreed between the parties.

10.5 MANDATE AGREEMENT AND UNDERWRITING AGREEMENT WITH MORGANS CORPORATE LIMITED

In May 2017 the Company entered into a mandate agreement with Morgans Corporate Limited ("**Morgans**") by which Morgans was appointed as Lead Manager to the Offer under this Prospectus and further agreed to underwrite the Offer subject to execution of an underwriting agreement.

The Company and Morgans have entered into the Underwriting Agreement by which Morgans will underwrite the Offer up to the Underwritten Amount of \$10,000,000. Morgans is not a related party and has no current relevant interest in Shares.

Under the Underwriting Agreement, the Underwriter is obliged to subscribe for all of the shortfall shares (being the shares not applied for under the Offer). The maximum number of shortfall shares that the Underwriter is required to subscribe for is 40,000,000 Shares representing the Underwritten Amount.



Under the Underwriting Agreement, the Company is required to make the Offer in accordance with all relevant regulatory requirements and the Company has provided various representations and warranties to the Underwriter, which are customary for an agreement of this nature.

As is normal for underwriting agreements of this nature, the Underwriter has a wide 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 shares. The more significant termination events are a fall in indices event allowing the Underwriter to terminate its obligations if the S&P/ASX 200 is more than 10% below its level on 27 September 2017 and any event having a material adverse effect including in respect of the Offer, the Company or its business or prospects. The failure of the Underwriter to appoint sub-underwriters will not relieve the Underwriter of its obligations.

The fees payable in respect to Morgans in respect of its underwriting and lead manager obligations are a management fee of 3% plus GST and an underwriting fee of 2% plus GST being fees totalling 5% plus GST of the \$10,000,000 to be raised (a total of \$500,000 plus GST).

10.6 CORPORATE ADVISER AGREEMENT WITH VIEW STREET PARTNERS

The Company entered into an agreement with View Street Partners Pty Ltd ("**View Street Partners**") in September 2016 as varied by which View Street Partners was appointed to act as Corporate Adviser in relation to capital raisings and an IPO fundraising.

View Street Partners in its role as Corporate Adviser provided advice to the Company in relation to its seed raising and will provide corporate and strategic advice (including assistance with investor engagement and communications strategy) to the Company in relation to the Offer under this Prospectus.

In relation to its role as Corporate Adviser to the Offer, the fees payable to View Street Partners upon successful completion of the Offer is a success fee payable in cash from the proceeds of the Offer being \$100,000 and in Shares being 6,891,510 Shares at a deemed price of 25 cents (the IPO price) (which Shares will be subject to ASX escrow) and the issue of 10,039,450 Series B Options. The terms of the Options are set out in Section 11.2. Additionally, View Street Partners has been paid a sum of \$30,000 as an initial engagement fee and has been paid \$15,000 per month as a retainer fee for pre-listing services commencing on 1 October 2016 which fee will cease on 30 September 2017. It has been issued with 8,807,452 Series A Options in its role as Corporate Adviser to a seed capital raising (the terms of the Options are set out in Section 11.2) and been paid a fee of 6% of the seed capital funds raised of \$6,000,000.

The Company has agreed to engage View Street Partners as its mandated Corporate Adviser for the period of 12 months after listing on ASX on an exclusive retainer basis of not less than \$12,000 per month.

11. ADDITIONAL INFORMATION

11.1 RIGHTS ATTACHING TO SHARES

The rights to ownership of the Shares are:

- detailed in our Constitution; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

A summary of the more significant rights attaching to Shares is set out below. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, you should seek independent legal advice.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. The person who holds a share which is not fully paid shall be entitled to a fraction of a vote equal to that proportion of a vote that the amount paid on the relevant share bears to the total issue price of the share. Voting may be in person or by proxy, attorney or representative.

Dividends

Subject to the rights of holders of shares issued with any special rights (at present there are none), the profits of the Company which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend in proportion to the amount for the time being paid on a share bears to the total issue price of the share. All Shares currently on issue and the shares to be issued under this Prospectus are fully paid Shares.

