



Ocean Grown  
Abalone

23 November 2018

ASX RELEASE

ASX: OGA

## AGM Presentation

**Ocean Grown Abalone Ltd** (ASX:OGA) (the “Company”) provides a copy of the presentation that will be delivered to shareholders in attendance at the Annual General Meeting of the Company to be held today.

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

Brad Adams  
Managing Director  
Email: [brad@oceangrown.com.au](mailto:brad@oceangrown.com.au)  
Mobile: 0417 910 023

Kate Sutton  
Media  
Email: [kate@suttonsolutions.com.au](mailto:kate@suttonsolutions.com.au)  
Mobile: 0418 202 546

### About the Company

Ocean Grown Abalone Limited (**ASX: OGA**) has developed the world's first commercial greenlip abalone sea ranching business in the pristine waters of Flinders Bay, Western Australia. Through the construction of proprietary, purpose-built artificial abalone reefs (called “Abitats”), OGA is able to supply commercial quantities of its premium, 'wild-harvested', greenlip abalone at sizes not otherwise available in the Australian abalone market today.

For more information visit <https://www.oceangrown.com.au>



Ocean Grown  
Abalone

# Annual General Meeting

23 NOVEMBER 2018

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# Overview



# Ocean Grown Abalone - Overview

OGA has developed proprietary ABITAT 'sea ranching technology' enabling it to establish "wild abalone" populations on the artificial reefs created by the company.

## Current locations:

- Augusta Western Australia
  - Area 413 Ha Lease.
  - 10,000 Abitats installed - potential production capacity of 200 T p.a.
- Wylie Bay – Esperance Western Australia
  - Area 922 Ha Lease.
  - Trials commenced October 2017.
  - October 2018 - Positive results, similar to existing Augusta commercial ranching operations.
  - Ongoing monitoring for future expansion opportunities.
- Other sites currently under consideration.

## Ideal areas where we apply our ranching technology:

- Areas of suitable habitat on which to locate reefs - (sand/seagrass).
- Close proximity to a Marina, hatchery and export supply chains.
- Protection from large swells.





# Business Overview

## Operations.

- Flinders 2 project completed October 2018
  - 1.7M juvenile abalone seeded on reefs in FY 2018.
  - If laid end to end the Abitats would be 20 Km's long.
- Installed capacity lays the foundation for increases in future harvests / sales.

## Production and Sales.

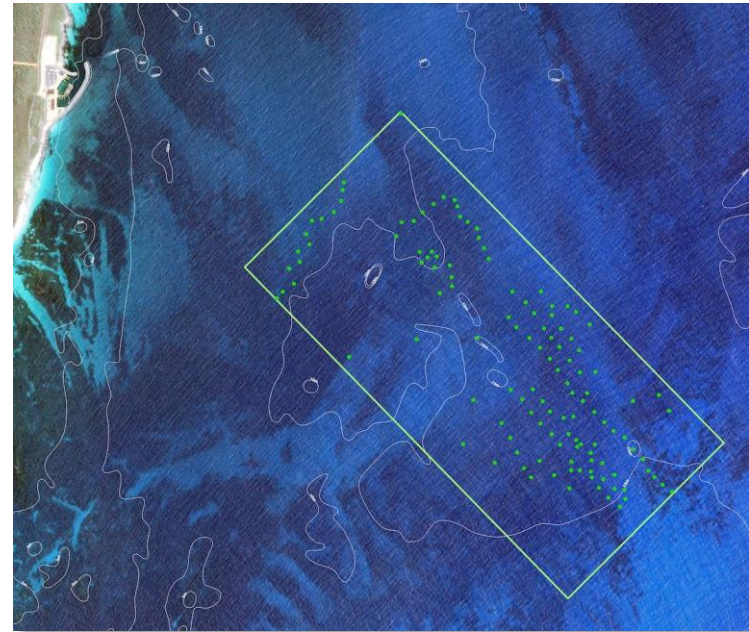
- Harvest FY 2018 - 38.1 tonnes (FY 2017 – 17.2 tonnes).
- Sales FY 2018 - 35.8 tonnes ( FY 2017 – 11.4 tonnes).

## Processing.

- New processing building contract awarded to local firm Big Ben Builders and construction commenced.
- Target completion June 2019.
- Brings additional flexibility and productivity improvements to the business.
- Resolves processing “bottleneck” limiting production.

