Update on Scheme of Arrangement – Scheme Booklet registered with ASIC and update on proposed Scheme

*6 May 2022 – Angel Seafood Holdings Ltd (ASX: AS1) (the "**Company**" or "**Angel**") advises that it has registered the Scheme Booklet with the Australian Securities and Investments Commission, and announces an update on the proposed Scheme.*

Angel refers to its earlier announcement today in relation to the proposed Scheme of Arrangement between Angel, Valley Seas BidCo Pty Ltd ACN 657 211 606 (**BidCo**) and Laguna Bay Agricultural No 1 Pty Ltd ACN 608 464 624 (**Laguna Bay**) (**Scheme**).

Scheme Booklet

Angel confirms that the Scheme Booklet has today been registered with the Australian Securities and Investments Commission. A copy of the Scheme Booklet, including the Independent Expert's Report and the notice of the Scheme Meeting, is attached to this announcement.

Angel Shareholders who have elected to receive communications electronically will receive an email which contains instructions about how to view or download a copy of the Scheme Booklet and how to lodge their proxy vote online.

Angel Shareholders who have elected to receive hard copy communications will receive a hard copy letter which contains instructions about how to view or download a copy of the Scheme Booklet, a hard copy of the Scheme Booklet, a hard copy proxy form and a reply-paid envelope addressed to the Share Registry.

Any other Angel Shareholders will receive a hard copy letter which contains instructions about how to view or download a copy of the Scheme Booklet, a hard copy proxy form and a reply-paid envelope addressed to the Share Registry.

Dispatch of the Scheme Booklet, as described above, is expected to occur on Wednesday, 11 June 2022.

Independent Expert's Report and Independent Board Committee recommendation

The Scheme Booklet includes an Independent Expert's Report from Grant Thornton Corporate Finance Pty Ltd, which concludes that the Scheme is in the best interests of Angel Shareholders, in the absence of a superior proposal. The Independent Expert's conclusion should be read in context with the full Independent Expert's Report and the Scheme Booklet.

The Angel Independent Board Committee (**Angel IBC**) unanimously recommends that Scheme Shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Angel Shareholders. Subject to the same qualifications, each independent director comprising the Angel IBC, intends to vote all of the Scheme Shares that they hold (directly or through associated interests) in favour of the Scheme at the Scheme Meeting.

BidCo receives FIRB approval in relation to proposed Scheme

Angel has been informed by BidCo that BidCo received confirmation from the Foreign Investment Review Board (**FIRB**) on Thursday, 5 May 2022 that the Commonwealth Government has no objection to BidCo's proposed acquisition of Angel by way of the proposed Scheme.

Accordingly, the FIRB condition contained in clause 3.1(b) of the Scheme Implementation Agreement dated Thursday, 10 February 2022 (a copy of which was released to ASX on Friday, 11 February 2022) has now been satisfied.

The implementation of the Scheme remains subject to a number of other conditions, including Scheme Shareholder approval and Court approval, as outlined in the Scheme Implementation Agreement.

Further Information

Angel encourages you to read the Scheme Booklet in its entirety before deciding whether or not to vote in favour of the Scheme at the Scheme Meeting.

If, after reading the Scheme Booklet, you have any further questions in relation to the Scheme or the Scheme Booklet, please contact the Angel Shareholder Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (from outside Australia) Monday to Friday between 9.00am and 5.00pm (Melbourne time).

This announcement was approved for release by the Board.

Any questions or requests for further information should be directed via email to:

Angel Seafood Holdings Ltd
Simba Matute, CFO
M: +61 420 488 862
E: simba@angelseafood.com.au

Investor contact
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M: +61 417 311 335
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About Angel Seafood Holdings Ltd

Angel Seafood is a producer of fresh, clean and consistently high-quality oysters that don't compromise the environment. Angel has grown from a family-operated South Australian business and has rapidly developed from a traditional oyster-growing business into a premium, innovative and organically certified producer of Coffin Bay Oysters. The Company primarily sells oysters to the domestic market; however, exports represent a substantial long-term growth opportunity.

Angel Seafood is the Southern Hemisphere's largest sustainable and organic certified pacific oyster producer.

Angel Seafood Holdings Ltd
ACN 615 035 366
Scheme Booklet

For a recommended scheme of arrangement in relation to the proposed acquisition of approximately 70.05% of Angel Seafood Holdings Ltd ACN 615 035 366 (**Angel**) by Valley Seas BidCo Pty Ltd ACN 657 211 606 (**BidCo**), a subsidiary of Laguna Bay Agricultural No 1 Pty Ltd ACN 608 464 624 (**Laguna Bay**). The consideration is **20 cents per share**.

Vote in favour

Your Angel Independent Board Committee recommends that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Angel Shareholders in the absence of a superior alternative proposal emerging.

The Independent Expert has concluded that the Scheme is in the best interests of Angel Shareholders in the absence of a superior alternative proposal emerging.

The Scheme Meeting is scheduled to be held at 3.00pm (Melbourne time) on Friday, 10 June 2022 in-person at Thomson Geer office, Level 23, Rialto South Tower, 525 Collins Street, Melbourne VIC 3000 and virtually via an online platform at https://meetnow.global/MRPMYTN.

This Scheme Booklet is important and requires your prompt attention. You should read it in its entirety, and consider its contents carefully, before deciding whether or not to vote in favour of the Scheme Resolution to approve the Scheme. If you are in any doubt about what you should do, you should consult with a financial, legal, taxation or other professional adviser.

If you have any questions in relation to this Scheme Booklet or the Scheme or you would like a hard copy of this Scheme Booklet, please contact the Angel Shareholder Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (from outside Australia) Monday to Friday between 9.00am and 5.00pm (Melbourne time).

If you have recently sold all of your Shares, please disregard this Scheme Booklet.

Legal Adviser

THOMSON GEER
LAWYERS

Important information

Nature of this document

This Scheme Booklet provides Angel Shareholders with information about the proposed acquisition of approximately 70.05% of Angel by BidCo. It includes the explanatory statement required by Part 5.1 of the Corporations Act in relation to the Scheme.

You should review all of the information in this Scheme Booklet carefully. Section 1.2 sets out the reasons why you should vote in favour of the Scheme and Section 1.3 sets out reasons why you may wish to vote against the Scheme.

This Scheme Booklet also sets out the manner in which the Scheme will be considered and implemented (if all of the conditions to the Scheme are satisfied or waived) and provides such information as prescribed by law or is otherwise material to the decision of Angel Shareholders whether to vote in favour of the Scheme.

If you have recently sold all of your Angel Shares, please disregard this Scheme Booklet.

Defined terms and interpretation

Capitalised terms and certain abbreviations used in this Scheme Booklet are defined in the Glossary in Section 9. The documents reproduced in some of the annexures to this Scheme Booklet each have their own defined terms that are sometimes different from those in the Glossary.

Any diagrams, charts, maps, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, their actual calculations may differ from the calculations set out in this Scheme Booklet.

Section 9 also includes certain rules of interpretation that apply to this Scheme Booklet.

Responsibility for information

Except as outlined below, the information contained in this Scheme Booklet has been prepared by Angel and is its responsibility. Except as outlined below, neither Angel nor any of its Subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of such information.

BidCo and Laguna Bay have prepared and provided all information relating to the Laguna Bay Group, directors, officers and employees set out in this document (including in Section 5) and is responsible for that information. Angel does not assume any responsibility for the accuracy or completeness of such information.

The Independent Expert has prepared the Independent Expert's Report in relation to the Scheme and is solely responsible for that report. The Independent Expert's Report is set out in Annexure A. None of Angel, BidCo or Laguna Bay or any of their respective Subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in the Independent Expert’s Report, except, in the case of Angel, BidCo and Laguna Bay, in relation to the information that they have provided to the Independent Expert. Angel Shareholders should read the Independent Expert’s Report carefully to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

Forward-looking statements

This Scheme Booklet contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements. All forward looking statements in this Scheme Booklet reflect views only as at the date of this Scheme Booklet, and generally may be identified by the use of forward-looking words such as 'believe', 'aim', 'future', 'expect', 'anticipate', 'intend', 'foresee', 'likely', 'should', 'planned', 'may', 'estimate', 'potential' or other similar words. Similarly, statements that describe Angel's or BidCo's objectives, plans, goals or expectations are or may be forward looking statements.

Any statements contained in this Scheme Booklet about the impact that the Scheme may have on the results of Angel's operations, and the advantages and disadvantages anticipated to result from the Scheme, are also forward-looking statements.

All forward looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by those forward-looking statements.

The operations and financial performance of Angel are subject to various risks, including those summarised in this Scheme Booklet, which may be beyond the control of Angel and/or BidCo. Angel Shareholders should note that the historical financial performance of Angel provides no assurance of the future financial performance of Angel (whether the Scheme is implemented or not). Those risks and uncertainties include factors and risks specific to the industry in which Angel operates and general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. As a result, the actual results of operations and earnings of Angel following implementation of the Scheme, as well as the actual advantages of the Scheme, may differ significantly from those that are anticipated and may never be achieved.

The forward-looking statements included in this Scheme Booklet are made only as of the date of this Scheme Booklet. Although Angel believes that the views reflected in any forward-looking statements included in the Angel Information have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct.

None of the Angel Group, the Laguna Bay Group, the Angel Group's directors and officers, the Laguna Bay Group's directors and officers, any persons named in this

Scheme Booklet with their consent or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (express or implied) as to the likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward-looking statement. All subsequent written and oral forward-looking statements attributable to any member of the Angel Group or Laguna Bay Group or any person acting on their behalf are qualified by this cautionary statement.

Subject to any continuing obligations under relevant laws or the listing rules of a relevant exchange (including, without limitation, the ASX Listing Rules), the Angel Group and the Laguna Bay Group do not give any undertaking to update or revise any such statements after the date of this Scheme Booklet, to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

No investment advice

This Scheme Booklet is intended for all Angel Shareholders collectively and does not take into account the investment objectives, financial situation or particular needs of each Angel Shareholder or any other particular person. This Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to the Scheme or your Angel Shares. Before making any investment decision in relation to the Scheme or your Angel Shares, including any decision to vote for or against the Scheme, you should consider whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances. If you are in any doubt about what you should do, you should seek independent financial, legal, taxation or other professional advice before making any investment decision.

Not an offer

This Scheme Booklet does not constitute or contain an offer to Angel Shareholders, or a solicitation of an offer from Angel Shareholders, in any jurisdiction.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with Australian law and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with laws and regulations outside Australia.

It is important that Angel Shareholders who are not Australian resident taxpayers or who are liable for tax outside Australia seek specific taxation advice in relation to the Australian and overseas tax consequences of the Scheme.

Regulatory information

This document is the explanatory statement for the proposed scheme of arrangement between Angel and Scheme Shareholders for the purposes of section 412(1) of the Corporations Act. A copy of the proposed Scheme is included in this Scheme Booklet as Annexure B.

A copy of this Scheme Booklet was provided to ASIC for examination in accordance with section 411(2)(b) of the Corporations Act and was lodged with ASIC for registration under section 412(6) of the Corporations Act. It was then registered by ASIC under section 412(6) of the Corporations Act before being sent to Angel Shareholders.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, then it will be produced to the Court at the time of the Court hearing to approve the Scheme. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

A copy of this Booklet has been lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Booklet.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure D.

The Scheme Meeting will be held in-person and virtually by way of a videoconference.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the votes at the Scheme Meeting. Any Angel Shareholder may appear at the Second Court Hearing, expected to be held at 12.00pm (Melbourne time) on Monday, 20 June 2022 at the Federal Court of Australia, Victoria Registry.

Any Angel Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Angel a notice of appearance in the prescribed form together with any affidavit on which the Angel Shareholder proposes to rely. The notice of appearance and affidavit must be served on Angel at its address for service at least 1 day before the Second Court Hearing date.

The address for service is:

Thomson Geer
Attention: Bevan Wang
Level 23, Rialto South Tower
525 Collins Street
Melbourne VIC 3000

It is possible that, because of restrictions imposed in response to the COVID-19 pandemic, the Second Court Hearing might be conducted via remote access technology, including via videoconferencing or teleconferencing.

Angel Shareholders seeking to view the Second Court Hearing should review the Court list at www.fedcourt.gov.au/court-calendar/daily-court-lists/vic for details of the hearing and how such hearing can be viewed.

