



Ocean Grown  
Abalone



# Ocean Grown Abalone Investor Presentation

March 2018

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# Growth & Production



# Current Operations

OGA has developed a 'ranching' method of abalone production with high margins and high barriers to entry

**Augusta is considered an 'ideal' location for abalone ranching as:**

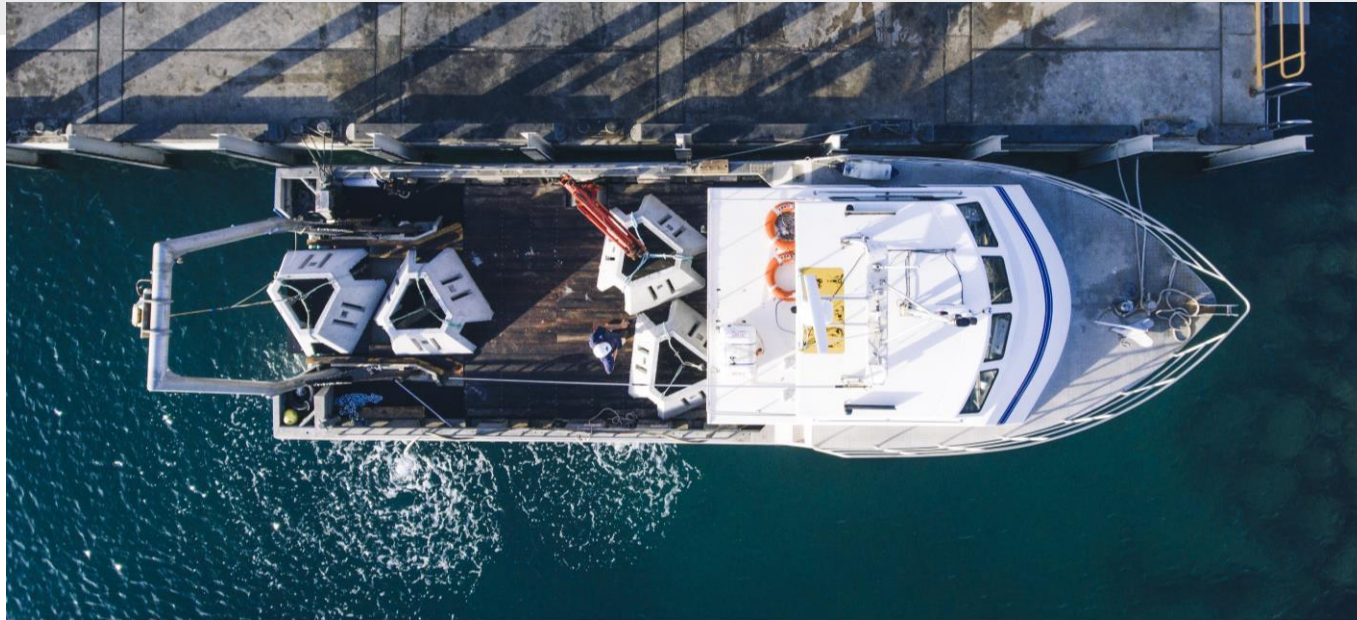
- Large areas of suitable habitat on which to locate reefs on (sand/seagrass), 413Ha lease approved.
- Close proximity to Augusta Marina, hatchery and export supply chains.
- Protection from large swells due to unique island system.
- 7800 Abitats deployed at Flinders Bay. On target for 10,000 Abitats deployed by August 2018.