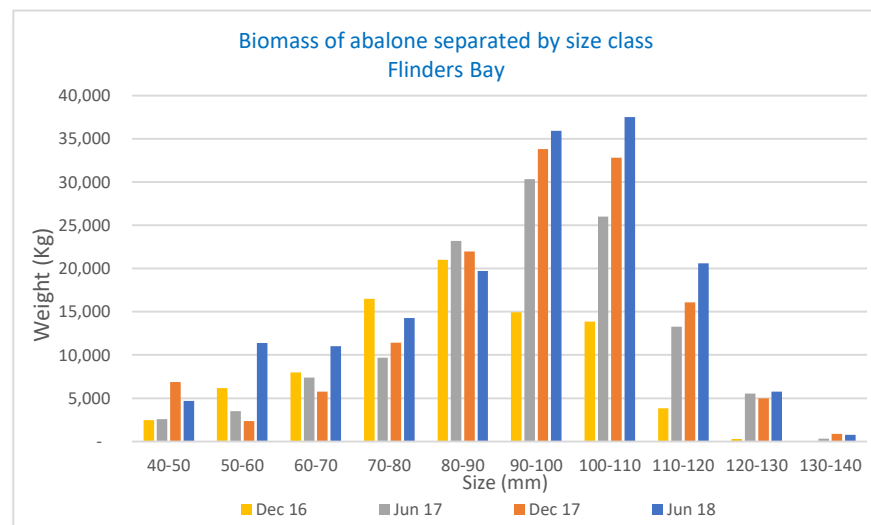
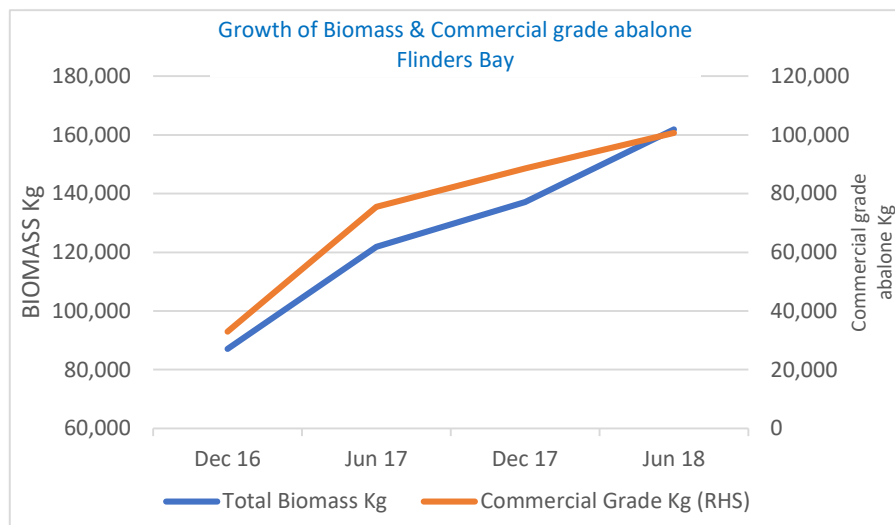
## Future Developments.

- Wylie Bay – 12 month assessment completed. Encouraging and comparable to existing commercial ranches.



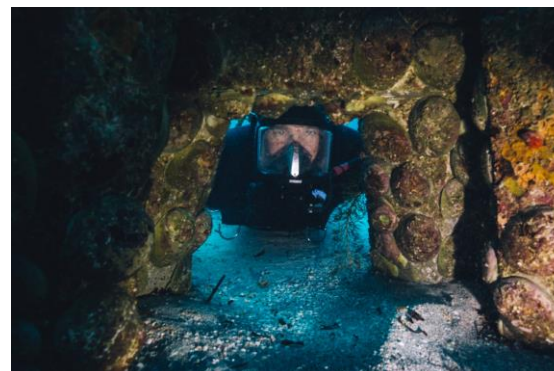
ABITAT locations Flinders Bay

# BIOMASS and growth rates update



## BIOMASS overview.

- ✓ OGA's ocean BIOMASS and harvest continues to increase year on year.
- ✓ OGA FY 2018 harvest 38.1 tonnes.
- ✓ BIOMASS continues to grow.