The court list is usually available by 4.30pm (Melbourne time) on the day before a scheduled hearing. Any changes to the date or arrangements for the conduct of the Second Court Hearing will be announced on ASX at www.asx.com.au.

Important notice associated with the Court order under section 411(1) of the Corporations Act

The fact that under section 411(1) of the Corporations Act the Court has ordered that the Scheme Meeting be convened and has directed that an explanatory statement accompany the Notice of Scheme Meeting does not in any way indicate that the Court has approved or will approve the terms of the Scheme and does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Angel Shareholders should vote (on this matter Angel Shareholders must each reach their own decision); or
- has prepared, or is responsible for, the content of this Scheme Booklet.

Tax implications of the Scheme

If the Scheme becomes Effective and is implemented, there will be tax consequences for Angel shareholders. This may include tax being payable on any gain on disposal of Angel Shares.

For further detail about the general Australian tax consequences of the Scheme, refer to Section 7 of this Scheme Booklet.

The tax treatment may vary depending on the nature and characteristics of each Angel Shareholder and their specific circumstances. Accordingly, Angel Shareholders should seek professional tax advice in relation to their particular circumstances.

Privacy

Angel and BidCo may collect personal information in the process of implementing the Scheme. Such information may include the name, address, contact details and shareholdings of Angel Shareholders and the names of persons appointed by those persons to act as a proxy, attorney or corporate representative at the Scheme Meeting.

The collection of some of this personal information is required or authorised by the Corporations Act. The primary purpose of the collection of personal information is to assist Angel to conduct the Scheme Meeting and to assist Angel and BidCo to implement the Scheme. Personal information of the type described above may be disclosed to the Share Registry, print and mail service providers, authorised securities brokers, Related Bodies Corporate of Angel and BidCo and Angel Group's and the Laguna Bay Group's respective advisers and service providers. If the information outlined above is not collected, Angel may be hindered in, or prevented from, conducting the Scheme Meeting and implementing the Scheme.

Angel Shareholders have certain rights to access personal information that has been collected. Angel Shareholders should contact the Share Registry in the first instance if they wish to access their personal information. Angel Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of these matters.

External website

Angel maintains a website at www.angelseafood.com.au. Information contained in or otherwise accessible through this website is not a part of this document and Angel Shareholders should not rely on its content. All references in this document to that website are for your information only.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this document are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this document.

Communications

Angel Shareholders who have elected to receive communications electronically will receive an email which contains instructions about how to view or download a copy of the Scheme Booklet and how to lodge their proxy vote online.

Angel Shareholders who have elected to receive hard copy communications will receive a hard copy letter which contains instructions about how to view or download a copy of the Scheme Booklet, a hard copy of the Scheme Booklet, a hard copy proxy form and a reply-paid envelope addressed to the Share Registry.

Any other Angel Shareholders will receive a hard copy letter which contains instructions about how to view or download a copy of the Scheme Booklet, a hard copy proxy form and a reply-paid envelope addressed to the Share Registry.

Times

Unless otherwise stated, all times referred to in this Scheme Booklet are times in Melbourne, Australia. Any obligation to do an act by a specified time in an Australian time zone must be done at the corresponding time in any other jurisdiction.

Currency and exchange

Unless otherwise stated, all dollar amounts in this Scheme Booklet are in Australian dollars and all share prices and trading volumes refer to Angel Shares trading on ASX.

Date

This Scheme Booklet is dated Friday, 6 May 2022.

Indicative Key Dates

Event	Date
Scheme Booklet Date of this Scheme Booklet	Friday, 6 May 2022
Scheme Meeting Proxy Forms Latest time and date by which the Scheme Meeting Proxy Forms must be received by the Share Registry	3.00pm (Melbourne time) Wednesday, 8 June 2022
Scheme Meeting record date Time and date for determining eligibility to vote at the Scheme Meeting	7.00pm (Melbourne time) Wednesday, 8 June 2022
Scheme Meeting To be held in-person at Thomson Geer office, Level 23, Rialto South Tower, 525 Collins Street, Melbourne VIC 3000 and virtually via an online platform at https://meetnow.global/MRPMYTN	3.00pm (Melbourne time) Friday, 10 June 2022

If the Scheme is approved by Scheme Shareholders at the Scheme Meeting	
Second Court Date For approval of the Scheme	12.00pm (Melbourne time) Monday, 20 June 2022
Effective Date The date on which the Scheme becomes Effective and is binding on Scheme Shareholders The date on which Court orders will be lodged with ASIC (at which point the Scheme becomes Effective) and announced to ASX Expected last day of trading in Angel Shares – Angel suspended from close of trading	Tuesday, 21 June 2022
Scheme Record Date All Scheme Shareholders who hold Angel Shares on the Scheme Record Date will be entitled to receive the Scheme Consideration	7.00pm (Melbourne time) Monday, 27 June 2022
Implementation Date Date on which the Scheme Consideration will be sent to Scheme Shareholders and BidCo becomes the holder of the Scheme Shares	Monday, 4 July 2022

All dates following the date of the Scheme Meeting is indicative only and, among other things, are subject to all necessary approvals from the Court and other conditions of the Scheme having been satisfied or, if applicable, waived. Angel reserves the right to vary the times and dates set out above. Any changes to the above timetable will be announced on ASX and notified on Angel's website at www.angelseafood.com.au.

Letter from the Chairman of the Independent Board Committee

Friday, 6 May 2022

Dear Angel Shareholder

On behalf of the Angel Seafood Holdings Ltd Independent Board Committee (**Angel IBC**), I am pleased to provide you with this Scheme Booklet, which contains important information for you to consider about the proposed acquisition of Angel Seafood Holdings Ltd ACN 615 035 366 (**Angel**) by Valley Seas BidCo Pty Ltd ACN 657 211 606 (**BidCo**), a subsidiary of Laguna Bay Agricultural No 1 Pty Ltd ACN 608 464 624 (**Laguna Bay**).

Overview of the Scheme

On 11 February 2022, Angel announced that it had entered into a Scheme Implementation Agreement with BidCo and Laguna Bay, under which BidCo will acquire, by way of scheme of arrangement, all Angel Shares other than:

(a) the Angel Shares that Laguna Bay and entities associated with it already own; and

(b) 16,178,927 of the 24,770,210 Angel Shares held by Mr Isaac Halman, Angel's Executive Director, Chief Executive Officer and Company Founder.

Laguna Bay (and entities associated with it) hold 19.95% of Angel's issued share capital and have been major shareholders of Angel since 10 May 2021. Laguna Bay has not had board representation on the Angel Board since its listing in 2018. Mr Halman's shareholding of 24,770,210 Angel Shares represents 15.33% of Angel's issued share capital.

Laguna Bay Group has made its offer on the condition that Mr Halman retains approximately 10% of Angel's issued share capital as they see him as essential to the success of Angel post-Implementation. As the founder of Angel, Laguna Bay believes Mr Halman's continued involvement in the business is important to the growth and future development of the business. By retaining some Angel Shares post-Implementation, Laguna Bay is seeking that Mr Halman remains incentivised to keep growing the Angel business.

Accordingly, if the Scheme is approved and implemented, Laguna Bay will own approximately 90% of the Angel Shares and Mr Halman will own the remaining approximately 10% of the Angel Shares.

If the Scheme is approved and implemented, you will be entitled to receive cash consideration of $0.20 per share.

The Scheme Consideration when taken overall implies:

- a 60% premium to Angel's closing share price on 17 December 2021 (being the trading day immediately prior to Angel announcing receipt of Laguna Bay Group's indicative, non-binding and conditional proposal) of $0.125 per share; and

- a 50% premium to Angel's VWAP over the 30-day period prior to 17 December 2021 (being the trading day immediately prior to Angel announcing receipt of Laguna Bay Group's indicative, non-binding and conditional proposal) of $0.133 per share.

The 100% cash consideration available under the Scheme Consideration provides Angel Shareholders with certainty of value and the opportunity to realise their investment for cash, in full.

Angel IBC unanimously recommends the Scheme

Given that the proposal from Laguna Bay Group provided for Mr Halman to continue to hold Angel Shares post-Implementation of the Scheme, he needed to be excluded from any deliberations of the Board relating to the Scheme. Accordingly, Angel formed the Angel IBC comprising Chairman Mr Tim Goldsmith and Director Mr Michael Porter to consider the proposal from Laguna Bay Group. The Angel IBC has diligently considered Angel's current position, as well as its medium and longer term potential, and believe that the Scheme is in the best interests of Angel Shareholders.

The Angel IBC unanimously recommends that all Angel Shareholders **vote in favour of the Scheme**, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Angel Shareholders.

Subject to the same qualifications, each Angel IBC Member intends to vote all of the Angel Shares that they hold (directly or through associated interests) in favour of the Scheme at the Scheme Meeting.

Major shareholders recommend the Scheme

Thorney Investment Group (TIGA Trading Pty Ltd, Thorney Opportunities Ltd and their associates), which presently hold 22,266,298 Angel Shares, have confirmed that they would vote in favour of the Scheme, in the absence of a Superior Proposal, in relation to all Angel Shares they hold at the date of the Scheme Meeting.

Mr Halman and his affiliated entities presently hold 24,770,210 Angel Shares, noting that 16,178,927 of these are excluded from the Scheme and will be retained by Mr Halman and his affiliated entities. Given that the proposal from Laguna Bay Group provided for Mr Halman to continue to hold Angel Shares post-Implementation of the Scheme, Mr Halman will not be voting his 8,591,283 Scheme Shares and is not giving a voting recommendation to Angel Shareholders in his capacity as a director.

The Angel Shares held by Laguna Bay Group and its associates (presently 32,227,062 Angel Shares) are excluded from the Scheme Meeting and, accordingly, Laguna Bay Group will not participate nor vote in the Scheme.

Options and Performance Securities held by Angel Directors

In accordance with the Scheme Implementation Agreement, Angel will ensure there are no outstanding Options or Performance Securities at the Implementation Date.

As at the date of this Scheme Booklet, there are 1,000,000 performance shares issued on 8 February 2018 to Mr Halman. Pursuant to Angel's performance rights and option plan, it is expected that the Performance Securities will automatically convert into Angel Shares (due to a change of control event occurring) upon the court approving the Scheme. Those Angel Shares will then participate in the Scheme.

Mr Goldsmith's related entity, Mollygold Superannuation Pty Ltd as trustee for the Mollygold Super Fund, holds 1,500,000 Options issued on 30 March 2020 with an exercise price of $0.40 and an expiry date of 30 March 2024. Mollygold Superannuation Pty Ltd as trustee for the Mollygold Super Fund has agreed to the cancellation of the 1,500,000 Options on the Effective Date in return for cash consideration of $12,405.44.

Mr Porter holds 1,000,000 Options issued on 30 March 2020 with an exercise price of $0.40 and an expiry date of 30 March 2024. Mr Porter has agreed to the cancellation of the 1,000,000 Options on the Effective Date in return for cash consideration of $8,270.28.

Given the importance of the Scheme and Mr Goldsmith and Mr Porter's role in the development and management of Angel IBC, the Angel IBC, Mr Goldsmith and Mr Porter (separately) have determined that Mr Goldsmith and Mr Porter can, and should if they wish to do so, make a recommendation on the Scheme notwithstanding the nature and quantum of the benefits they will receive if the Scheme becomes Effective.

See Sections 3.3 and 3.4 for more information.

Material matters

In recommending the Scheme to you, the Angel IBC has evaluated a range of factors, including the following:

- the Independent Expert has concluded that the Scheme is in the best interests of Angel Shareholders in the absence of a superior alternative proposal emerging;
- the Scheme Consideration for Angel Shareholders represents in respect of each Scheme Share held by a Scheme Participant, a cash amount equal to $0.20;
- the Scheme Consideration provides Angel Shareholders with certainty of value and the opportunity to realise their investment for cash, in full;
- the Angel IBC believes that BidCo, a subsidiary of Laguna Bay, will be excellent custodians of Angel's business going forward, in terms of growing the business; and
- if the Scheme is not implemented, Angel's share price is likely to drop. Moreover, Angel will need to raise capital to fund its operations and the issue price is likely to be a significant discount to the prevailing share price.

As a result, the Angel IBC is of the view that the Scheme is compelling in the current circumstances and appropriate to be put to Angel Shareholders for their consideration.