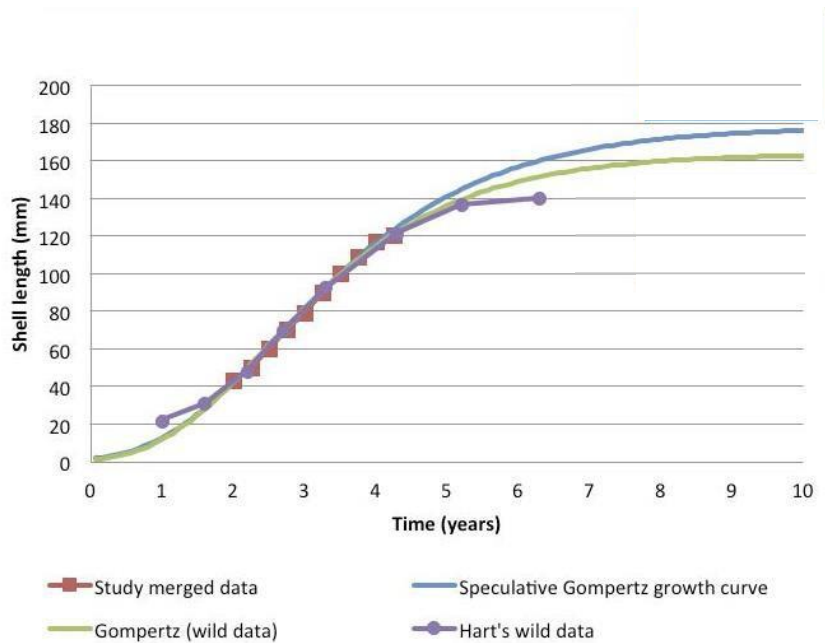


# Harvest

- ✓ FY2018 YTD (15/12/17) abalone harvest of 21.1T :
  - Abalone up to 140mm & 400g being harvested from 3 year old reefs;
  - Includes thinning of younger 2 year old stock. Average 100mm & 140g
- ✓ Harvesting rates slowed down over December 2017 and January 2018 due to usual seasonal weather conditions, before resuming the normal rates in February of 1 tonne per week.



# Abalone Growth Rates



LENGTH (mm)	WEIGHT (g)
40	10
50	19
60	33
70	53
80	75
90	100
95	130
100	160
105	180
110	205
115	235
120	280
125	330
130	370

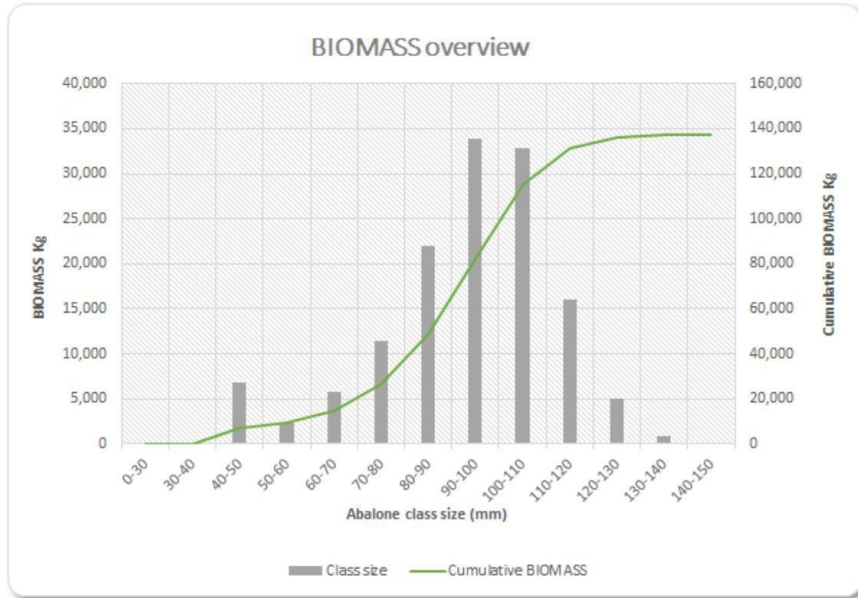
Typical weights at various lengths.

Source: Fisheries Research & Development Corporation, Curtin University of Technology, Ocean Grown Abalone. 2013

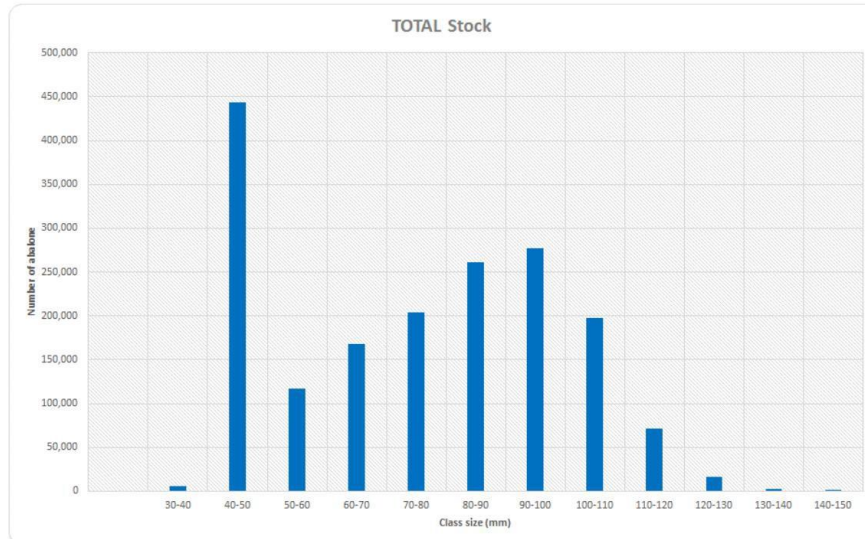
TIME	# Abs/ ABITAT	Average Length (mm)	Average Weight (g)	Biomass (kg) / ABITAT	Biomass (kg)/ 5000 ABITATS
Day 1	120	40	10	1.20	6,000
Day 30	84	40	10	0.84	4,200
Day 365	75	75	66	4.95	24,750
Day 730	67	105	180	12.00	60,000
Day 1095	60	125	330	20.00	100,000