Future Issues of Securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

Meetings and Notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

Election of Directors

There must be a minimum of 3 Directors. At every annual general meeting one third of the Directors (rounded to the nearest whole number) must retire from office. If the Company has less than 3 Directors, one Director must retire from office together with any Director who would have held office for more than 3 years if that Director remains in office until the next general meeting. These retirement rules do not apply to certain appointments including the managing director.

Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

Winding Up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the shareholders:

- divide the assets of the Company among the members in kind;
- for that purpose fix the value of assets and decide how the division is to be carried out as between the members and different class of members; and
- vest assets of the Company in trustees on any trusts for the benefit of the members as the liquidator thinks appropriate.

Shareholder Liability

As the Shares under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

11.2 OPTION TERMS

At the date of ASX listing the Company will have the following Options on issue.

Type	Total Number of Options	Exercise Price	Expiry Date
Series A Options ¹	8,807,452	30 cents	28 December 2020
Series B Options ²	10,039,450	39 cents	30 September 2021
Series C Options ³	2,500,000	44 cents	30 September 2021

1. The Series A Options have been issued to the Corporate Adviser or its nominee.
2. The Series B Options will be issued to the Corporate Adviser or its nominee.
3. The Series C Options have been issued to Peter Harold as Non-Executive Chairman and Danielle Lee as a Non-Executive Director.




The terms of each of the Series A Options, Series B Options and Series C Options are set out below.

Series A Options

- (a) Each Option entitles the holder to one Share (fully paid ordinary share).
- (b) The exercise price of the Options is 30 cents.
- (c) The Options are exercisable at any time prior to 5.00 pm WST on 28 December 2020 (Expiry Date).
- (d) The Options are freely transferable and are subject to any ASX escrow restrictions. The Options are not intended to be quoted.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
- (f) Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be issued with a Share ranking equally with the then issued Shares.
- (g) There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that the Optionholder will be notified of a proposed issue after the issue is announced. This will give an Optionholder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (h) If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (i) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.

Series B Options

- (a) Each Option entitles the holder to one Share (fully paid ordinary share).
- (b) The exercise price of the Options is 39 cents.
- (c) The Options are exercisable at any time prior to 5.00 pm WST on 30 September 2021 (Expiry Date).
- (d) The Options are freely transferable and are subject to any ASX escrow restrictions. The Company may apply to have the Options quoted if the requirements of the Listing Rules are met in the future.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
- (f) Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be issued with a Share ranking equally with the then issued Shares.

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- (g) There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that the Optionholder will be notified of a proposed issue after the issue is announced. This will give an Optionholder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
 - (h) If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
 - (i) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.

Series C Options

- (a) Each Option entitles the holder to one Share (fully paid ordinary share).
- (b) The exercise price of the Options is 44 cents.
- (c) The Options are exercisable at any time prior to 5.00 pm WST on 30 September 2021 (Expiry Date).
- (d) The Options are only transferable with Board approval and are subject to any ASX escrow restrictions. The Options are not intended to be quoted.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
- (f) Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be issued a Share ranking equally with the then issued Shares.
- (g) There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that the Optionholder will be notified of a proposed issue after the issue is announced. This will give an Optionholder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (h) If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (i) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.

11.3 PERFORMANCE RIGHTS TERMS


The Company has issued 12,000,000 Performance Rights to Brad Adams, the Managing Director. The Performance Rights have been issued in 3 classes including service and performance conditions as follows:

Number of Performance Rights	Class of Performance Rights	Service Condition	Performance Condition
4,000,000	Class A Performance Rights	Brad Adams to remain engaged as an employee for a continuous period until the performance condition is satisfied.	(a) Prior to 31 December 2018, the Company completes its Flinders Bay 2 Project in Augusta, with completion deemed to occur upon the deployment and seeding of 5,000 abiatats at the Flinders Bay 2 Project site. or (b) Prior to 31 December 2018 a Takeover Event occurs.
4,000,000	Class B Performance Rights	Brad Adams to remain engaged as an employee for a continuous period until the performance condition is satisfied.	(a) Within 2 years from the date the Company is admitted to the Official List of the ASX, the Company recognises revenue from the sale of 100 tonnes of abalone combined from Flinders Bay 1, Flinders Bay 2, Wylie Bay and Port Lincoln Development projects in any 12 month period. or (b) Within 2 years from the date the Company is admitted to the Official List of ASX a Takeover Event occurs.
4,000,000	Class C Performance Rights	Brad Adams to remain engaged as an employee for a continuous period until the performance condition is satisfied.	(a) Within 5 years from the date the Company is admitted to the Official List of the ASX, and subject to the Board determining the success of a material part of the Port Lincoln Development Project, the Company (either on its own or together with an affiliate or joint venture partner) deploys and seeds a cumulative total of 5,000 abiatats across one or more commercial project sites within South Australia. or (b) Within 5 years from the date the Company is admitted to the Official List of ASX a Takeover Event occurs.

For the purposes of the terms of the Performance Rights, "Takeover Event" means a takeover bid for the Company pursuant to Chapter 6 of the Corporations Act where at least 50% of the holders of ordinary shares accept the bid and such bid is free of conditions or a court grants an order approving a compromise or scheme where the ordinary shares are either cancelled or transferred to a third party (not being a scheme of arrangement simply for the purposes of a corporate restructure).

The other terms of the Performance Rights will be:

- (a) (Conversion) Upon satisfaction of the relevant performance condition, each Performance Right will, at the election of the holder, vest and convert into one Share.
- (b) (No Consideration payable) No consideration will be payable upon the vesting and conversion of the Performance Rights.

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- (c) (No Voting rights) A Performance Right does not entitle a holder to vote on any resolutions proposed at a general meeting of Shareholders of the Company.
 - (d) (No dividend rights) A Performance Right does not entitle a holder to any dividends.
 - (e) (No rights on winding up) A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up of the Company.
 - (f) (Not transferable) A Performance Right is not transferable.
 - (g) (Reorganisation of capital) If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a holder will be varied, as appropriate, in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganisation.
 - (h) (Quotation of Shares on conversion) An application will be made by the Company to ASX for official quotation of the Shares issued upon the conversion of each Performance Right within the time period required by the Listing Rules. The Company will not apply for quotation of the Performance Rights on ASX.
 - (i) (No participation in entitlements and bonus issues) A Performance Right does not entitle a holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.
 - (j) (No other rights) A Performance Right does not give a holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
 - (k) (Lapse) If the performance condition relevant to a Performance Right has not been satisfied by the relevant expiry date, then the Performance Rights will automatically lapse.

11.4 EMPLOYEE INCENTIVE SCHEME

Purpose

The Company has established an employee incentive scheme (Plan) to provide an incentive for eligible participants to participate in the future growth of the Company and to offer Options or Performance Rights to assist with reward, retention, motivation and recruitment of eligible participants. A summary of the terms of the Plan is set out below.

Eligible Participants

Eligible participants are a full or part-time employee, or a director of the Company or a subsidiary and relevant contractors and casual employees and prospective participants in these capacities (Eligible Participants).

Offers

Subject to any necessary Shareholder approval, the Board may offer Options or Performance Rights to Eligible Participants for nil consideration.

Exercise Price and Expiry Date

The exercise price and expiry date of any Options and the expiry date of any Performance Rights will be determined by the Board.



Vesting Conditions and Lapse

An Option or Performance Right may only be exercised after it has vested and before its expiry date. Notwithstanding this, Options and Performance Rights may be exercised where a takeover or merger occurs or, in the Board's discretion, upon the death or permanent disablement of an Eligible Participant. The Board may determine the conditions upon the vesting of the Options or Performance Rights at its discretion. By way of example, the Board may impose Share price and/or continuous service vesting hurdles.