You should note when considering this recommendation that Angel's Executive Director, Chief Executive Officer and Company Founder, Mr Halman (with his affiliated entitles), will retain a shareholding in Angel of approximately 10.00% following implementation of the Scheme. Mr Halman will continue as the Chief Executive Officer (**CEO**) following implementation of the Scheme. Together with the 32,227,062 Angel Shares held by Laguna Bay Group and its associates, these make up the Excluded Shares, and the Excluded Shareholders will be excluded from the Scheme Meeting and will not participate nor vote in the Scheme Meeting in respect of their Excluded Shares.

Independent Expert

Angel appointed Grant Thornton as the Independent Expert to assess the merits of the Scheme and to provide an opinion as to whether the Scheme is in the best interests of Angel Shareholders.

Based on the Scheme Consideration, the Independent Expert has concluded that the Scheme is in the best interests of Angel Shareholders in the absence of a superior alternative proposal emerging.

The Independent Expert has assessed the fair market value per Scheme Share (control basis) to be in the range of $0.16 to $0.20 per share. Accordingly, the Scheme Consideration for Angel Shareholders of $0.20 per Scheme Share is within the valuation range determined by the Independent Expert.

A complete copy of the Independent Expert's Report is included in Annexure A. The Angel IBC encourages you to read the Independent Expert's Report in its entirety before making a decision as to whether or not to vote in favour of the Scheme.

Taxation considerations of the Scheme

Section 7 of this Scheme Booklet provides a general outline of the Australian income tax, capital gains tax, GST and stamp duty consequences for Angel Shareholders who dispose of their Angel Shares to BidCo in accordance with the Scheme. Section 7 does not purport to be a complete analysis or to identify all potential tax consequences nor is it intended to replace the need for specialist tax advice in respect of the particular circumstances of each individual Angel Shareholder.

Angel Shareholders who are foreign residents should note in particular the potential application of the foreign resident capital gains withholding tax described in more detail in Section 7.2(c).

As noted in Section 7, a capital gains withholding tax will apply to the transfer of Angel Shares to BidCo by an Angel Shareholder that is a relevant foreign resident where the Angel Shares are considered indirect Australian real property interests for the purposes of the *Income Tax Assessment Act 1997* (Cth). Angel Shares will be indirect Australian real property interests if both the non-portfolio interest test and principal asset test (Section 7.2(c)) are satisfied). Based on Angel's current asset profile, it is expected that the principal asset test will be satisfied.

BidCo may require certain Angel Shareholder to provide appropriate declarations regarding its residency or interest. BidCo may also withhold and remit to the ATO up to 12.5% of the total Scheme Consideration payable to that Angel Shareholder. BidCo has informed Angel that it will approach the ATO in order to determine whether the withholding regime will apply to any Angel Shareholder who is a non-resident for Australian income tax purposes.

BidCo may seek to clarify the status of particular Angel Shareholders by issuing them with a foreign resident declaration form. Angel Shareholders who are asked to complete the declaration form must return their signed declaration form by the date specified in the correspondence included with the declaration form in order to prevent the withholding obligations being deducted from the cash consideration otherwise payable to the Scheme Shareholders.

Angel Shareholders should seek their own independent tax advice as to the tax implications of the foreign resident capital gains withholding tax and the making of a residency declaration or an interest declaration.

Angel Shareholders who are subject to taxation outside Australia should also consult their tax adviser as to the applicable tax consequences of the Scheme in the relevant jurisdiction.

How to vote

Your vote is important and will determine the future ownership of Angel. I encourage you to vote on the Scheme Resolution applicable to you by completing the relevant Proxy Form, or alternatively by attending the applicable Scheme Meeting.

The Scheme Meeting is to be held at 3.00pm (Melbourne time) on Friday, 10 June 2022 in-person at Thomson Geer office, Level 23, Rialto South Tower, 525 Collins Street, Melbourne VIC 3000 and virtually via an online platform at https://meetnow.global/MRPMYTN.

If you wish the Scheme to proceed, it is important that you vote in favour of the Scheme Resolution.

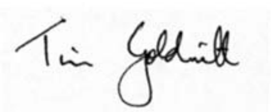
Further information

If you have any questions in relation to the Scheme Booklet or the Scheme or you would like a hard copy of this Scheme Booklet, please contact the Angel Shareholder Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (from outside Australia) Monday to Friday between 9.00am and 5.00pm (Melbourne time).

Angel Shareholders should also consider seeking independent financial, legal and taxation advice, as appropriate, before making any decision in relation to their Angel Shares.

On behalf of the Angel IBC, I would like to take this opportunity to thank you for your ongoing support of and commitment to Angel and its business, and I look forward to your participation at the Scheme Meeting.

Yours sincerely



Tim Goldsmith
Chairman
Angel Seafood Holdings Ltd

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1 Key considerations relevant to your vote

1.1 Summary

The Scheme has a number of advantages and disadvantages which may affect Angel Shareholders in different ways depending on their individual circumstances. Angel Shareholders should seek professional advice on their particular circumstances, as appropriate.

Section 1.2 sets out some of the reasons why the Angel IBC recommends that Angel Shareholders vote in favour of the Scheme, including:

(a) The Angel IBC has assessed the merits of the Scheme and recommends that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Angel Shareholders in the absence of a superior alternative proposal emerging.

(b) The Independent Expert has concluded that the Scheme is in the best interests of Angel Shareholders in the absence of a superior alternative proposal emerging.

(c) The major shareholders (other than Laguna Bay Group and Mr Halman (and their associated entities) who do not express a view) are supportive and, in the absence of a Superior Proposal, will vote in favour of the Scheme. Given that the proposal from Laguna Bay Group provided for Mr Halman to continue to hold Angel Shares post-Implementation of the Scheme, Mr Halman will not be voting his 8,591,283 Scheme Shares and is not giving a voting recommendation to Angel Shareholders in his capacity as a director.

(d) The Scheme Consideration for Angel Shareholders of $0.20 per Scheme Share, represents an attractive premium to recent historical trading levels of Angel Shares on ASX prior to the announcement of the proposed Scheme.

(e) The Scheme Consideration for Angel Shareholders of $0.20 per Scheme Share, represents:

  (i) a 60% premium to Angel's closing share price on 17 December 2021 (being the trading day immediately prior to Angel announcing receipt of Laguna Bay Group's indicative, non-binding and conditional proposal) of $0.125 per share; and

  (ii) a 50% premium to Angel's VWAP over the 30-day period prior to 17 December 2021 (being the trading day immediately prior to Angel announcing receipt of Laguna Bay Group's indicative, non-binding and conditional proposal) of $0.133 per share.

(f) You will receive all cash consideration, which provides certainty of value for your investment in Angel.

(g) Since the announcement of the Scheme, no Superior Proposal has emerged.

(h) In the absence of a Superior Proposal, the price of Angel Shares is likely to fall in the near term if the Scheme is not implemented.

(i) If the Scheme does not proceed, you will continue to be exposed to risks associated with Angel's business, rather than realising certain value for your Angel Shares in a certain time frame. Exposure to risk factors could have a significant impact on Angel's business, especially as its business operations and assets are concentrated around aquaculture production.

(j) No brokerage will be payable by you for the transfer of your Angel Shares under the Scheme.

Section 1.2 should be read in conjunction with Section 1.3, which sets out some of the reasons why Angel Shareholders may wish to vote against the Scheme, including:

(k) You may disagree with the unanimous recommendation of the Angel IBC and the Independent Expert's conclusion and consider that the Scheme is not in your best interests.

(l) You may prefer to realise the potential value in Angel Shares over the long term and may consider that the Scheme does not capture Angel's long-term potential.

(m) You may believe that it is in your interests to maintain your current investment and risk profile.

(n) The tax consequences of the Scheme may not suit your current financial position.

(o) You may consider that there is potential for a Superior Proposal to emerge.

You should read this Scheme Booklet in full, including the Independent Expert's Report, before deciding how to vote at the Scheme Meeting. While the Angel IBC acknowledges the reasons to vote against the Scheme, they believe that the advantages of the Scheme significantly outweigh the disadvantages and unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Angel Shareholders in the absence of a superior alternative proposal emerging.

1.2 Reasons for Angel Shareholders to vote in favour of the Scheme

(a) **The Angel IBC has assessed the merits of the Scheme and recommend that Angel Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Angel Shareholders in the absence of a superior alternative proposal emerging**

In reaching its recommendation, the Angel IBC has diligently assessed the Scheme having regard to the reasons to vote in favour of, or against, the Scheme as set out in this Scheme Booklet.

The Angel IBC consider that the Scheme Consideration of $0.20 per Scheme Share fully recognises the value and future growth potential of Angel, as well as providing the certainty of all cash consideration to the Angel Shareholders for their Angel Shares.

In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Angel Shareholders in the absence of a superior alternative proposal emerging, each of the Angel IBC members intend to vote all Angel Shares that they hold or control in favour of the Scheme at the Scheme Meeting.

Details regarding the interests of the Angel Directors in Angel are contained in Section 8.

(b) **The Independent Expert has concluded that the Scheme is in the best interests of Angel Shareholders in the absence of a superior alternative proposal emerging**

Angel appointed Grant Thornton as the Independent Expert to assess the merits of the Scheme and to provide an opinion as to whether the Scheme is in the best interests of Angel Shareholders in the absence of a superior alternative proposal emerging.

Based on the Scheme Consideration, the Independent Expert has concluded that the Scheme is in the best interests of Angel Shareholders in the absence of a superior alternative proposal emerging.

The Independent Expert has assessed the fair market value per Scheme Share (control basis) to be in the range of $0.16 to $0.20 per share. Accordingly, the Scheme

Consideration for Angel Shareholders of $0.20 per Scheme Share is within the valuation range determined by the Independent Expert.

A complete copy of the Independent Expert's Report is included in Annexure A. The Angel IBC encourage you to read the Independent Expert's Report in its entirety before making a decision as to whether or not to vote in favour of the Scheme.

(c) **The major shareholders (other than Laguna Bay Group and Mr Halman (and their associated entities) who do not express a view) are supportive and, in the absence of a Superior Proposal, will vote in favour of the Scheme**

Thorney Investment Group (TIGA Trading Pty Ltd, Thorney Opportunities Ltd and their associates), which presently hold 22,266,298 Angel Shares, have confirmed that they would vote in favour of the Scheme, in the absence of a Superior Proposal, in relation to all Angel Shares they hold at the date of the Scheme Meeting.

Mr Halman and his affiliated entities presently hold 24,770,210 Angel Shares, noting that 16,178,927 of these are excluded from the Scheme and will be retained by Mr Halman and his affiliated entities. Given that the proposal from Laguna Bay Group provided for Mr Halman to continue to hold Angel Shares post-Implementation of the Scheme, Mr Halman will not be voting his 8,591,283 Scheme Shares and is not giving a voting recommendation to Angel Shareholders in his capacity as a director.

The Angel Shares held by Laguna Bay Group and its associates (presently 32,227,062 Angel Shares) are excluded from the Scheme Meeting, and accordingly Laguna Bay Group will not participate nor vote in the Scheme Meeting.

(d) **The Scheme Consideration to be received by Angel Shareholders of $0.20 per Scheme Share, represents an attractive premium to recent historical trading levels of Angel Shares on ASX prior to the announcement of the proposed Scheme**

The Scheme Consideration of $0.20 per Scheme Share, represents:

(i) a 60% premium to Angel’s closing share price on 17 December 2021 (being the trading day immediately prior to Angel announcing receipt of Laguna Bay Group's indicative, non-binding and conditional proposal) of $0.125 per share; and

(ii) a 50% premium to Angel’s VWAP over the 30-day period prior to 17 December 2021 (being the trading day immediately prior to Angel announcing receipt of Laguna Bay Group's indicative, non-binding and conditional proposal) of $0.133 per share.

(e) **Angel Shareholders will receive all cash consideration, which provides certainty of value for their investment in Angel**

The proposal from Laguna Bay Group to Angel Shareholders is a 100% cash proposal. The Scheme Consideration of $0.20 per Scheme Share provides Angel Shareholders with certainty of value for their Angel Shares (subject to the Scheme becoming Effective) and the opportunity for Angel Shareholders to realise certain cash value in the near term, which may not be achieved if the Scheme does not proceed.

If the Scheme is implemented, Scheme Shareholders will receive the Scheme Consideration for each Scheme Share that they own at the Scheme Record Date (i.e. at 7.00pm (Melbourne time) on Monday, 27 June 2022), and that is to be transferred under the Scheme, to be paid on the Implementation Date.