Ocean Grown Abalone Biomass model

# Biomass - December 2017 Stock Assessment Report



Biomass up 57% to 137 tonnes in H1FY2018 compared to H1FY2017 of 87 tonnes.



Biomass above OGA's saleable market size of 90mm from flinders bay ranch was 88.6 tonnes at December 2017.

# Sales

- ✓ Sales in H1FY18 were 24.3 tonnes:
  - Sales were mostly to Asian markets, with sales to Australian market representing 7% of the total;
  - Bulk of the sales are Individually Quick Frozen (IQF), however there has been growing interest in whole in-shell products
- ✓ Strong demand for IQF meat sales into Hong Kong.
- ✓ Regular small live shipments into Sydney/Melbourne.
- ✓ Product development – whole frozen, vacuum pouches, live, dried. Visits to customers in SE Asia. Trade show attendance.

## Sensitivities to Key Market Drivers

% Change to Revenue	+/-
Sales Price: +/- \$1 average weight in shell price (AUD) per kg	2%
FX : -/+ 1c movement in AUD/USD	1%

\*Assumes an exchange rate of 0.78 AUD/USD





# Financials



# Profit and Loss

## Profit and Loss overview by key activity 1/07/2017 to 31/12/2017

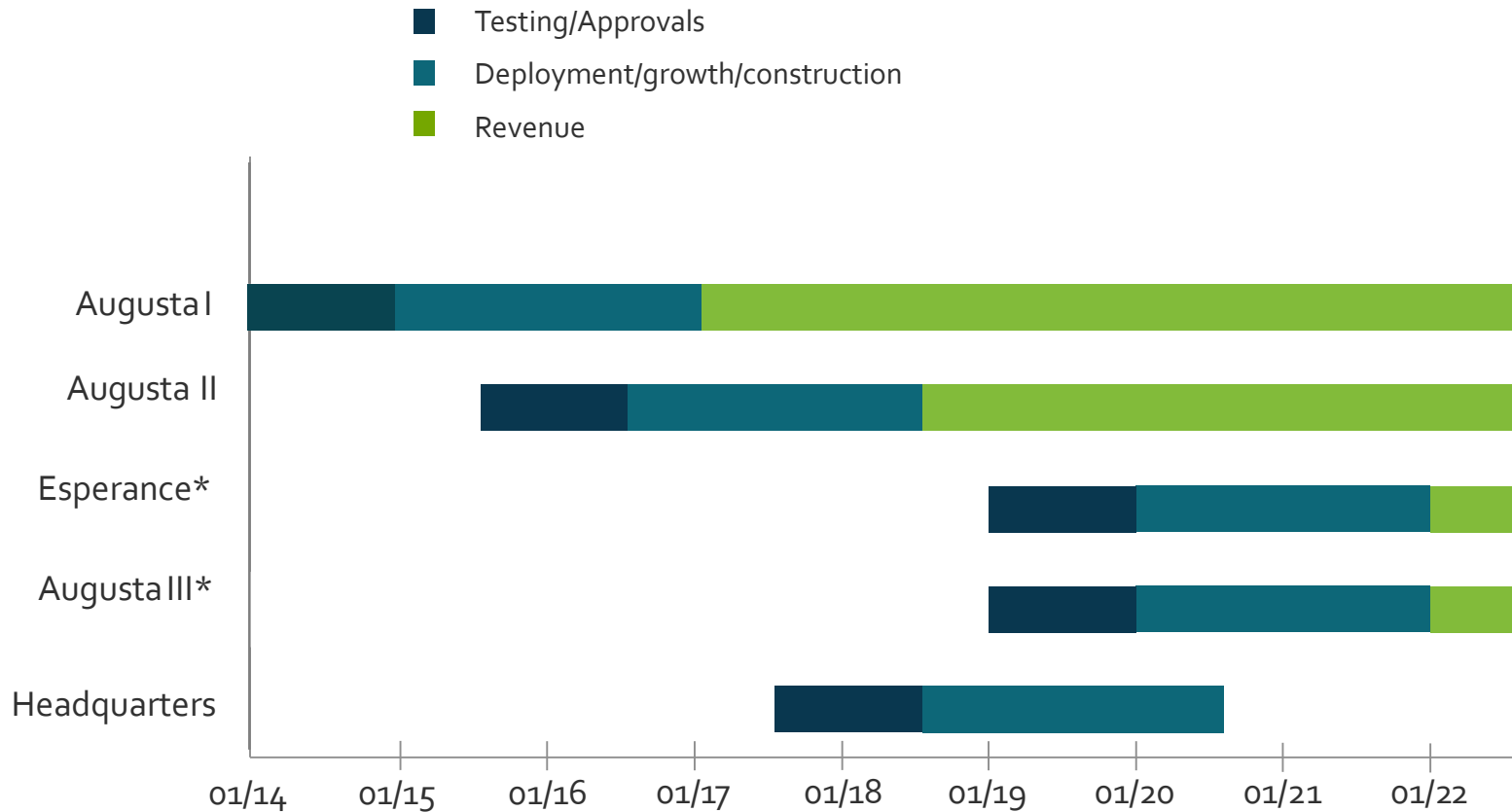
	Flinders 1	Flinders 2	Esperance	Port Lincoln	3rd Party	Selling & Marketing	Listing fees	Consultants & Advisors	Head office	Group Total
<b><u>Cash</u></b>										
Total Revenue	1,141,328	-	-	-	308,019	-	-	-	29,518	1,478,865
Operating Costs	(466,419)	(406,668)	-	-	-	-	-	-	-	(873,086)
Development and Construction costs		(417,381)	(8,604)	(204,267)	-	-	-	-	-	(630,252)
Investment in BIOMASS	(375,000)	(597,509)			-	-	-	-	-	(972,509)
Other Costs	-	-	-	-	(282,331)	(247,888)	(198,078)	(183,194)	(610,893)	(1,522,384)