## New Processing facility – Augusta Western Australia

The new processing facility provides OGA the opportunity to unlock value.

- Building construction commenced November 2018.
- Increased production capacity.
  - Individual Quick Frozen (IQF).
  - Whole in Shell (WIS).
  - Live: premium high value product.
  - Other value adding opportunities.
- Increased production flexibility.
- Improved operational productivity – secure service centre at marina.
- Lower unit costs of production.
- Addresses current processing bottleneck.
- Opportunity for sales, marketing & distribution of other local premium seafood products.



# Harvest

- FY2018 abalone harvest of **38.1 tonnes** increased by 221% compared to FY2017 **17.2 tonnes**.
- Largest harvest in one day achieved in September 2018 of 1,161 kgs. Maximum daily harvest is currently limited by processing capacity, expected to be resolved with the new processing facility by June 2019.
- October achieved highest monthly harvest of 8,374kg.
- Q1 FY2019 – 10.4 tonnes. Lower than expectation due to harsher winter than experienced for many seasons. Deferred harvest.



# Sales

**FY 2018 Sales 35.8 tonnes increases by 215% compared to FY 2017 11.4 tonnes.**

- Sales to Asian markets strong and continuing to increase → target security & reliability of supply.
- Sales to Australian markets continue to increase.

**Regular live abalone shipments into Sydney/Melbourne/Hong Kong.**

- Small capacity (up to 300kg/week) developed at existing facility to refine live transport technology prior to scaling capacity at new processing facility.

**Hong Kong - contracted sales agreement to December 2019.**

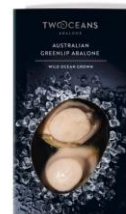
- Estimated value USD 1.95 million.
- Equivalent to more than 50 tonnes live Greenlip Abalone.

**In Asian Markets sold under Two Oceans Abalone brand.**

- Focus on developing brand loyalty with end user.



OGA Live Abalone - Sydney Fish Markets





# Financials

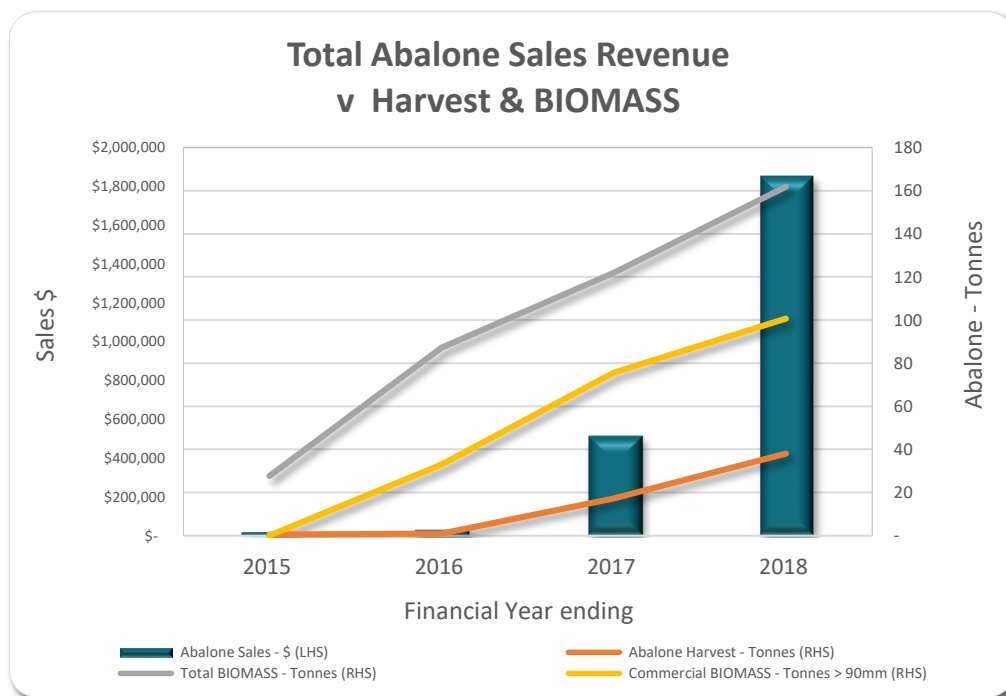




# Financial Results @ 30 June 2018

	2018	2017	2016	2015
Abalone Sales	\$ 1,853,225	\$ 514,576	\$ 28,232	\$ 15,436
Abalone Harvest – Tonnes	38.10	17.20	0.92	0.47
Total BIOMASS – Tonnes	161.84	121.87	87.22	27.66
Commercial BIOMASS	101	76	33	-

