



Suite 606, 37 Bligh Street, Sydney NSW Australia 2000

Thursday 7 May 2020

ASX ANNOUNCEMENT

Company Up Date

Impact of the Coronavirus Pandemic

Australia remains the “lucky country” as we have successfully managed the first stage of the pandemic through a co-operative national cabinet and relatively good collective social compliance.

AYI is also a lucky corporation as we have been able to continue to operate and progress our projects, albeit somewhat slower than we had planned over the past two months, whilst the long term prospects have improved because our finished product is highly sought after throughout Asia but particularly in China and amongst Chinese people generally.

Indeed, the fears created by the CONVID19 virus means our market is likely to be much greater than we will have a capacity to fill.

AYI would like to acknowledge the support it has been provided by the Federal government through the JobKeeper program which has permitted the company to continue to operate and progress our projects during this difficult period.



AYI would also like to thank all its employees and its contractors and suppliers for their efforts during this difficult period.

Sea Cucumber Business

AYI has been fortunate that its operations in Western Australia as part of its new sea cucumber project have not been unduly impacted but only slightly delayed because of the COVID19 pandemic.



**Shark Bay Sea Cucumber March
2020**

Travel restrictions to and from Western Australia have prevented the Board members and some of our consultants from travelling to the project since the last week of March 2020. However, the company’s local Western Australian consultancies have seen the company place its dedicated agents on site in Denham to supervise the finalisation of the factory and the commencement of harvesting and production.

The company expects final approval for the factory late this month and harvesting to immediately commence thereafter.

Some operational difficulties were experienced in late April because the Western Australian government restricted regional travel, but these difficulties were relatively minor and did not contribute to any significant further delay in the completion of the factory.

Good planning and co-ordination have been required during this difficult period. It certainly felt like we were walking an operational tight rope on many occasions.



Tidal Moon (the company's dedicated supplier. See the Quarterly Activity Statement dated 1 May 2020 for detailed description of the arrangements between the parties) is now in the final phase of obtaining export authority, which should also be available in late May or early June.

Like most export businesses and those particularly with small volumes we are struggling to arrange the air freight of our product from Perth at reasonable rates, being rates applicable 3 months ago before the coronavirus pandemic. There are now no passenger flights directly to Japan from Perth and all small volumes of air freight must either go by dedicated freighters or be trans-shipped to Sydney or Melbourne.



Shark Bay Sea Cucumbers

To date none of the company's employees or the employees of its dedicated contractors have tested positive for CONVID19. The company is seeking to maintain all its operations in Denham under the current recommended health procedures in Western Australia. All such employees are practicing social distancing although operations on the TM fishing vessels must be operated safely and in accordance with our health and safety

obligations and our operating manuals. Social distancing is being maintained in the factory and the divers' accommodation provided by TM. Although social gatherings of up to 10 persons are now permitted in Western Australia, we have directed our employees and requested our contractors seek to limit non work related contacts to no more than 4 persons. This request has been readily agreed as many of the employees are Aboriginal persons who are very aware of the risks the coronavirus presents to their wider communities. We have also requested that all employees be tested for the coronavirus whenever possible and particularly if they have a need to travel to Geraldton or Perth.

We have facilities in Denham to immediately separate any employee who experiences any flu type symptoms into separate accommodation.

Japan

Our operating plan requires the company to export the dried product to Japan for further processing before the finished product is marketed to its eventual end users. Japan is now in a state of emergency in respect to the pandemic with its hospital system stretched beyond its ICU capacity. Blue Ocean Japan the company's operating subsidiary has its centre of operations in northern Honshu in a region where virus clusters have been relatively small to date. Nonetheless our manufacturing requirements will be further affected by the current shutdowns and it is likely that production will be slow at least for the first 3 to 4 months from July 2020. We expect to have our final processed product available for sale and distribution before October 2020 but full scale production may not be possible until the end of the year.



Shark Bay Sea Cucumber caught by Tidal Moon during survey work in March 2020

China

The PRC is maintaining that it is no longer being affected by the pandemic and that business has returned to normal. The general population remains sceptical of the government's claims that the virus is behind the country. Even if China has managed to reduce the number of people contracting the virus the underlying risks remain and until an effective vaccine is readily available it is more than likely the same problems that took place in winter in China will again occur in late 2020. The company's

program for its product is to have product in the market before the start of the next winter season in China.

Corporate Management

AYI has been operating on very limited basis from its head office with most executives operating from home using email and Zoom conferencing. Board meetings have been undertaken by phone and email.



Typical Shark Bay littoral zone

Continuation of Recommended Practices to Combat the COVID19 pandemic

AYI fully supports the continuation of the recommended restrictions to all Australians.



The company intends to maintain a policy of social distancing for its employees and contractors until an effective vaccine is discovered and becomes available for our use.

The company is encouraging all employees and Australian contractors to download the Australian government coronavirus tracing app (see <https://www.health.gov.au/resources/apps-and-tools/covidsafe-app>)

A1 INVESTMENTS & RESOURCES LTD



Peter Ashcroft
Director & Secretary