R&D Refund	-	-	-	-	-	-	-	-	994,065	994,065
<b>Total</b>	299,909	(1,421,557)	(8,604)	(204,267)	25,688	(247,888)	(198,078)	(183,194)	412,690	(1,525,301)
<b><u>Non Cash</u></b>										
BIOMASS valuation movement	414,271	537,421	-	-	-	-	-	-	-	951,692
Performance Rights & Director Options	-	-	-	-	-	-	-	-	(581,242)	(581,242)
Depreciation & Amortisation	-	-	-	-	-	-	-	-	(265,697)	(265,697)
<b>Total</b>	414,271	537,421	-	-	-	-	-	-	(846,939)	104,753
<b>Profit (Loss) before tax</b>	<b>714,181</b>	<b>(884,137)</b>	<b>(8,604)</b>	<b>(204,267)</b>	<b>25,688</b>	<b>(247,888)</b>	<b>(198,078)</b>	<b>(183,194)</b>	<b>(434,249)</b>	<b>(1,420,548)</b>



# Development & Construction



# Indicative Ranch Expansion Timetable



*\*Subject to testing, due diligence and final board approval*



# Other Projects Update

## Esperance

- ✓ Wylie Bay Lease approval. Total of 1,242Ha.
- ✓ JV Partner, Alan Wilson of Ocean King Fishing has constructed, deployed and seeded 400 Abitats. Seeded with 160,000 juveniles October 2017.

## Other Locations

- ✓ Victoria – Flinders Aquaculture zone
- ✓ South Australia – Cape Jaffa, Wardang Island and Elliston

## Business Development

- ✓ DA approval for processing/HQ/cellar door facility at Augusta Harbour.
- ✓ Awarded \$200,000 DAFF grant for market development and product development (particularly live).
- ✓ Additional products (value adding) are currently being trialled to utilize waste from processing IQF abalone meat, includes polishing first grade shell for gift pack, second grade for medicinal purposes and abalone gut for food stock / production of soups.