In contrast, if the Scheme does not proceed, the amount that Angel Shareholders will be able to realise for their investment in Angel Shares will be uncertain. The Scheme removes this uncertainty for Angel Shareholders.

If the Scheme does not proceed, Angel Shareholders will continue to be exposed to risks associated with Angel's business, rather than realising certain value for Angel

Shares in a certain time frame. Exposure to risk factors could have a significant impact on Angel's business, especially as its business operations and assets are concentrated around aquaculture production. For further details on the risks relating to remaining an Angel Shareholder, see Section 6.

(f) **Since the announcement of the indicative, non-binding and conditional proposal, no Superior Proposal has emerged**

Since the initial announcement of the indicative, non-binding and conditional proposal on 20 December 2021 and up to the date of this Scheme Booklet, no Superior Proposal has emerged, and the Angel Directors are not aware of any Superior Proposal that is likely to emerge.

(g) **In the absence of a Superior Proposal, the price of Angel Shares is likely to fall in the near term if the Scheme is not implemented**

If the Scheme is not implemented, and in the absence of a Superior Proposal, the price at which Angel Shares trade is likely to fall in the near term, including to a price which may be significantly below both the Scheme Consideration and the price at which Angel Shares have traded since the announcement of the indicative, non-binding and conditional proposal on 20 December 2021.

(h) **In the absence of a Superior Proposal, Angel will need to raise capital to fund its operations if the Scheme is not implemented**

If the Scheme is not implemented, and in the absence of a Superior Proposal, Angel will need to raise capital to fund its operations. This is likely to be done at a significant discount to the prevailing share price, which as disclosed in Section 1.2(g) is likely to fall.

The Angel IBC believes the share price for Angel Shares has historically not reflected the fair value of Angel. The Angel IBC is therefore very conscious of the potential significant dilutive effect of the need to raise more funds at a lower share price.

(i) **If the Scheme does not proceed, you will continue to be exposed to risks associated with Angel's business, rather than realising certain value for your Angel Shares in a certain time frame**

If the Scheme does not proceed, the value that you will be able to realise from your Angel Shares (in terms of the price of those Angel Shares and any future dividends paid in respect of them) will be uncertain and subject to a number of risks outlined in Section 6.

In addition to the general investment risks outlined in Section 6.2 faced by investors in an ASX listed company, you will also be exposed to the range of business specific risks associated with your current investment in Angel Shares outlined in Section 6.3.

The Scheme removes these risks for Angel Shareholders and allows them to exit their investment in Angel at a price that the Angel IBC considers attractive. If the Scheme is approved and implemented, these risks and uncertainties will be assumed by BidCo and the Excluded Shareholders, as the remaining shareholders of Angel following implementation of the Scheme.

(j) **No brokerage will be payable by you for the transfer of your Angel Shares under the Scheme**

You will not incur any brokerage on the transfer of your Angel Shares to BidCo under the Scheme. It is possible that such charges may be incurred if you dispose of or transfer your Angel Shares in circumstances other than under the Scheme.

1.3 Reasons why you may choose to vote against the Scheme

Although the Scheme is recommended by the Angel IBC and the Independent Expert has concluded that the Scheme is in the best interests of Angel Shareholders in the absence of a superior alternative proposal emerging, factors which may lead you to consider voting against the Scheme include the following:

(a) **You may disagree with the unanimous recommendation of the Angel IBC and the Independent Expert's conclusion and consider that the Scheme is not in your best interests**

In the Angel IBC recommending the Scheme (in the absence of a Superior Proposal) and the Independent Expert concluding the Scheme is in the best interests of Angel Shareholders in the absence of a superior alternative proposal emerging, the Angel IBC and the Independent Expert are making judgements based on future trading conditions and events which cannot be predicted with any certainty, and which may prove to be inaccurate (positively or negatively). You may hold a different view from, and are not obliged to follow the recommendation of, the Angel IBC, and you may not agree with the Independent Expert’s conclusion.

(b) **You may prefer to realise the potential value in Angel Shares over the long term, and may consider that the Scheme does not capture Angel's long-term potential**

If the Scheme is approved and implemented, you will cease to be an Angel Shareholder. As such, you will no longer be able to participate in Angel's future financial performance, including by benefitting from the payment of any future dividends or the future prospects of its ongoing business. However, as with all investments in securities, there can be no guarantee as to the payment of any future dividends nor the future operational or financial performance of Angel or its business.

(c) **You may believe that it is in your interests to maintain your current investment and risk profile**

You may wish to maintain your investment in Angel in order to have an investment in a publicly listed company with the specific characteristics of Angel in terms of industry, operational profile, size, capital structure and potential future dividend stream.

Implementation of the Scheme may result in a disadvantage to those who wish to maintain their investment profile. Angel Shareholders who wish to maintain their investment profile may find it difficult to find an investment with a similar profile to that of Angel and they may incur transaction costs in undertaking any new investment.

(d) **The tax consequences of the Scheme may not suit your current financial position**

Implementation of the Scheme may trigger taxation consequences for Angel Shareholders, such as the realisation of a capital gain or a capital loss. A general guide to the Australian taxation implications of the Scheme is set out in Section 7. This guide is expressed in general terms only and Angel Shareholders should seek professional advice regarding the taxation consequences of the implementation of the Scheme which are applicable to their own circumstances.

(e) **You may consider that there is potential for a Superior Proposal to emerge**

It is possible that, if Angel were to continue as a listed entity, a different corporate control proposal for Angel could materialise in the future, such as a takeover bid with a higher offer. Implementation of the Scheme would mean that Angel Shareholders will no longer enjoy the prospect of receiving any such proposal.

Since the announcement of the indicative, non-binding and conditional proposal by Angel on 20 December 2021 and up to the date of this Scheme Booklet, no Superior Proposal has emerged, and the Angel IBC Members are not aware of any Superior Proposal that is likely to emerge.

The Scheme Implementation Agreement prohibits Angel from soliciting a Competing Proposal. However, Angel is permitted to respond to any Competing Proposal which is, or could reasonably be expected to lead to, a Superior Proposal if the Angel IBC determines, in good faith and acting reasonably, and after receiving advice from its legal and financial advisers, that failing to respond or refusing to take action would be reasonably likely to constitute a breach of the Angel IBC's fiduciary or statutory obligations. Further details on the key terms of the Scheme Implementation Agreement (including a summary of Angel's rights and obligations in relation to responding to a Competing Proposal) are provided in Section 3.8.

1.4 Other relevant considerations

You should also take into account the following additional considerations in deciding whether to vote in favour of, or against, the Scheme:

(a) **The Scheme may proceed even if you vote against it**

The Scheme will be implemented if the Scheme Resolution is passed by the Requisite Majorities and the Scheme is approved by the Court, irrespective of whether you do not vote or you vote against the Scheme Resolution at the Scheme Meeting.

If this occurs, any Angel Shares that you hold on the Scheme Record Date, other than Excluded Shares, will be transferred to BidCo and you will receive the Scheme Consideration.

(b) **If the Scheme does not proceed, Angel Shareholders will not receive the Scheme Consideration**

If the Scheme is not approved or all outstanding Scheme Conditions are not satisfied or waived (if capable of waiver), the Scheme will not proceed. In that case, Angel Shareholders will not receive the Scheme Consideration and Angel will continue to operate as it does currently, with Angel Shares remaining listed on ASX.

If the Scheme is not implemented, the advantages of the Scheme described in Section 1.2 will not be realised.

(c) **Exclusivity**

The Scheme Implementation Agreement provides that Angel is subject to exclusivity obligations and restrictions, including no shop and no talk restrictions, and notification obligations, and also provides that BidCo has a matching right in respect of Competing Proposals.

Refer to Section 3.8(c) for further information on these arrangements.

(d) **Reimbursement Fee**

If the Scheme does not become Effective, Angel may be required to pay the Reimbursement Fee of $325,000 to BidCo. The failure to pass the Scheme Resolution by the Requisite Majorities alone will not trigger the payment of the Reimbursement Fee by Angel.

Refer to Section 3.8(d) for a summary of when the Reimbursement Fee may become payable.

(e) **Warranties by Scheme Shareholders**

If the Scheme becomes Effective, each Scheme Shareholder will be deemed to have given certain warranties to Angel and BidCo, including that all of their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the time of the transfer of them to BidCo in accordance with the Scheme, be fully paid and free from various encumbrances and interests of third parties, and that they have full power and capacity to transfer their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) to BidCo under the Scheme.

See Section 3.6 for more details.

(f) **Voting exclusion**

BidCo has agreed to acquire all of the Shares of Angel, other than the Excluded Shares. As such, the Excluded Shareholders will not vote on the Scheme at the Scheme Meeting.

The Angel Shares held by Laguna Bay Group and its associates (presently 32,227,062 Angel Shares) are excluded from the Scheme Meeting, and accordingly Laguna Bay Group will not participate nor vote in the Scheme Meeting.

Mr Halman and his affiliated entities presently hold 24,770,210 Angel Shares, and 16,178,927 of these are excluded from the Scheme and will be retained by Halman and his affiliated entities. As such Mr Halman (in respect of the 16,178,927 Angel Shares) is excluded from the Scheme Meeting and will not participate nor vote in the Scheme.

Further, given that the proposal from Laguna Bay Group provided for Mr Halman to continue to hold Angel Shares post-Implementation of the Scheme, Mr Halman will not be voting his 8,591,283 Scheme Shares.

Angel will disregard any votes cast in favour of the resolution by or on behalf of:

(i) the named person or class of persons excluded from voting; or

(ii) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

(i) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

(ii) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or

(iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met

(A) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

(B) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2 Frequently asked questions

The information in this section answers some questions you may have about the Scheme. It is not intended to address all relevant issues for Angel Shareholders. This section should be read in conjunction with all other parts of this Scheme Booklet.

Question	Answer	Further detail
Overview of the Scheme		
What is the Scheme?	The Scheme is a scheme of arrangement, which is a statutory procedure under the Corporations Act that is commonly used to enable one company to acquire shares in another company. The Scheme is between Angel and the Scheme Shareholders and will affect the acquisition of approximately 70.05% of Angel by BidCo. If the Scheme is approved and implemented, the Scheme Shareholders will receive the Scheme Consideration for each Scheme Share held on the Scheme Record Date (i.e. at 7.00pm (Melbourne time) on Monday, 27 June 2022) and Angel will become a Subsidiary of BidCo. A copy of the Scheme is set out in Annexure B.	Section 3
Who is BidCo?	BidCo is the company that is offering the Scheme Consideration for your Angel Shares. BidCo is a proprietary company incorporated in Australia under the Corporations Act. The ultimate holding company of BidCo is Laguna Bay. If the Scheme is implemented, BidCo will pay the Scheme Consideration to, and will acquire the Scheme Shares from, the Scheme Shareholders.	Section 5
Who is Laguna Bay?	Laguna Bay and its Affiliates (**Laguna Bay Group**) are one of Australia's largest privately owned specialist food and agricultural investment firms. Laguna Bay Group was founded in 2010 and has since consistently proven its ability to originate, execute, manage and exit large-scale agricultural transactions across multiple sectors. Laguna Bay Group does this by leveraging its wide agricultural operating knowledge, extensive industry relationships and deep understanding of the agricultural supply chain.	Section 5

Question	Answer	Further detail
Who are the Scheme Shareholders?	The Scheme Shareholders are each Angel Shareholder except the Excluded Shareholders who is registered on the Angel Share Register at 7.00pm (Melbourne time) on the Scheme Record Date (i.e. Monday, 27 June 2022). Mr Halman (with his affiliated entitles), will retain a shareholding in Angel of approximately 10.00% following implementation of the Scheme. Together with the 32,227,062 Angel Shares held by Laguna Bay Group and its associates, these make up the Excluded Shares, and the Excluded Shareholders will be excluded from the Scheme Meeting and will not participate nor vote in the Scheme Meeting in respect of their Excluded Shares. Given that the proposal from Laguna Bay Group provided for Mr Halman to continue to hold Angel Shares post-Implementation of the Scheme, Mr Halman will not be voting his 8,591,283 Scheme Shares at the Scheme Meeting.	Section 9
What approvals of Angel Shareholders are required?	The Scheme can only proceed if the Scheme Resolution is passed by: • a majority in number (more than 50%) of Angel Shareholders who vote on the respective Scheme Resolution; and • at least 75% of the votes cast by Angel Shareholders on the respective Scheme Resolution. The Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so. BidCo has agreed to acquire all of the Shares of Angel, other than the Excluded Shares. As such, the Excluded Shareholders will not vote on the Scheme at the Scheme Meeting. Mr Halman (with his affiliated entitles), will retain a shareholding in Angel of approximately 10.00% following implementation of the Scheme. Together with the 32,227,062 Angel Shares held by Laguna Bay Group and its associates, these make up the Excluded Shares, and the Excluded Shareholders will be excluded from the Scheme Meeting and will not participate nor vote in the Scheme Meeting in respect of their Excluded Shares. Given that the proposal from Laguna Bay Group provided for Mr Halman to continue to hold Angel Shares post-Implementation of the Scheme, Mr Halman will not be voting his 8,591,283 Scheme Shares at the Scheme Meeting.	Section 1.2
Scheme Consideration		
What payment will I receive if the Scheme is implemented?	If the Scheme becomes Effective and is implemented, Scheme Shareholders will receive a cash payment of $0.20 per Scheme Share if they are registered as an Angel Shareholder on the Scheme Record Date.	Section 3.2