An Option or Performance Right lapses upon various events or within a prescribed time of an event including a vesting condition not being satisfied, a participant ceasing to be an Eligible Participant (except for certain matters such as death or retirement) and upon misconduct by a participant.

Shares issued on vesting

Each Option or Performance Right entitles the holder to one fully paid ordinary share on vesting.

Transferability and quotation

An Option or Performance Right may not be transferred without the prior written approval of the Board or by force of law. Quotation of the Options or Performance Rights on the ASX will not be sought. However, the Company will apply for official quotation of Shares issued on vesting of the Options or Performance Rights.

No voting or dividend rights

The Options or Performance Rights are personal and do not confer any entitlement to attend or vote at meetings, any entitlement to dividends or any entitlement to participate in any return of capital unless the Options or Performance Rights are vested and the underlying Shares have been issued.

No participation rights

The Options or Performance Rights do not entitle the holder to participate in the issue of securities unless the Options or Performance Rights are vested and Shares have been issued before the record date for determining entitlements.

Limitation on number of securities

Securities to be issued under the Plan when aggregated with the number of Shares issued during the previous 3 years under any employee incentive scheme of the Company must not exceed 5% of the total number of Shares on issue at the time of the relevant offer. Various excluded offers may be disregarded so as to not count for the 5% limit.

Administration of Plan

The Plan will be administered under the directions of the Board and the Board may determine procedures for the administration of the Plan as it considers appropriate.

Operation

The operation of the Plan is subject to the Listing Rules and the Corporations Act.



Application of Subdivision 83A-C of the *Income Tax Assessment Act 1997 (Cth)*

Subdivision 83A-C (deferred inclusion of gain in assessable income) of the *Income Tax Assessment Act 1997 (Cth)* applies to the Plan and holders of securities issued under the Plan may agree to a restriction period for the disposal or transfer of the securities including any underlying securities.

11.5 COMPANY TAX STATUS AND FINANCIAL YEAR

We will be taxed in Australia as a public company. Our financial year ends on 30 June annually.

11.6 DIVIDEND POLICY

We anticipate that significant expenditure will be incurred in the development of our abalone sea ranching business. These activities are expected to dominate the two year period following the date of this Prospectus. Income growth in the form of dividends will only eventuate if our planned development of the abalone sea ranching business is commercially successful. We have no immediate intention to declare or distribute dividends.

Any future determination as to the payment of dividends generally by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors.

11.7 LEGAL PROCEEDINGS

Legal proceedings may arise from time to time in the course of the business of the Company.

As at the date of this Prospectus, there are no legal proceedings or threatened legal proceedings against the Company which are material to its operations, assets, performance or prospects.

11.8 DIRECTORS' INTERESTS

Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last two years before the date of lodgement of this Prospectus with ASIC, any interest in:

- 11.8.1 the formation or promotion of the Company; or
- 11.8.2 any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- 11.8.3 the Offer;

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person to a Director or proposed Director to induce him or her to become, or to qualify as, a Director; or for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

An Ian Ricciardi controlled entity in February 2015 subscribed for convertible notes in the Company for a total subscription of \$2,500,000. The convertible note agreement was made on an unsecured basis and provided the Company with funds to assist its operations and development. The Company entered into the agreement on reasonable arms-length terms. In November 2016 the notes were converted resulting in the issue of 15,625,000 Shares at an effective subscription price of 16 cents per Share.

Interests in securities

The Directors (and their respective associates) at the close of the Offer will have a relevant interest in securities of the Company as set out below. Interests include those held directly and indirectly.