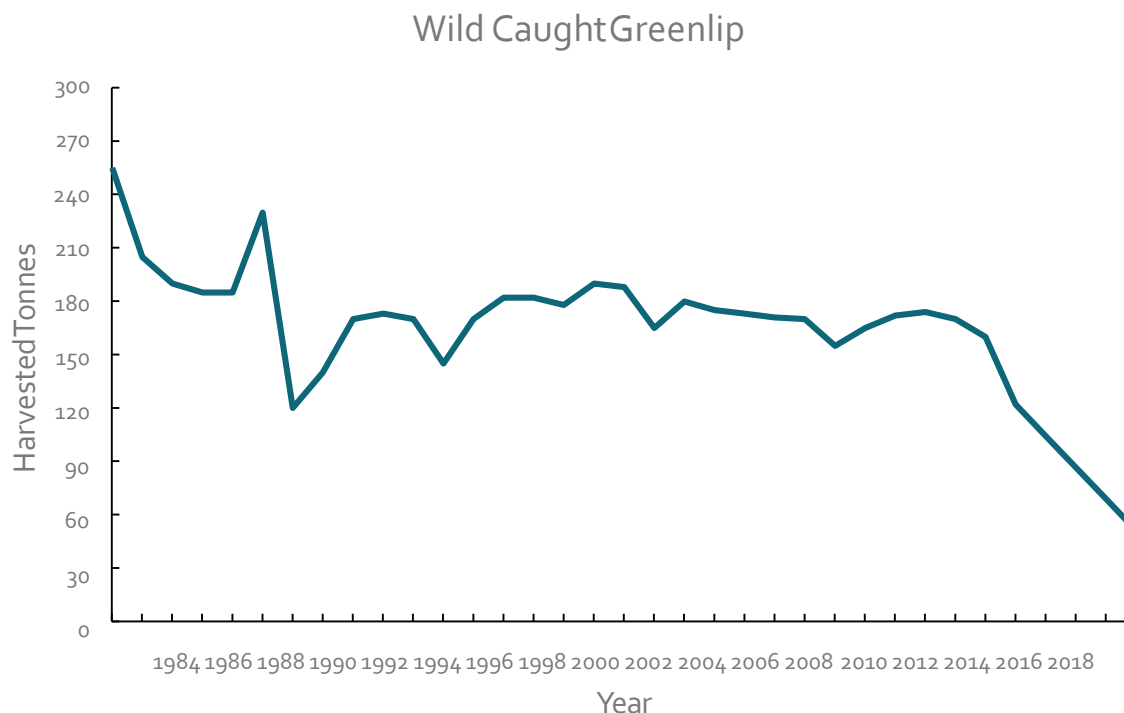


# South Australia – PortLincoln

- ✓ OGA was giving approval by the SA Government to assess the viability of OGA Abalone Ranching technology ion 7 locations south of Port Lincoln
- ✓ 10 Abitats were deployed and seeded at 4 of these locations, these sites were monitored and tended to every 2 weeks
- ✓ Early 2018 concerns were raised regarding a high mortality rate. Predators not found in Western Australia were present at these locations. Including Whelks, Spider Crabs and Eleven Arm Starfish.
- ✓ Due to the high mortality rate of 50 – 75% OGA assessed the area as unlikely to be suitable for a commercial abalone ranching business hence the trials have been terminated



# Western Australia Industry Statistics



Commercial wild caught quota for Greenlip Abalone has dropped dramatically within the last few years and is now 18.2 tonnes of meat weight (~51 tonnes weight in shell per year )

OGA ranched product is well positioned to fill the gap in reduction in wild caught Greenlip Abalone.

**Wild Caught Greenlip**, Source: Strain, L.W.S., Hesp, S.A., Fabris, F. and Hart, A.M. 2017. Demographic performance of Brownlip abalone: exploration of wild and cultured harvest potential. FRDC Project No. 2012/016. Fisheries Research Report No. 280, Department of Fisheries, Western Australia.





A large, dark, angular concrete structure is being hoisted by a chain and pulley system from a ship's deck. The structure is partially submerged in the dark, choppy ocean. The scene is captured from a high angle, showing the structure's complex geometry and the turbulent water around it. A white semi-transparent box containing the title is positioned in the upper left quadrant.