Question	Answer	Further detail
What premium is being offered to Angel Shareholders?	The Scheme Consideration being offered to the Angel Shareholders of $0.20 cash per Scheme Share represents: • a 60% premium to Angel's closing share price on 17 December 2021 (being the trading day immediately prior to Angel announcing receipt of Laguna Bay Group's indicative, non-binding and conditional proposal) of $0.125 per share; and • a 50% premium to Angel's VWAP over the 30-day period prior to 17 December 2021 (being the trading day immediately prior to Angel announcing receipt of Laguna Bay Group's indicative, non-binding and conditional proposal) of $0.133 per share.	Section 1.2
How is BidCo funding the Scheme Consideration?	Laguna Bay intends to source funding for the Scheme Consideration by drawing down on capital committed (equity) to the Laguna Bay Group by its shareholders and providing this funding, through an equity commitment letter, to BidCo. The Scheme is not subject to any financing condition precedent. BidCo will have sufficient funds available to meet its payment obligations under the Scheme when the funding under the equity commitment letter is received. Laguna Bay has undrawn capital commitments of more than $44 million from its shareholders and those commitments are unconditional.	Section 5
Meetings, voting and approvals		
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held in-person at Thomson Geer office, Level 23, Rialto South Tower, 525 Collins Street, Melbourne VIC 3000 and virtually at 3.00pm (Melbourne time) on Friday, 10 June 2022.	Section 3.5 and Annexure D
What am I being asked to vote on?	You are being asked to vote on whether or not to approve the Scheme by voting on the Scheme Resolution. The text of the Scheme Resolution is set out in the Notice of Scheme Meeting in Annexure D.	Annexure D

Question	Answer	Further detail
What vote is required to approve the Scheme?	The Scheme can only proceed if the Scheme Resolution is passed by: • a majority in number (more than 50%) of Angel Shareholders who vote on the Scheme Resolution; and • at least 75% of the votes cast by Angel Shareholders on the Scheme Resolution. The Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so. BidCo has agreed to acquire all of the Shares of Angel, other than the Excluded Shares. As such, the Excluded Shareholders will not vote on the Scheme at the Scheme Meeting. Mr Halman (with his affiliated entitles), will retain a shareholding in Angel of approximately 10.00% following implementation of the Scheme. Together with the 32,227,062 Angel Shares held by Laguna Bay Group and its associates, these make up the Excluded Shares, and the Excluded Shareholders will be excluded from the Scheme Meeting and will not participate nor vote in the Scheme Meeting in respect of their Excluded Shares. Given that the proposal from Laguna Bay Group provided for Mr Halman to continue to hold Angel Shares post-Implementation of the Scheme, Mr Halman will not be voting his 8,591,283 Scheme Shares at the Scheme Meeting.	Section 3.5, Annexure D
Who is entitled to vote at the Scheme Meeting?	Each Angel Shareholder who is registered on the Angel Share Register at the Scheme Meeting Record Date (i.e. 7.00pm (Melbourne time) on Wednesday, 8 June 2022), other than the Excluded Shareholders, is entitled to vote at the Scheme Meeting. Mr Halman (with his affiliated entitles), will retain a shareholding in Angel of approximately 10.00% following implementation of the Scheme. Together with the 32,227,062 Angel Shares held by Laguna Bay Group and its associates, these make up the Excluded Shares, and the Excluded Shareholders will be excluded from the Scheme Meeting and will not participate nor vote in the Scheme Meeting in respect of their Excluded Shares. Given that the proposal from Laguna Bay Group provided for Mr Halman to continue to hold Angel Shares post-Implementation of the Scheme, Mr Halman will not be voting his 8,591,283 Scheme Shares at the Scheme Meeting.	Annexure D
How do I vote?	You can vote on the Scheme Resolution by appointing a proxy, representative or attorney to attend the Scheme Meeting and vote on your behalf or by attending the Scheme Meeting in-person or virtually. Voting is not compulsory. However, the Scheme will only be successful if it is approved by the Requisite Majorities of Angel Shareholders, so voting is important, and the Angel IBC encourages you to vote.	Letter from the Chairman of the Angel IBC and Annexure D

Question	Answer	Further detail
How will voting at the Scheme Meeting be conducted?	Voting at the Scheme Meeting will be conducted by way of a poll. Every Angel Shareholder who is present (either in-person or virtually) at or by proxy, representative or attorney at the Scheme Meeting will have one vote for each Scheme Share held by them. Mr Halman (with his affiliated entitles), will retain a shareholding in Angel of approximately 10.00% following implementation of the Scheme. Together with the 32,227,062 Angel Shares held by Laguna Bay Group and its associates, these make up the Excluded Shares, and the Excluded Shareholders will be excluded from the Scheme Meeting and will not participate nor vote in the Scheme Meeting in respect of their Excluded Shares. Given that the proposal from Laguna Bay Group provided for Mr Halman to continue to hold Angel Shares post-Implementation of the Scheme, Mr Halman will not be voting his 8,591,283 Scheme Shares at the Scheme Meeting.	Annexure D
What will happen to my Angel Shares if I do not vote, or vote against the Scheme, and the Scheme becomes effective?	If you do not vote on, or you vote against, the Scheme, and the Scheme becomes Effective: • any Scheme Shares held by you on the Scheme Record Date (i.e. 7.00pm (Melbourne time) on Monday, 27 June 2022) will be transferred to BidCo on the Implementation Date; and • you will receive the Scheme Consideration (provided you are registered as an Angel Shareholder on the Scheme Record Date) for the Scheme Shares transferred to BidCo under the Scheme.	Section 3.5
When will the result of the Scheme Meeting be available?	The results of the Scheme Meeting will be announced to ASX shortly after its conclusion (and will be available on Angel's website at www.angelseafood.com.au).	Section 3.5
Voting considerations		
How does the Angel IBC recommend that Angel Shareholders vote and how do the Angel IBC Members intend to vote?	The Angel IBC unanimously recommends that Angel Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Angel Shareholders in the absence of a superior alternative proposal emerging. A summary of their reasons for doing so is set out in Section 1.2. The Angel IBC have also provided a summary of reasons why you may wish to vote against the Scheme in Section 1.3.	Section 1.2

Question	Answer	Further detail
What is the opinion of the Independent Expert?	The Independent Expert has concluded that the Scheme is in the best interests of Angel Shareholders in the absence of a superior alternative proposal emerging. The Independent Expert has assessed the fair market value per Scheme Share (control basis) to be in the range of $0.16 to $0.20 per Angel Share. You should read the Independent Expert's Report in Annexure A in full before making a decision on how to vote on the Scheme.	Annexure A
What is the role of the Angel IBC?	The Angel IBC comprises Mr Goldsmith and Mr Porter. The Angel Board approved the formation of the Angel IBC as a sub-committee of the Angel Board, following receipt of an indicative proposal from Laguna Bay. The Angel IBC was delegated responsibility for, among other things, overseeing discussions and negotiations relating to the Scheme and overseeing Angel's evaluation of the Scheme Consideration. The Angel IBC considered the Scheme and, if applicable, will consider any Competing Proposal, subject to the exclusivity restrictions applicable to Angel under the Scheme Implementation Agreement.	Letter from the Chairman of the Angel IBC
How do the majority shareholders intend to vote?	Thorney Investment Group (TIGA Trading Pty Ltd, Thorney Opportunities Ltd and their associates), which presently hold 22,266,298 Angel Shares, have confirmed that they would vote in favour of the Scheme, in the absence of a Superior Proposal, in relation to all Angel Shares they hold at the date of the Scheme Meeting. Mr Halman (with his affiliated entitles), will retain a shareholding in Angel of approximately 10.00% following implementation of the Scheme. Together with the 32,227,062 Angel Shares held by Laguna Bay Group and its associates, these make up the Excluded Shares, and the Excluded Shareholders will be excluded from the Scheme Meeting and will not participate nor vote in the Scheme Meeting in respect of their Excluded Shares. Given that the proposal from Laguna Bay Group provided for Mr Halman to continue to hold Angel Shares post-Implementation of the Scheme, Mr Halman will not be voting his 8,591,283 Scheme Shares at the Scheme Meeting.	N/A
Is the Angel IBC aware of any Superior Proposal?	No. As at the date of this Scheme Booklet, no Superior Proposal has emerged, and the Angel IBC is not aware of any Superior Proposal that may emerge.	Sections 1.2(f) and 1.3(e)

Question	Answer	Further detail
What happens if a Competing Proposal emerges?	Until the Scheme is approved by the Court, other parties may make unsolicited acquisition proposals for Angel. If, during the Exclusivity Period, Angel is approached in relation to an actual or potential Competing Proposal, it must notify BidCo of the approach. If the Competing Proposal is a Superior Proposal, BidCo will be given at least 5 Business Days to provide a matching or superior counterproposal (**BidCo Counterproposal**). If BidCo makes a BidCo Counterproposal, and Angel determines (acting reasonably and in good faith) that the BidCo Counterproposal would provide an equivalent or superior outcome for Angel Shareholders, then BidCo and Angel must use their best endeavours to agree to give effect to the BidCo Counterproposal. These (and other) provisions of the Scheme Implementation Agreement are summarised in greater detail in Section 3.8. If a Competing Proposal for Angel emerges prior to the Second Court Hearing, the Angel IBC will carefully consider the proposal and determine whether it is a Superior Proposal. Angel will keep you informed of any material developments, including by making announcements via ASX.	Sections 3.8 and 3.9
Why might I consider not voting in favour of the Scheme?	Reasons why you might consider not voting in favour of the Scheme are set out in Section 1.3.	Section 1.3
Conditions and implementation of the Scheme		
Are there any conditions to be satisfied?	There are certain conditions that will need to be satisfied or waived (where capable of waiver) before the Scheme can become Effective. Capitalised terms used below that are not otherwise defined in this Scheme Booklet have the meaning given to them in the Scheme Implementation Agreement. In summary, as at the date of this Scheme Booklet, the outstanding conditions include: • (**ASIC and ASX**) before the Cut Off Time, ASIC and ASX issue or provide all consents, approvals, exemptions, waivers, or other authorisations and do all such other acts which BidCo and Angel, acting reasonably, agree are necessary or desirable to implement the Transaction, including in the case of ASIC, providing the statement required under section 411(17)(b) of the Corporations Act, either unconditionally or on conditions that do not impose unduly onerous obligations upon either party (judged by the affected party acting reasonably), and these consents, approvals, exemptions, waivers or other authorisations have not been withdrawn, cancelled or revoked. • (**FIRB**) before the Cut Off Time, either:	Section 3.8

Question	Answer	Further detail
	- the Treasurer of the Commonwealth of Australia (or their delegate) has provided a notice in writing (without any term or condition which BidCo considers unacceptable, acting reasonably) stating or to the effect that, the Australian Government does not object to BidCo acquiring the Scheme Shares pursuant to the Scheme; or - the Treasurer of the Commonwealth of Australia has become precluded by lapse of time from making an order in respect of the acquisition of the Scheme Shares by BidCo pursuant to the Scheme under the *Foreign Acquisitions and Takeovers Act 1975* (Cth). • (**Other Regulatory Approvals**) before the Cut Off Time, all other Regulatory Approvals which Angel and BidCo agree (acting reasonably) are necessary to implement the Transaction are obtained. • (**Court orders**) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition being in effect before and at the Cut Off Time which prevents or restrains or could reasonably be expected to prevent or restrain the lawful consummation of any aspect of the Transaction. • (**No Material Adverse Change**) no Material Adverse Change occurs or becomes known to BidCo between (and including) the date of this document and the Cut Off Time. • (**No Prescribed Occurrence**) no Prescribed Occurrence occurs or becomes known to BidCo between (and including) the date of this document and the Cut Off Time. • (**Independent Expert's Report**) the Independent Expert issues the Independent Expert's Report which concludes that the Scheme is in the best interests of Scheme Shareholders before the Scheme Booklet is registered by ASIC under the Corporations Act and the Independent Expert does not conclude that the Scheme is not in the best interests of Scheme Shareholders prior to the Cut Off Time. • (**Transfer/Renewal of Subleases**) all consents and notifications required for the assignment and, where agreed in writing by BidCo and Angel, renewal, of the Subleases have been obtained or provided and the Subleases have been assigned to a member of the Angel Group and, where applicable, renewed for the agreed period.	