- 2018 abalone sales revenue 360% greater than 2017.
- 2018 sales 35.8 tonnes 215% greater than 2017.
- 2018 abalone harvest 38.1 tonnes 221% greater than 2017.
- Sales revenue growth driven by Flinders 1 and still growing.
- Flinders 2 completed in October 2018, lays foundation for increase in total BIOMASS and future sales.
- 2018 costs include construction & seeding costs for Flinders 2 ranch, materially drops off in 2019.



# Consolidated Balance Sheet @ 30 June 2018

- Net assets \$15.96 million, after construction costs for Flinders 1 and 2 expensed.
- Cash \$7.42 million after completing the majority of Flinders 2.
- \$1.99 million in trade debtors for R&D Tax incentive received in October'18.

	2018 \$'000	2017 \$'000
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	7,416	2,990
Trade and other receivables	2,228	1,652
Biological assets	2,916	1,480
Inventory	298	184
Other	155	25
<b>TOTAL CURRENT ASSETS</b>	<b>13,011</b>	<b>6,331</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,616	1,719
Biological assets	2,972	2,249
Intangible assets	89	72
Other assets	409	126
<b>TOTAL NON-CURRENT ASSETS</b>	<b>5,085</b>	<b>4,167</b>
<b>TOTAL ASSETS</b>	<b>18,096</b>	<b>10,498</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,026	632
Unearned revenue	-	206
Interest bearing liabilities	102	105
Provisions	133	54
Current tax liability	114	114
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,375</b>	<b>1,111</b>
<b>NON-CURRENT LIABILITIES</b>		
Interest bearing liabilities	133	256
Deferred tax liabilities	627	214
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>760</b>	<b>470</b>
<b>TOTAL LIABILITIES</b>	<b>2,135</b>	<b>1,580</b>
<b>NET ASSETS</b>	<b>15,961</b>	<b>8,918</b>