# Board & Corporate Structure



# Capital Structure

## Issued capital

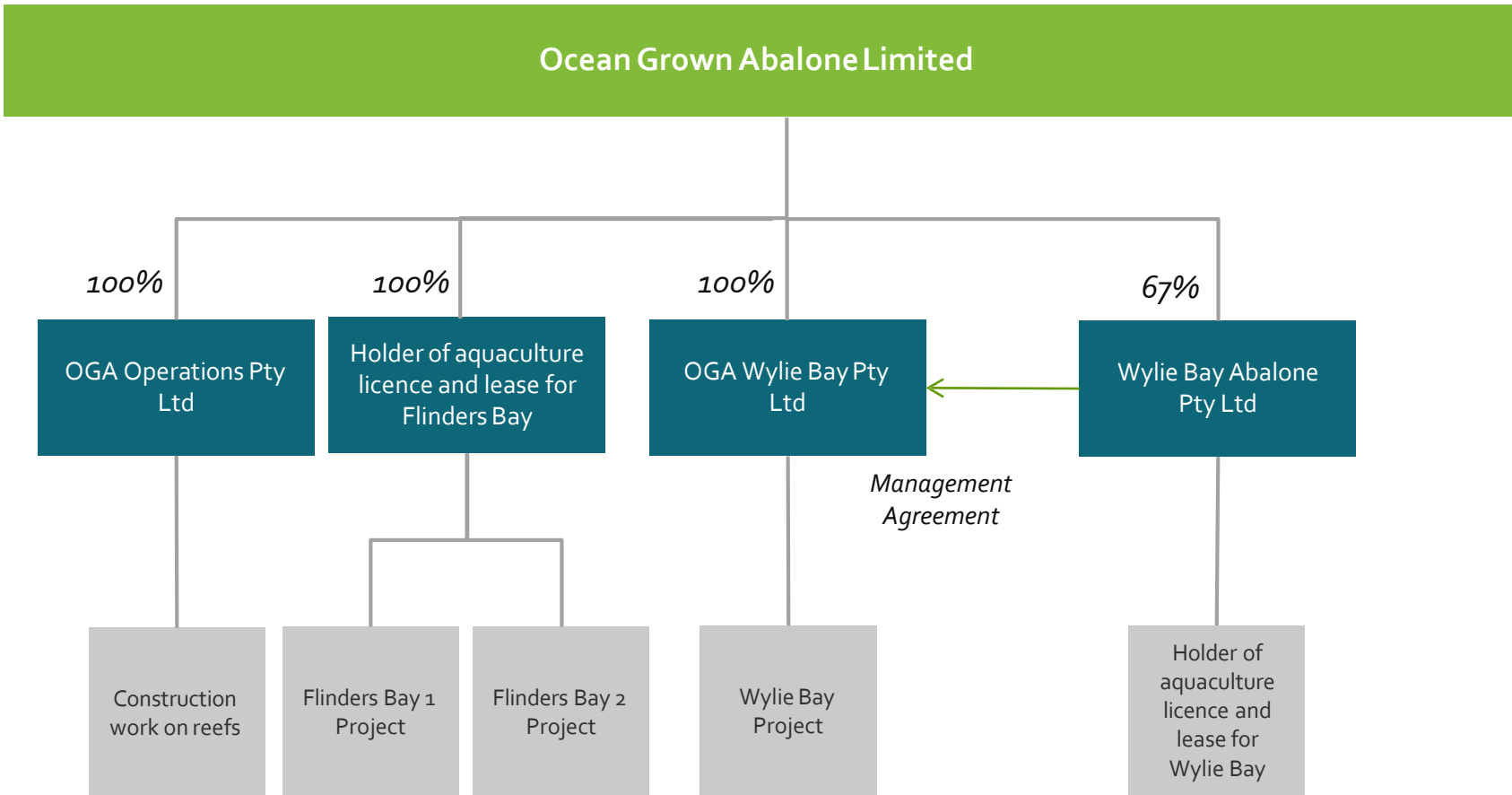
### Capital Structure (as of 9 March 2018)

Shares on Issue	174,110,260
Options on Issue: (100% escrowed)	21,346,902
Performance Rights on Issue: (100% escrowed)	12,000,000
Share Price (9/03/2018)	\$0.17
Market Capitalisation	\$29,598,744

Cash Balance at 31 December 2017	\$ 10,106,000
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# Corporate Structure



# Board Structure



**Mr Peter Harold (Non-Executive Chairman), B. App. Sc (Chemistry) 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, 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 was immediate past Chairman on the Youth Focus Board. This is an independent not for profit charity that focuses on the prevention of youth suicide and depression. Peter is also Chairman of Horizon Gold Ltd (ASX:HRN) and a Non-Executive Director of Pacifico Minerals Limited (ASX:PMY).