Question	Answer	Further detail
	• (**Options**) before the Cut Off Time, all outstanding Options are cancelled pursuant to a Cancellation Deed in accordance with clause 6.2 of the Scheme Implementation Agreement. • (**Angel Shareholder approval**) Angel Shareholders (other than any Excluded Shareholders) approve the Scheme by the necessary majorities at the Scheme Meeting, except to the extent the Court orders otherwise under section 411(4)(a)(ii)(A) of the Corporations Act, as contemplated by clause 3.6 of the Scheme Implementation Agreement. • (**Court approval of Scheme**) the Court approves the Scheme under section 411(4)(b) of the Corporations Act and an office copy of the Scheme Order is lodged with ASIC as contemplated by section 411(10) of the Corporations Act. In addition to the conditions precedent in the Scheme Implementation Agreement, the Scheme also provides certain conditions that will need to be satisfied or waived (where capable of waiver) before the Scheme can become Effective. Capitalised terms used below that are not otherwise defined in this Scheme Booklet have the meaning given to them in the Scheme: • all the conditions precedent in clauses 3.1 of the Scheme Implementation Agreement (other than the condition in clause 3.1(k) of the Scheme Implementation Agreement (Court approval of Scheme)) having been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement by no later than the Cut Off Time; • approval of the Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act as are accepted in writing by Target and Bidder; • such other conditions imposed by the Court under section 411(6) of the Corporations Act, as are accepted by Target and Bidder in writing, having been satisfied; and • the orders of the Court made under section 411(4)(b) (and if applicable section 411(6)) of the Corporations Act) approving the Scheme coming into effect, pursuant to section 411(10) of the Corporations Act, on or before the End Date (or any later date Target and Bidder agree in writing). As at the date of this Scheme Booklet, the Angel IBC are not aware of any reason why these conditions should not be satisfied or waived (where capable of waiver).	

Question	Answer	Further detail
When will the Scheme become effective?	Subject to the satisfaction or (if permitted) waiver of the conditions to the Scheme, the Scheme will become Effective on the date on which the Court order approving the Scheme is lodged with ASIC (this is the Effective Date). This is expected to occur on Tuesday, 21 June 2022.	Section 3.5
What happens on the Implementation Date?	On the Implementation Date: • Scheme Shareholders will be paid or provided the Scheme Consideration (other than in connection with the Excluded Shares); and • BidCo will acquire all the Scheme Shares (other than the Excluded Shares held by the Excluded Shareholders). Pursuant to the Scheme Implementation Agreement, the Implementation Date is the 5th Business Day after the Scheme Record Date and is currently expected to be Monday, 4 July 2022.	Section 3.5(e)
How will I receive the Scheme Consideration?	All payments of Scheme Consideration will be made to you by direct deposit into your nominated bank account, as advised to the Share Registry as at the Scheme Record Date. If you have not nominated a bank account, payment will be made by cheque for the relevant amount in Australian currency, despatched by prepaid post to your registered address as shown on the Angel Share Register. Subject to the Scheme becoming Effective, the Scheme Consideration will be paid on the Implementation Date.	Section 3.2
What happens if the Scheme is not implemented?	If the Scheme is not implemented: • you will not receive the Scheme Consideration; and • you will retain your Angel Shares and continue to have exposure to the benefits and risks associated with an investment in Angel, and, in the absence of a Competing Proposal: • Angel will continue to operate as a stand-alone entity and remain listed on ASX; and • the price of Angel Shares traded on ASX is likely to fall in the near term.	Section 3.5
Can the Scheme Implementation Agreement be terminated?	The Scheme Implementation Agreement may be terminated in certain circumstances. These are summarised in Section 3.8. If the Scheme Implementation Agreement is terminated, the Scheme will not proceed.	Section 3.8

Question	Answer	Further detail
Is there a break fee payable?	Under the Scheme Implementation Agreement, a Reimbursement Fee of approximately $325,000 may become payable by Angel to BidCo if certain events occur. The failure to pass the Scheme Resolution by the Requisite Majorities alone will not trigger the payment of the Reimbursement Fee by Angel. The circumstances in which the Reimbursement Fee is payable by Angel are summarised in Section 3.8(d).	Section 3.8
Additional information		
Can I transfer my Angel Shares now?	You can transfer your Angel Shares on market at any time before close of trading on ASX on the Effective Date. The price you obtain on ASX may vary from the Scheme Consideration. Angel intends to apply to ASX for Angel Shares to be suspended from official quotation on ASX from close of trading on the Effective Date (which is currently expected to be Tuesday, 21 June 2022). You will not be able to transfer your Angel Shares on market after this time. If you transfer your Angel Shares before the Scheme Meeting, you will not be entitled to vote at that Scheme Meeting. If you transfer your Angel Shares before the Scheme Record Date, you will not receive the Scheme Consideration, and the 'transferee' will receive the Scheme Consideration.	Section 3.5(d)

Question	Answer	Further detail
Do I have to give any warranties in relation to my Angel Shares?	Yes. Each Scheme Shareholder will be deemed to have warranted to Angel and BidCo that, on the Implementation Date: • all of its Scheme Shares which are transferred to BidCo under this Scheme, including any rights and entitlements attaching to those Scheme Shares, will, at the date of transfer, be free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind (but acknowledging that a security interest holder may potentially have an interest in the Scheme Consideration in accordance with the terms of such security interest); • all of its Scheme Shares which are transferred to BidCo under this Scheme will, on the date on which they are transferred to BidCo, be fully paid; • it has full power and capacity to transfer its Scheme Shares to BidCo together with any rights attaching to those shares; and • it has no existing right to be issued any Scheme Shares, options, performance rights, performance shares, convertible notes or any other securities.	Section 3.6
What are the tax implications of the Scheme?	The taxation implications of the Scheme will depend on your personal circumstances. A general outline of the main Australian taxation implications of the Scheme for certain Angel Shareholders is set out in Section 7 of this Scheme Booklet. As this outline is general in nature, you should consult with your own taxation advisers for detailed tax advice regarding the Australian and, if applicable, foreign taxation implications for participating in the Scheme in light of the particular circumstances which apply to you before making a decision as to how to vote on the Scheme. BidCo may seek to clarify the status of particular Angel Shareholders by issuing them with a foreign resident declaration form. Angel Shareholders who are asked to complete the declaration form must return their signed declaration form by the date specified in the correspondence included with the declaration form in order to prevent the withholding obligations being deducted from the cash consideration otherwise payable to the Scheme Shareholders.	Section 7
Will I need to pay brokerage or stamp duty?	Scheme Shareholders will not incur any brokerage or stamp duty on the transfer of their Scheme Shares under the Scheme.	Section 7

Question	Answer	Further detail
Where can I get further information about the Scheme?	If you have any questions in relation to this Scheme Booklet or the Scheme or you would like a hard copy of this Scheme Booklet, please contact the Angel Shareholder Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (from outside Australia) Monday to Friday between 9.00am and 5.00pm (Melbourne time).	Corporate Directory

3 Overview of the Scheme and the Scheme Implementation Agreement

3.1 Scheme

On 11 February 2022, Angel announced that it had entered into the Scheme Implementation Agreement with BidCo, under which the parties have agreed to implement the Scheme between Angel and the Scheme Shareholders.

If the Scheme is approved by Scheme Shareholders at the Scheme Meeting and by the Court, and if all other necessary approvals and Scheme Conditions are satisfied or (if permitted) waived and the Scheme becomes Effective and is implemented, Angel will become a Subsidiary of BidCo and will be delisted from the ASX. If the Scheme is approved and becomes Effective, you will be bound by the Scheme irrespective of whether you voted in favour of it at the Scheme Meeting or not.

If the Scheme is not approved, the Scheme will not proceed, you will not be bound by it and Angel will continue as a company listed on the ASX.

3.2 Scheme Consideration

If the Scheme becomes Effective and is implemented, Scheme Shareholders will receive a cash payment of $0.20 per Scheme Share if they are registered as an Angel Shareholder on the Scheme Record Date (i.e. at 7.00pm (Melbourne time) on Monday, 27 June 2022).

Scheme Consideration payments will be made by direct deposit into Scheme Shareholders' nominated bank accounts, as advised to the Share Registry as at the Scheme Record Date (i.e. at 7.00pm (Melbourne time) on Monday, 27 June 2022). If a Scheme Shareholder has not nominated a bank account, payment will be made by Australian dollar cheque posted to the Scheme Shareholder's registered address as shown on the Angel Share Register.

If you wish to receive the Scheme Consideration payment electronically in your local currency using Computershare's Global Wire Payment service, you can elect Global Wire Payment by visiting www.computershare.com.au/easyupdate/as1 and following the prompts.

If you do not have a direct credit authority to an Australian bank account or Global Wire Payment instructions recorded on the Angel Share Register at the Scheme Record Date (i.e. at 7.00pm (Melbourne time) on Monday, 27 June 2022), your Scheme Consideration payment will be sent to you by cheque in Australian dollars. Cheques, direct credit payment advices and Global Wire Payment advices will be mailed, at your risk, to your address as shown on the Angel Share Register at 7.00pm (Melbourne time) on Monday, 27 June 2022).

If a Scheme Shareholder does not have a registered address, or Angel considers the Scheme Shareholder is not known at its registered address and no bank account has been nominated, payments due to the Scheme Shareholder will be held by Angel until claimed or applied under the relevant laws dealing with unclaimed money.

3.3 Treatment of Angel Options

As at the date of this Scheme Booklet, there are 1,200,000 options issued on 7 May 2019 with an exercise price of $0.28 and an expiry date of 25 February 2023 and 3,500,000 options issued on 30 March 2020 with an exercise price of $0.40 and an expiry date of 30 March 2024 (**Options**).

It is a condition under the Scheme Implementation Agreement that all outstanding Options are cancelled pursuant to a cancellation deed in accordance with clause 6.2 of the Scheme Implementation Agreement by the Cut Off Time. BidCo has waived this condition and, instead, Angel and BidCo have agreed that all outstanding Options are to be cancelled on the Effective Date.

Angel and BidCo have further agreed to amend clause 6.2(a) of the Scheme Implementation Agreement to permit the cancellation deeds for the Options to be entered into less than 5 Business Days before a draft of this Scheme Booklet is lodged with ASIC.

In accordance with the agreement, Angel entered into an option cancellation deed with each holder of Options on 30 and 31 March 2022 (together, the **Option Cancellation Deeds**).

Under the Option Cancellation Deeds, the holders of the Options each agree to the cancellation of the Options held by them on the Effective Date in return for cash consideration of $0.002545 per Option for those expiring on 25 February 2023 and $0.00827029 per Option for those expiring on 30 March 2024. The cash consideration for the cancellation of the Options is payable within 30 days of the Effective Date.

The cash consideration for the cancellation of the Options has been agreed between Angel and the holders of the Options and is no greater than the value of the relevant Option calculated using a binomial model, which involved consideration of the underlying share price (include an assessment based on the Scheme Consideration) and volatility.

ASX has granted a waiver from ASX Listing Rule 6.23.2 to enable Angel to cancel the Options for the above consideration.

3.4 Treatment of Performance Securities

As at the date of this Scheme Booklet, there are 1,000,000 performance shares issued on 8 February 2018 to Mr Halman and 1,000,000 performance rights issued on 7 May 2019 to Simba Matute (together, the **Performance Securities**).

Under the Scheme Implementation Agreement, Angel must ensure there are no outstanding Performance Securities at the Implementation Date.