Director	Shares ¹	Options	Performance Rights ³
Peter Harold	0	1,500,000 ²	0
Brad Adams	3,326,055	0	12,000,000
Ian Ricciardi	26,219,225	0	0
Danielle Lee	0	1,000,000 ²	0

Notes:

1. The Directors may subscribe for Shares under the Prospectus. The table assumes that the Directors do not subscribe for Shares under this Prospectus.
2. These Options are Series C Options and have an exercise price of 44 cents and an expiry date of 30 September 2021. The full terms of the Options are set out in Section 11.2.
3. The Performance Rights are made up of 4,000,000 Class A Performance Rights, 4,000,000 Class B Performance Rights and 4,000,000 Class C Performance Rights. The full terms of the Performance Rights are set out in Section 11.3

Remuneration of Directors

Peter Harold will be paid a Director's fee of \$60,000 per annum inclusive of any statutory superannuation as non-executive Chairman and has been issued with 1,500,000 Series C Options. In the 2 years prior to the date of this Prospectus, Mr Harold has received cash remuneration totalling approximately \$17,140 inclusive of superannuation.

Mr Brad Adams has entered into an executive service agreement with the Company under which he will be engaged as managing director and he has been issued with 12,000,000 Performance Rights. The agreement is summarised in Section 10.3. In the 2 years prior to the date of this Prospectus, Mr Adams has received cash remuneration totalling approximately \$397,000 inclusive of superannuation.

Mr Ian Ricciardi has entered into an executive service agreement with the Company under which he will be engaged as an executive director. The agreement is summarised in Section 10.4. In the 2 years prior to the date of this Prospectus, Mr Ricciardi has received cash remuneration totalling approximately \$131,000 inclusive of superannuation.

Ms Danielle Lee will be paid a Director's fee of \$40,000 per annum inclusive of any statutory superannuation and she has been issued with 1,000,000 Series C Options. In the 2 years prior to the date of this Prospectus, Ms Lee has received cash remuneration totalling approximately \$11,420 inclusive of superannuation.

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

11.9 INTERESTS OF EXPERTS AND ADVISORS

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- 11.9.1 the formation or promotion of the Company; or
- 11.9.2 property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- 11.9.3 the Offer.

Fairweather Corporate Lawyers has acted as solicitors to the Offer. In respect of this work, the Company will pay approximately \$80,000 exclusive of GST. Subsequently fees will be paid in accordance with normal hourly rates. In the 2 years prior to the date of this Prospectus, Fairweather Corporate Lawyers has been paid fees of approximately \$67,000 for other legal services.

Griffith Hack has acted as the Patent Attorney and prepared the Intellectual Property Report in this Prospectus. In respect of this work, the Company has paid approximately \$4,700. In the 2 years prior to the date of this Prospectus, Griffith Hack has received approximately \$5,830 exclusive of GST for intellectual property legal services.

Stantons International Securities Pty Ltd has prepared the Investigating Accountant's Report in this Prospectus. In respect of this work, the Company will pay approximately \$10,000. Stantons International Securities Pty Ltd has not received any other fees for services to the Company in the 2 years prior to the date of this Prospectus. An associated entity of Stantons International Securities Pty Ltd has been paid fees of \$55,600 for audit services to the Company in the 2 years prior to the date of this Prospectus.

Morgans Corporate Limited is the Underwriter and Lead Manager to the Offer. The material terms of the mandate and underwriting agreements with the Company and the fees to be paid to Morgans Corporate Limited are set out in Section 10.5. In the 2 years prior to the date of this Prospectus, Morgans Corporate Limited has not received any other fees for services to the Company.

View Street Partners is Corporate Adviser to the Offer. The material terms of the corporate adviser agreement with View Street Partners is set out in Section 10.6. In the 2 years prior to the date of this Prospectus, View Street Partners has received or is entitled to receive cash remuneration totalling approximately \$570,000 exclusive of GST from the Company for corporate advisory services for a seed capital raising and for engagement and retainer fees.

11.10 CONSENTS

The following parties have given their written consent to be named in this Prospectus and for the inclusion of statements made by those parties as described below in the form and context in which they are included, and have not withdrawn such consent before lodgement of this Prospectus with ASIC.