**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. The Ricciardi Family group have interests in Shark Bay prawn trawlers. 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 President 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** Danielle is a corporate lawyer with more than 20 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 Danielle was special counsel at Jackson McDonald and previously was counsel for Fairweather Corporate Lawyers for approximately 7 years after having worked for approximately 9 years as legal counsel at ASX Sydney and Assistant Manager at ASX Perth. She is currently a non-executive director of Hazer Group Limited (ASX:HZR).



# The Business





# Introduction: Ocean Grown Abalone

Though an innovative abalone “ranching” model, OGA can produce a high quality, sustainable product to meet growing demand

**Costs of land-based abalone aquaculture is high:** high power, feed and infrastructure costs and limited availability of land; no new developments for a number of years. **Wild catch quotas in decline.**

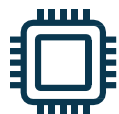
**Global demand for Greenlip abalone** is strong with high prices and considered a premium product.



OGA has a world-first method of **ranch producing abalone** which delivers a **premium product** in a **sustainable, environmentally friendly way**, at a lower cost than land-based methods.



# Investment Proposition



**Innovative technology:** OGA has developed the world's first and only 'ranching' method of abalone production with high margins and high barriers to entry.



**Established business model:** Commercial production and revenue from Augusta ranch commenced November 2016.



**Clean, green & sustainable:** Grown in natural habitat with a low/positive environmental footprint as certified by third-party experts.



**High-calibre management:** Led by industry executives and Board members who have experience in growing businesses



**Growth inflection point has arrived:** Model is now being deployed at other locations which provides strategic growth; diversification of risk.



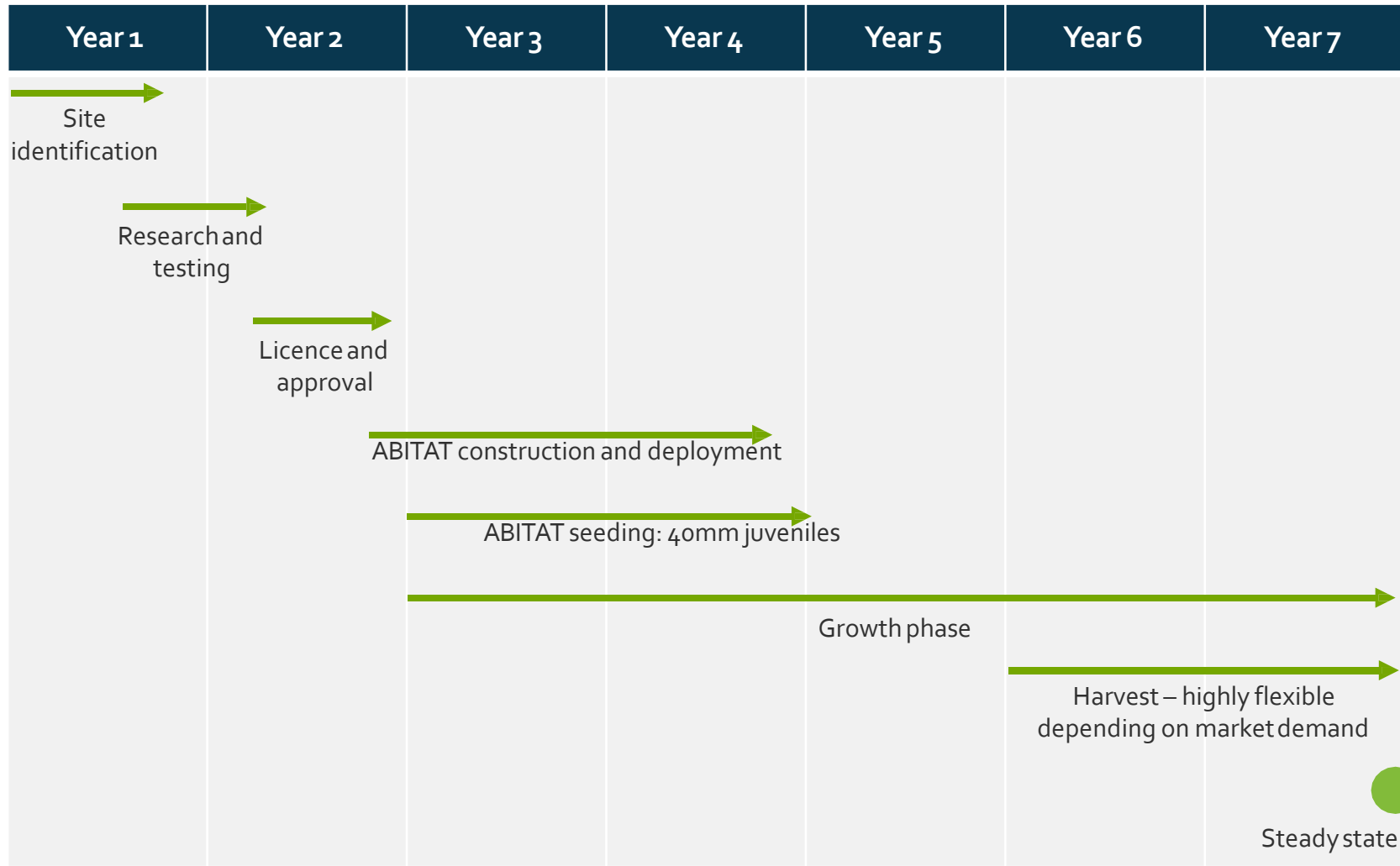
**Blue sky potential:** Ongoing expansion at current sites, entering new states in Australia and deployment overseas all feature in further growth strategy.