Pursuant to Angel's performance rights and option plan, it is expected that the Performance Securities will automatically convert into Angel Shares (due to a change of control event occurring) upon the court approving the Scheme. Those Angel Shares will then participate in the Scheme.

3.5 Key steps in the Scheme

(a) Step 1 – Scheme Meeting approval requirements

In accordance with an order of the Court dated Friday, 6 May 2022, Angel has convened the Scheme Meeting to be held in-person and virtually at 3.00pm (Melbourne time) on Friday, 10 June 2022. The Notice of Scheme Meeting is set out in Annexure D.

At the Scheme Meeting, the applicable Requisite Majorities must approve the Scheme Resolution. For this to occur, the Scheme Resolution must be approved by:

(i) (**headcount test**) a majority in number (more than 50%) of the Angel Shareholders present and voting on the Scheme Resolution at the Scheme Meeting (either in-person, virtually, or by proxy, representative or attorney); and

(ii) (**voting test**) at least 75% of the votes cast on the Scheme Resolution by Angel Shareholders at the Scheme Meeting (either in-person, virtually or by proxy, representative or attorney).

The Court has the discretion to waive the first of these two requirements if it considers it appropriate to do so.

Instructions on how to vote at the Scheme Meeting are set out in the Letter from the Chairman of the Angel IBC and the Notice of Scheme Meeting in Annexure D.

The results of the Scheme Meeting will be announced to ASX shortly after its conclusion (and will be available on Angel's website at www.angelseafood.com.au).

Steps 2 to 5 described below will only occur if the Scheme Resolution is passed by the applicable Requisite Majorities at the Scheme Meeting.

(b) Step 2 – Second Court Hearing

In the event that:

(i) the Scheme Resolution is approved by the Requisite Majorities; and

(ii) all other Scheme Conditions (other than Court approval) have been satisfied or (if permitted) waived,

then Angel will apply to the Court for orders approving the Scheme.

The Second Court Hearing is expected to take place at 12.00pm (Melbourne time) on Monday, 20 June 2022. Each Angel Shareholder has the right to appear at the Second Court Hearing.

Refer to Important Information for more information about the Second Court Hearing and the process to undertake if you oppose the approval of the Scheme.

(c) **Step 3 – Effective Date**

If the Court approves the Scheme and all other Scheme Conditions have been satisfied or (if permitted) waived, the Scheme will become Effective on the date when a copy of the Court order approving the Scheme is lodged with ASIC. Angel will, on the Scheme becoming Effective, give notice of that event on ASX.

Trading in Angel Shares on ASX will be suspended from close of trading on the Effective Date. If the Court approves the Scheme (and the Second Court Hearing occurs on the expected date), the Effective Date is expected to be Tuesday, 21 June 2022.

(d) **Step 4 – Scheme Record Date**

The Scheme Shareholders will be entitled to receive the Scheme Consideration in respect of the Scheme Shares they hold as at the Scheme Record Date (which is currently expected to be 7.00pm (Melbourne time) on Monday, 27 June 2022).

(i) **Dealings on or prior to the Scheme Record Date**

You can transfer your Angel Shares on market at any time before close of trading on ASX on the Effective Date (which is currently expected to be Tuesday, 21 June 2022). The price you obtain on ASX may vary from the Scheme Consideration. Angel intends to apply to ASX for Angel Shares to be suspended from official quotation on ASX from close of trading on the Effective Date. You will not be able to transfer your Angel Shares on market after this time.

You can transfer your Angel Shares off-market at any time on or before the Scheme Record Date, provided that the registrable transfer or transmission application is received at the Share Registry on or before the Scheme Record Date (i.e. at 7.00pm (Melbourne time) on Monday, 27 June 2022).

For the purpose of determining which Angel Shareholders are eligible to participate in the Scheme, dealings in Angel Shares will be recognised only if:

(A) in the case of dealings of the type to be effected using CHESS, the transferee is registered on the Angel Share Register as the holder of the relevant Angel Shares at or before the Scheme Record Date; and

(B) in all other cases, registrable transmission applications or transfers in respect of those dealings are received by the Share Registry on or before the Scheme Record Date.

For the purposes of determining entitlements under the Scheme, Angel will not accept for registration or recognise any transfer or transmission applications in respect of Angel Shares received after the Scheme Record Date or received prior to the Scheme Record Date but not in registrable or actionable form.

(ii) **Dealings after the Scheme Record Date**

For the purposes of determining entitlements to the Scheme Consideration, Angel must maintain the Angel Share Register in its form as at the Scheme Record Date until the Scheme Consideration has been paid to the Scheme Shareholders. The Angel Share Register in this form will solely determine entitlements to the Scheme Consideration.

After the Scheme Record Date:

(A) all statements of holding for Scheme Shares will cease to have effect as documents relating to title in respect of such Scheme Shares; and

(B) each entry on the Angel Share Register relating to the Scheme Shares will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of such Scheme Shares.

(e) **Step 5 – Implementation Date**

The Implementation Date is, subject to certain conditions set out in the Scheme, the 5th Business Day after the Scheme Record Date or such other date as ordered by the Court or agreed between BidCo and Angel. Accordingly, the Implementation Date is currently expected to be Monday, 4 July 2022.

Prior to implementation of the Scheme, and by the Business Day prior to the Implementation Date, BidCo must pay and Laguna Bay (as BidCo's guarantor of its obligations under the Scheme) must procure the payment into a trust account nominated by Angel, an amount equal to the aggregate of the Scheme Consideration payable to Scheme Shareholders.

On the Implementation Date:

(i) Angel will pay the Scheme Consideration received from BidCo to Scheme Shareholders in accordance with the terms of the Scheme; and

(ii) the Scheme Shares will be transferred to BidCo without Scheme Shareholders needing to take any further action.

The transfer of the Scheme Shares is subject to Angel paying the Scheme Consideration received from BidCo to Scheme Shareholders in accordance with the terms of the Scheme.

Details about the funding of the Scheme Consideration are set out in Section 5.7.

3.6 Warranties by Scheme Shareholders

The Scheme provides that each Scheme Shareholder is taken to have warranted to Angel and BidCo, and appointed and authorised Angel as its attorney and agent to warrant to BidCo on its behalf, that:

(a) all of its Scheme Shares which are transferred to BidCo under this Scheme, including any rights and entitlements attaching to those Scheme Shares, will, at the date of transfer, be free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any “security interests” within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind (but acknowledging that a security interest holder may potentially have an interest in the Scheme Consideration in accordance with the terms of such security interest);

(b) all of its Scheme Shares which are transferred to BidCo under this Scheme will, on the date on which they are transferred to BidCo, be fully paid;

(c) it has full power and capacity to transfer its Scheme Shares to BidCo together with any rights attaching to those shares; and

(d) it has no existing right to be issued any Scheme Shares, options, performance rights, performance shares, convertible notes or any other securities.

3.7 Delisting from ASX

Angel will apply to ASX to suspend trading in Angel Shares with effect from the close of trading on the Effective Date. Angel will apply for cessation of the official quotation of Angel Shares on the ASX and to have itself removed from the official list of the ASX, with effect on and from the close of trading on the trading day immediately following, or shortly after, the Implementation Date.

3.8 Summary of Scheme Implementation Agreement

On 10 February 2022, Angel, BidCo and Laguna Bay entered into the Scheme Implementation Agreement, which governs the conduct of the Scheme.

A summary of the key terms of the Scheme Implementation Agreement is set out below. A full copy of the Scheme Implementation Agreement was lodged with ASX on 11 February 2022 and can be obtained from www.asx.com.au or from www2.asx.com.au/markets/company/AS1.

(a) **Conditions**

Implementation of the Scheme is subject to the following remaining Scheme Conditions which must be satisfied or (if permitted) waived before the Scheme can be implemented:

(i) (**ASIC and ASX**) before the Cut Off Time, ASIC and ASX issue or provide all consents, approvals, exemptions, waivers, or other authorisations and do all such other acts which BidCo and Angel, acting reasonably, agree are necessary or desirable to implement the Transaction, including in the case of ASIC, providing the statement required under section 411(17)(b) of the Corporations Act, either unconditionally or on conditions that do not impose unduly onerous obligations upon either party (judged by the affected party acting reasonably), and these consents, approvals, exemptions, waivers or other authorisations have not been withdrawn, cancelled or revoked.

(ii) (**FIRB**) before the Cut Off Time, either:

(A) the Treasurer of the Commonwealth of Australia (or their delegate) has provided a notice in writing (without any term or condition which BidCo considers unacceptable, acting reasonably) stating or to the effect that, the Australian Government does not object to BidCo acquiring the Scheme Shares pursuant to the Scheme; or

(B) the Treasurer of the Commonwealth of Australia has become precluded by lapse of time from making an order in respect of the acquisition of the Scheme Shares by BidCo pursuant to the Scheme under the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

(iii) (**Other Regulatory Approvals**) before the Cut Off Time, all other Regulatory Approvals which Angel and BidCo agree (acting reasonably) are necessary to implement the Transaction are obtained.

(iv) (**Court orders**) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition being in effect before and at the Cut Off Time which prevents or restrains or could reasonably be expected to prevent or restrain the lawful consummation of any aspect of the Transaction.

(v) (**No Material Adverse Change**) no Material Adverse Change occurs or becomes known to BidCo between (and including) the date of the Scheme Implementation Agreement and the Cut Off Time.

(vi) (**No Prescribed Occurrence**) no Prescribed Occurrence occurs or becomes known to BidCo between (and including) the date of the Scheme Implementation Agreement and the Cut Off Time.

(vii) (**Independent Expert's Report**) the Independent Expert issues the Independent Expert's Report which concludes that the Scheme is in the best interests of Scheme Shareholders before the Scheme Booklet is registered by ASIC under the Corporations Act and the Independent Expert does not conclude that the Scheme is not in the best interests of Scheme Shareholders prior to the Cut Off Time.

(viii) (**Transfer/Renewal of Subleases**) all consents and notifications required for the assignment and, where agreed in writing by BidCo and Angel, renewal, of the Subleases have been obtained or provided and the Subleases have been assigned to a member of the Angel Group and, where applicable, renewed for the agreed period.

(ix) (**Options**) before the Cut Off Time, all outstanding Options are cancelled pursuant to a Cancellation Deed in accordance with clause 6.2 of the Scheme Implementation Agreement.

(x) (**Angel Shareholder approval**) Angel Shareholders (other than any Excluded Shareholders) approve the Scheme by the necessary majorities at the Scheme Meeting, except to the extent the Court orders otherwise under section 411(4)(a)(ii)(A) of the Corporations Act, as contemplated by clause 3.6 of the Scheme Implementation Agreement.

(xi) (**Court approval of Scheme**) the Court approves the Scheme under section 411(4)(b) of the Corporations Act and an office copy of the Scheme Order is lodged with ASIC as contemplated by section 411(10) of the Corporations Act.

In addition to the conditions precedent in the Scheme Implementation Agreement, the Scheme also provides certain conditions that will need to be satisfied or waived (where capable of waiver) before the Scheme can become Effective:

(xii) all the conditions precedent in clauses 3.1 of the Scheme Implementation Agreement (other than the condition in clause 3.1(k) of the Scheme Implementation Agreement (Court approval)) having been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement by no later than the Cut Off Time;

(xiii) approval of the Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act as are accepted in writing by Target and Bidder;

(xiv) such other conditions imposed by the Court under section 411(6) of the Corporations Act, as are accepted by Target and Bidder in writing, having been satisfied; and

(xv) the orders of the Court made under section 411(4)(b) (and if applicable section 411(6)) of the Corporations Act approving the Scheme coming into effect, pursuant to section 411(10) of the Corporations Act, on or before the End Date (or any later date Target and Bidder agree in writing).

(b) **Conduct of business**

From the date of the Scheme Implementation Agreement up to and including the Implementation Date, Angel must, and it must procure that each member of the Angel Group must:

(i) conduct their respective businesses in the ordinary and usual course and substantially consistent with the manner in which their respective businesses have been conducted immediately before the date of the Scheme Implementation Agreement;

(ii) comply with all applicable laws and regulations;

(iii) comply in all material respects with all material and binding contracts to which it is party;

(iv) use their best endeavours to maintain the condition of their businesses and assets, including maintaining at least its level of insurance as at the date of the Scheme Implementation Agreement over its business and assets;

(v) use their best endeavours to ensure that no Regulated Event occurs;

(vi) use their best endeavours to keep available the services of their Officers and employees; and

(vii) use their best endeavours to preserve their relationships with customers, suppliers, licensors, licensees, joint venturers and others with whom they have business dealings,

except:

(viii) to the extent expressly required by the Scheme Implementation Agreement, the Scheme or the Deed Poll;

(ix) to the extent required by law; and

(x) with the prior written agreement or direction of BidCo.