- 11.10.1 FW Legal Pty Ltd trading as Fairweather Corporate Lawyers has consented to being named as the Solicitors to the Offer in this Prospectus.
- 11.10.2 GH PTM Pty Ltd trading as Griffith Hack has consented to being named as the Patent Attorney to the Company and the inclusion of the Intellectual Property Report in this Prospectus.
- 11.10.3 Stantons International Securities Pty Ltd has consented to being named as the Investigating Accountant to the Company and the inclusion of the Investigating Accountant's Report in this Prospectus.
- 11.10.4 Stantons International Audit and Consulting Pty Ltd has consented to reference in this Prospectus to the audited financial information of the Company.
- 11.10.5 Automic Pty Ltd trading as Automic Registry Services has consented to being named as the Share Registry to the Offer.

11.10.6 Morgans Corporate Limited has consented to being named as the Underwriter and Lead Manager to the Offer and the inclusion in the Prospectus of all statements referring to it.

11.10.7 View Street Partners Pty Ltd has consented to being named as the Corporate Adviser to the Offer and the inclusion in the Prospectus of all statements referring to it.

Each of the parties referred to above in this Section:

- does not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this Section;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of that party as specified in this Section; and
- has not caused or authorised the issue of this Prospectus.

11.11 EXPENSES OF THE OFFER

The cash expenses connected with this Prospectus payable by the Company are estimated to be approximately \$870,000 exclusive of GST at Full Subscription. These expenses are expected to be applied to the items set out in the table below at Full Subscription.

Item of Expenditure	Full Subscription \$
Capital raising fees to Underwriter and Lead Manager	500,000
Cash portion of success fee payable to Corporate Adviser	100,000
Legal costs	80,000
Intellectual Property Report	4,700
Investigating Accountant's Report	10,000
ASX listing fee	93,250
ASIC fees	2,400
Design, printing, share registry and miscellaneous	79,650
TOTAL	\$870,000

Approximately \$50,000 of these expenses have already been paid by the Company out of existing cash reserves.

12. DIRECTOR'S RESPONSIBILITY AND CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of the Shares pursuant to this Prospectus.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 28 September 2017



Signed for and on behalf of
Ocean Grown Abalone Limited by
Mr Ignazio (Ian) Ricciardi
Executive Director

13. GLOSSARY

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

AFSL	Australian Financial Services Licence.
Applicant	A person who submits a valid Application Form.
Application	An application to subscribe for Shares under this Prospectus.
Application Form	The Application Form attached to or accompanying this Prospectus and, where relevant, includes an online application form.
Application Money	The Offer Price multiplied by the total number of Shares subscribed for by an Applicant.
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited (ACN 008 624 691).
Board	The Board of Directors.
Closing Date	The time and date at which the Offer closes, being 5.00pm WST on 26 October 2017, as varied by us.
Company or OGA	Ocean Grown Abalone Limited (ACN 148 155 042) and, where the context requires, includes a subsidiary of the Company.
Constitution	The constitution of the Company.
Corporate Adviser or View Street Partners	View Street Partners Pty Ltd (ACN 613 339 236).
Corporations Act	Corporations Act 2001 (Cth).
Director	A director of the Company.
Full Subscription	The amount to be raised under this Prospectus being \$10,000,000.
IP	Intellectual property.
Lead Manager	Morgans Corporate Limited (ACN 010 539 607) (AFSL 235407).
Listing Rules	The listing rules of the ASX.
Offer	The Offer to the public under this Prospectus to subscribe for 40,000,000 Shares at a price of 25 cents each to raise \$10,000,000.



Official List	The official list of ASX.
Opening Date	6 October 2017.
Option	An option to acquire a Share.
Performance Right	The right which entitles the holder to be issued with one Share subject to satisfaction of any service and performance conditions.
Project	A project of the Company.
Prospectus	This Prospectus dated 28 September 2017.
Series A Options	Series A Options on the terms set out in Section 11.2.
Series B Options	Series B Options on the terms set out in Section 11.2.
Series C Options	Series C Options on the terms set out in Section 11.2.
Share	A fully paid ordinary share in the Company.
Shareholder	A registered holder of Shares.
Share Registry	Automic Pty Ltd trading as Automic Registry Services.
Underwriter	Morgans Corporate Limited (ACN 010 539 607) (AFSL 235407).
Underwriting Agreement	The underwriting agreement between the Company and the Underwriter dated on or about 28 September 2017.
Underwritten Amount	\$10,000,000.
WST	Western Standard Time, Perth, Western Australia.
\$, A\$ or Dollars	Australian dollars unless otherwise stated.
US\$	United States dollars.