**Positive supply demand fundamentals:** Growth driven by emerging Asian middle class who view abalone as a premium delicacy, with declining wild catch quotas limiting supply



# The OGA Process



# Revenue Model



A typical 5,000 ABITAT should produce approximately 100 tonne of abalone at steady state. Useful life of an ABITAT is estimated to be 100 years.



Greenlip abalone are currently selling at ~A\$50/kg.



Abalone can be sold locally and overseas in several forms including live, meat, canned, dried or frozen. Live can bring a premium hence investment in processing.



When a ranch reaches steady state, costs are largely fixed, meaning significant leverage to higher abalone prices.



OGA plan to market its abalone as a premium product - "Baby Wild".



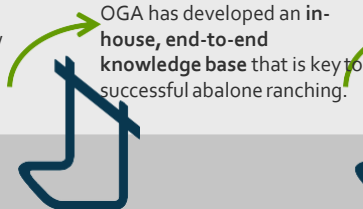
Other revenue opportunities include ranch tours, celebrity chef events and the sale of other abalone products such as shell jewellery.



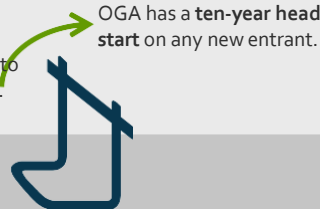
# Significant Competitive Advantage & Barriers To Entry

- ✓ No new greenfield investments in traditional land-based abalone farms in Australia
- ✓ OGA focuses on abalone of 110-140mm, a size not currently seen in the market due to minimum size limits (>140mm) in wild catch, too costly to produce in traditional land-based aquaculture systems
- ✓ Flexible harvest allows an ability to meet market specifications on demand
- ✓ Low cost of production, compared to traditional land-based abalone aquaculture systems: higher margins
- ✓ A management team with the skills and experience to execute the growth strategy
- ✓ Patented technology fully developed using private capital. Commercial proposition already validated
- ✓ Ranching produces a “wild catch” product “Baby Wild”, which delivers marketing advantages

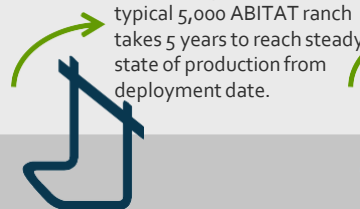
Technology is suited to a few select locations around Australia.



OGA has developed an in-house, end-to-end knowledge base that is key to successful abalone ranching.



OGA has a ten-year head start on any new entrant.



Long lead times to acquire and develop new leases. A typical 5,000 ABITAT ranch takes 5 years to reach steady state of production from deployment date.



Established relationships with regulatory authorities.

OGA has developed strategic alliances with key abalone hatcheries to secure supply of juvenile abalone. Due to the high cost and long lead times of developing land-based abalone hatcheries, it is unlikely that a new hatchery would be developed by a new entrant.

OGA has assessed multiple reef designs and understands the intricate requirements of successful reef design.

Land-based farms cannot compete on quality or size. The average harvest size from a land-based farm is 90-100mm whereas OGA are targeting 125-135mm. Wild-caught legal minimum length is 140mm.

Develop supply chains direct to consumer.