# Board & Corporate Structure





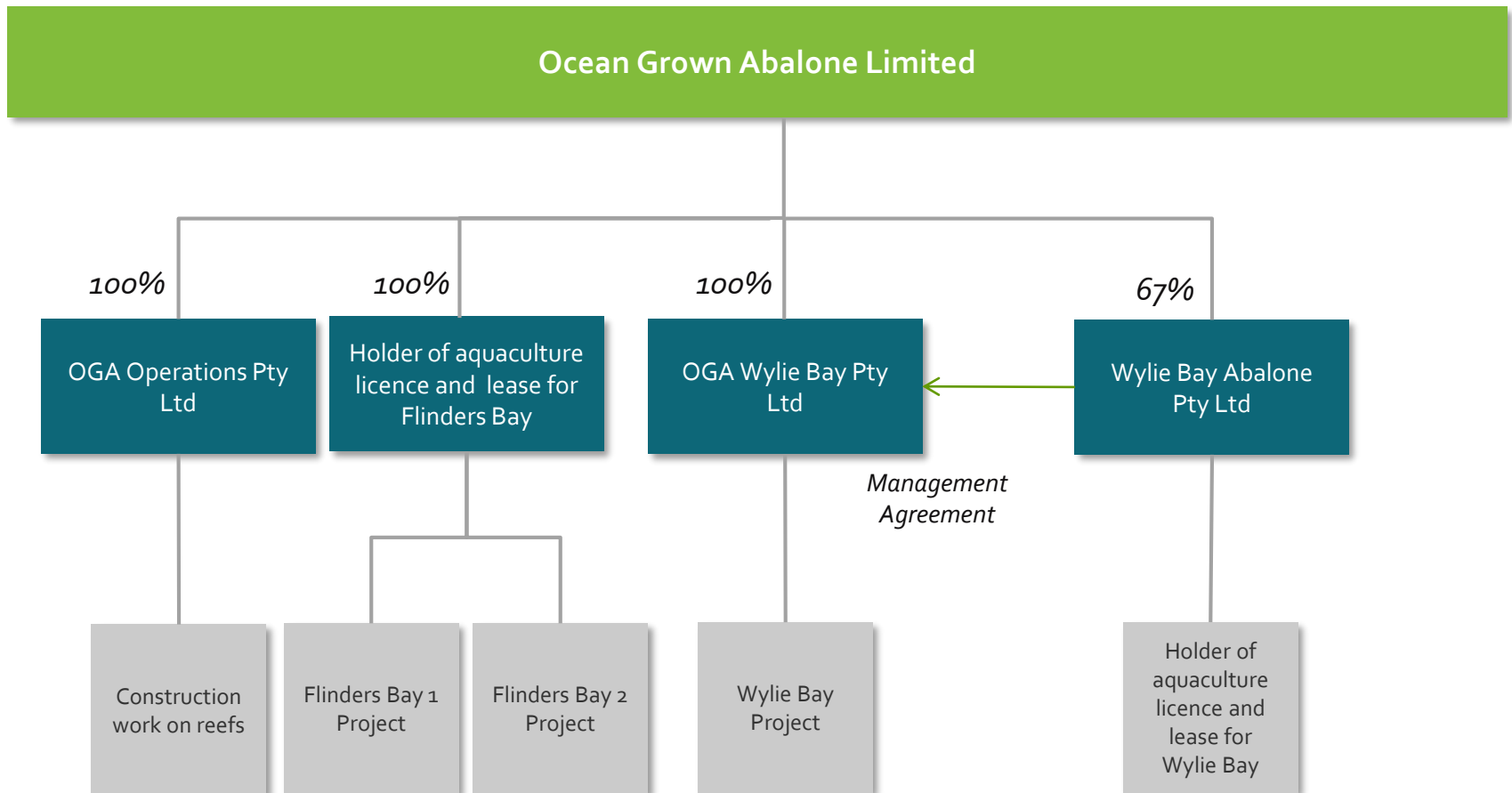
# Capital Structure

## Issued capital

### Capital Structure (as of 30 June 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 (21/11/2018)	\$0.17
Market Capitalisation	\$29,598,744
Cash Balance at 30 June 2018	\$ 7,415,975
Cash Balance at 21 November 2018	\$7,374,660

# 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 30 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 Horizon Gold Limited (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. Ian has worked on and operated prawn 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.



**Ms Danielle Lee (Non-Executive Director) B.Ec, LLB** Danielle is an experienced corporate lawyer with more than 23 years of experience shared between private law firms and the Australian Securities Exchange. She has a broad range of skills and legal experience in the areas of corporate advisory, governance and equity capital markets. She has advised a range of Australian public and private companies in a range of industries on corporate transactions including capital raisings, ASX listings, business and share acquisitions, shareholder agreements and joint venture agreements.



# Next Steps

- Optimisation of existing Assets.
  - Moving ABITATS identified as low productivity to higher productivity areas within lease.
  - Continued R&D to enhance understanding of productivity drivers.
  - Genetic selection of fast growers for future seed stock.
  - Refinement of husbandry systems.
- Continue to develop the Two Oceans Brand in SE Asian Markets to penetrate market as a premium brand.
- Flinders III.
  - Developing more production at the existing site is seen by the OGA Board as the next value opportunity for growth.
  - R&D on 3 trial sites outside of existing Flinders Bay lease is underway.
  - Application for 5,000 extra ABITATS submitted with DPIRD within current Flinders Bay lease.
- Wylie Bay.
  - Continue working with Ocean King Fishing to develop knowledge of Wylie Bay location.
- Build value, scale & diversity through identifying strategic opportunities.
  - Examination of vertical integration opportunities.
  - Examination other seafood value opportunities.
  - Work with local wild catch abalone industry to improve returns.
  - Identify and develop value opportunities from new live holding and processing facility.

# Contact Details

**Ocean Grown Abalone Ltd**

**A.B.N: 52 148 155 042**

**Registered Office:**

**Level 3, 3 Cantonment Street**

**Fremantle WA 6959**

**Phone: +61 8 6181 8888**

**Email: [info@oceangrown.com.au](mailto:info@oceangrown.com.au)**

**Web: [www.oceangrown.com.au](http://www.oceangrown.com.au)**

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