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Help Club A/C>	Food Help Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

INSTRUCTIONS FOR COMPLETING THE FORM

This is an Application Form for Ordinary Fully Paid Shares ('Shares') in Ocean Grown Abalone Limited (ACN 148 155 042) (**Company**), made under the terms set out in the Prospectus dated 28 September, 2017. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus.

The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus and any Supplementary Prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus and any Supplementary Prospectus (if applicable) and an Application Form, on request without charge.

- 1

Shares applied for - Enter the number of Shares you wish to apply. Your application must be for a minimum of 8,000 Shares (A\$2,000). Enter the amount of the Application Monies. To calculate this amount, multiply the number of Shares applied for by the offer price which is A\$0.25.
- 2

Applicant name(s) and postal address - Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person. You should refer to the table for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Enter your postal address for all correspondence. Only one address can be recorded against a holding. With exception to annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released.
- 3

Contact Details - Please advise your contact details between 9:00am WST and 5:00pm WST should we need to speak to you about your application. You can notify any change to your communication preferences by visiting the registry website – www.automic.com.au
- 4

CHESS Holders - If you are sponsored by a stockbroker or other participant and you wish to hold shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a “Securityholder Reference Number” (SRN) will be allocated to you.
- 5

TFN/ABN/Exemption - If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application Form.
- 6

Payment - Unless received from their broker, Applicants under the Offer must lodge their Application Form and Application Monies with the Share Registry by 5.00pm (WST) on the Closing Date.

BPAY® your payment via internet or phone banking. Please visit our share registry's website: <https://investor.automic.com.au/oceangrownabalonelimited.html> and complete the online application form. All online applicants can BPAY their payments via internet or phone banking. A unique reference number will be quoted upon completion of the application. Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the closing date of the offer. BPAY applications will only be regarded as having been made if payment is received by the registry from your financial institution on or prior to the closing date. It is the applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

You do not need to return any documents if you have made payment via BPAY.
Your BPAY reference number will process your payment to your application electronically and you will be deemed to have applied for such securities for which you have paid.

All cheques should be made payable to “Ocean Grown Abalone – Share Issue Account” and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable".

Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.
Do not forward cash as receipts will not be issued.

Applicants who received this Offer from their broker must return their Application Form and Application Monies back to their broker. Any cheque must be made payable to the broker.

LODGEMENT INSTRUCTIONS

There is no maximum value of Shares that may be applied for under the Offer. The Company may determine a person to be eligible to participate in the Offer.

The Offer opens at 9.00am (WST) on 6 October 2017 and is expected to close at 5.00pm (WST) on 26 October 2017. The Company may elect to extend the Offer or any part of it, may be closed at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible.
Completed Application Forms and cheques must be:

Posted to: Ocean Grown Abalone Limited C/- Automic PO Box 2226 STRAWBERRY HILLS NSW 2012	Delivered to: Ocean Grown Abalone Limited C/- Automic Level 3, 50 Holt Street SURRY HILLS NSW 2010 Hand delivery between Sydney office hours only - 9am to 5pm (AEST)
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**Enquiries in respect of this Share Application Form should be addressed to Automic at +61 2 9698 5414 or hello@automic.com.au.
Application Forms must be received no later than 5.00pm (WST) 26 October 2017**

Privacy Clause: Automic Pty Ltd (ACN 152 260 814) trading as Automic Registry Services (Automic) advises that Chapter 2C of the *Corporation Act 2001* requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au



Ocean Grown Abalone