(c) **Exclusivity**

The Scheme Implementation Agreement contains certain exclusivity arrangements in favour of BidCo. These arrangements are in line with market practice and may be summarised as follows:

(i) **No shop**

During the Exclusivity Period, Angel must not and must ensure that none of its Representatives, directly or indirectly:

(a) solicits, invites or initiates any enquiries, expressions of interest, offers, proposals, negotiations or discussions; or

(b) communicates any intention to do any of these things,

with a view to, or that may be reasonably expected to lead to, obtaining any offer, proposal or expression of interest from any person in relation to a Competing Proposal.

(ii) **No talk**

Subject to clause 9.4 of the Scheme Implementation Agreement, during the Exclusivity Period, Angel must not, and must ensure none of its Representatives, directly or indirectly:

(a) participate in any negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal or discussion by any person to make, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal or facilitate, participate in or continue any negotiations, discussions or other communications with respect to any actual, proposed or potential Competing Proposal;

(b) negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding an actual, proposed or potential Competing Proposal;

(c) disclose or otherwise provide or make available any material non-public information about the business or affairs of the Angel Group to a third party with a view to obtaining, or which would reasonably be expected to encourage or lead to the formulation, receipt or announcement of, an actual, proposed or potential Competing Proposal; or

(d) communicate to any person an intention to do anything referred to in the preceding paragraphs,

provided that nothing in the Scheme Implementation Agreement prevents or restricts Angel or any of its representatives from responding to a third party in respect of an inquiry, expression of interest, offer, proposal or discussion by that third party to make, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal to merely (A) acknowledge receipt and / or (B) advise that third party that Angel is bound by the provisions of the Scheme Implementation Agreement and is only able to engage in negotiations, discussions or other communications if the fiduciary exception set out in clause 9.4 of the Scheme Implementation Agreement applies.

(iii) **Fiduciary carve out**

Clauses 9.3 and 9.5 of the Scheme Implementation Agreement do not apply to the extent that they restrict Angel or the Angel IBC from taking or refusing to take any action with respect to an actual, proposed or potential Competing Proposal (which was not solicited, invited or initiated in contravention of clause 9.2 of the Scheme Implementation Agreement) provided that:

(a) the Competing Proposal is bona fide and is made by or on behalf of a person that the Angel IBC considers is of sufficient commercial standing; and

(b) the Angel IBC has determined, in good faith and acting reasonably, that:

(I) after consultation with its advisors, such a Competing Proposal is, or could reasonably be considered to become, a Superior Proposal; and

(II) after receiving legal advice (including by email) from Angel's external legal advisers (who must be reputable advisers experienced in transactions of this nature), compliance with clause 9.3 of the Scheme Implementation Agreement (as applicable) would, or would be reasonably likely to constitute a breach of the Angel IBC's fiduciary or statutory duties.

(iv) **Notification of approaches**

(a) Subject to clause 9.4 of the Scheme Implementation Agreement (the Fiduciary carve out), during the Exclusivity Period, Angel must promptly (and in any event within 2 Business Days) notify BidCo in writing of the fact of:

(i) any approach, inquiry or proposal made by any person to Angel or any of its Representatives, to initiate any discussions or negotiations that concern, or that could reasonably be expected to lead to, a Competing Proposal; and

(ii) any request made by any person to Angel or any of its Representatives, for any non-public information relating to Angel, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.

(b) Subject to clause 9.4 of the Scheme Implementation Agreement (the Fiduciary carve out), a notice given under clause 9.5(a) of the Scheme Implementation Agreement must include:

(I) notification of the fact of the approach;

(II) a description of the nature of the approach, including whether it is an initial enquiry, an indicative offer or a formal offer;

(III) material terms of any offer, including price, conditions precedent, timetable and break fee if any; and

(IV) the identity of the person making the approach (and if different, details of the person making or proposing the relevant Competing Proposal),

in each case, to the extent then known to Angel or its Representatives.

(v) **Matching Right**

(a) Angel undertakes that during the Exclusivity Period, it:

(I) will not (and will procure that its Representatives do not) enter into any legally binding agreement or announce an intention to enter into a legally binding agreement pursuant to which a Third Party agrees to give effect to an actual, proposed or potential Competing Proposal (including any legally binding break fee, process deed (or similar agreement or arrangements) in connection with any actual, proposed or potential Competing Proposal); and

(II) will use its best endeavours to procure that none of the Angel IBC Members change their Recommendation or Voting Intention, publicly recommend an actual, proposed or potential Competing Proposal (or recommend against the Transaction) or make any public statement to the effect that they intend to do so at a future point,

unless:

(III) the actual, proposed or potential Competing Proposal was not directly or indirectly brought about by, or facilitated by, a breach of clause 9.2 of the Scheme Implementation Agreement and the Angel IBC has determined after consultation with Angel's Advisers that such actual, proposed or potential Competing Proposal is a Superior Proposal;

(IV) Angel has provided BidCo with all material terms and conditions of the proposed Competing Proposal (including the price and identity of the Third Party making the Competing Proposal), to the extent then known;

(V) Angel has given BidCo at least 5 Business Days from the provision of the information in clause 9.6(a)(iv) of the Scheme Implementation Agreement to provide a Counter Proposal (as defined in clause 9.6(b) of the Scheme Implementation Agreement); and

(B) either:

(I) Angel has not announced or formally proposed to BidCo a Counter Proposal by the expiry of the 5 Business Day period referred to in clause 9.6(a)(v) of the Scheme Implementation Agreement; or

(II) Angel has announced or formally proposed to BidCo a Counter Proposal by the expiry of the 5 Business Day period referred to in clause 9.6(a)(v) of the Scheme Implementation Agreement, and the Angel IBC has reviewed the Counter Proposal in accordance with clause 9.6(b) of the Scheme Implementation Agreement and:

(A) concluded that the Counter Proposal is not a Matching or Superior Proposal (as defined in clause 9.6(b) of the Scheme Implementation Agreement); or

(B) concluded that the Counter Proposal is a Matching or Superior Proposal (as defined in clause 9.6(b)) but Angel and BidCo have not entered into the Amended Scheme Documents by the end of the Negotiation Period (as referred to in clause 9.6(b) of the Scheme Implementation Agreement).

(b) If BidCo announces or formally proposes to Angel amendments to the Transaction or a new proposal (**Counter Proposal**) by the expiry of the 5 Business Day period referred to in clause 9.6(a)(v) of the Scheme Implementation Agreement), Angel must procure that the Angel IBC considers the Counter Proposal and if the Angel IBC, acting reasonably and in good faith, determines that the Counter Proposal would provide an equivalent or superior outcome for Angel Shareholders as a whole (other than Excluded Shareholders) compared with the Competing Proposal (taking into account all of the terms and conditions of the Counter Proposal) (**Matching or Superior Proposal**), then, for a period of 3 Business Days (or such longer period agreed in writing between Angel and BidCo) after the date on which Angel gives BidCo a notice that the Angel IBC has determined that the Counter Proposal is a Matching or Superior Proposal (**Negotiation Period**), Angel and BidCo must use their respective reasonable endeavours to negotiate and effect amendments to the Scheme Implementation Agreement, the Scheme and the Deed Poll (as applicable) that are reasonably necessary to reflect the Counter Proposal and to implement the Counter Proposal (**Amended Scheme Documents**).

(c) Despite any other provision in the Scheme Implementation Agreement, a statement by the Angel or the Angel IBC to the effect that:

(i) the Angel IBC has determined that a Competing Proposal is a, or would be or would be reasonably likely to be a Superior Proposal and has commenced the matching right process set out in the Scheme Implementation Agreement; or

(ii) Angel Shareholders should take no action pending the completion of the matching right process set out in the Scheme Implementation Agreement,

does not of itself:

(iii) constitute a change to or withdrawal of the recommendation by the Angel IBC or any Angel IBC Member or an endorsement of a Competing Proposal;

(iv) contravene the Scheme Implementation Agreement;

(v) give rise to an obligation to pay the Reimbursement Fee under clause 10 of the Scheme Implementation Agreement; or

(vi) give rise to a termination right under clause 15 of the Scheme Implementation Agreement.

(d) The matching rights provisions in the Scheme Implementation Agreement will be separately applied to each new Competing Proposal that is a material modification or material variation of an existing Competing Proposal.

(d) **Reimbursement Fee**

Angel has agreed to pay BidCo a Reimbursement Fee of $325,000 (**Reimbursement Fee**) within 10 Business Days of a written demand by BidCo if any of the following occur:

(i) (**change of recommendation or voting intention**) BidCo terminates the Scheme Implementation Agreement under clause 15.3(a) of the Scheme Implementation Agreement other than where either of the circumstances set out in clauses 7(c)(iii) of the Scheme Implementation Agreement (Superior Proposal) or clause 7(c)(iv) of the Scheme Implementation Agreement (Independent Expert negative conclusion) occur;

(ii) (**Superior Proposal**) Angel terminates the Scheme Implementation Agreement under clause 15.2(a) of the Scheme Implementation Agreement as a consequence of a Superior Proposal or, prior to the termination of the Scheme Implementation Agreement, Angel enters into a legally binding agreement to undertake a Superior Proposal (whether or not subject to conditions);

(iii) (**Competing Proposal**) the Scheme Implementation Agreement is terminated and at any time from the date of the Scheme Implementation Agreement to termination a Competing Proposal is announced or made by a Third Party (whether or not the proposal is stated to be subject to any pre-conditions) and within 12 months after termination, the Competing Proposal is completed or implemented, or a binding agreement, arrangement or understanding with Angel or the Angel IBC Members with respect to the Competing Proposal is entered into, by the Third Party or any of its Associates; or

(iv) (**material breach**) BidCo terminates the Scheme Implementation Agreement in accordance with clauses 15.1(b), 15.3(b) or 15.3(c) of the Scheme Implementation Agreement.

3.9 How Angel will respond to Competing Proposals

Until the Scheme is approved by the Court, other parties may make unsolicited acquisition proposals for Angel.

If a Competing Proposal emerges prior to the Second Court Hearing, the Angel IBC will consider the Competing Proposal and ensure that Angel complies with the Scheme Implementation Agreement in relation to the Competing Proposal, including

(a) providing BidCo with notice of the Competing Proposal (subject to the Fiduciary carve out); and

(b) an opportunity to match the Competing Proposal.

See Section 3.8 above for a summary of those arrangements).

The Angel IBC will carefully consider the Competing Proposal and determine whether it is a Superior Proposal. An exception to the exclusivity arrangements in the Scheme Implementation Agreement allows them to do so pursuant to the Fiduciary carve out.

Angel will keep you informed of any material developments, including by making announcements on ASX. Angel Shareholders are encouraged to continue to monitor ASX announcements until the Scheme is implemented.

4 Information about Angel

4.1 Overview of Angel

Angel Seafood Holdings Ltd produces pacific oysters on the Eyre Peninsula in South Australia. Angel is organically certified through internationally recognised National Association for Sustainable Agriculture, Australia (**NASAA**) and sustainably certified with the internationally recognised 'Friends of The Sea' organisation.

Angel runs a multi-bay strategy with nursery and oyster grow out operations occurring in Cowell and Haslam before oysters are matured in Coffin Bay. The holding capacity across all bays is between 25-30 million oysters and final conditioning capacity of up to 15 million oysters in the internationally acclaimed Coffin Bay. This diversification in geographic operating locations provides disease risk mitigation and allows Angel to optimise oyster performance at each stage of the growth cycle.

Angel sells to domestic customers direct from Coffin Bay and processes the oysters for export out of its purpose built and fully Australian Quarantine and Inspection Service accredited export site in Port Lincoln.

4.2 Board and senior management

(a) Angel Board

As at the date of this Scheme Booklet, the Angel Board comprised:

Name	Position
Mr Isaac Halman	Executive Director, Chief Executive Officer and Company Founder
Mr Tim Goldsmith	Non-Executive Chairman
Mr Michael Porter	Non-Executive Director

Details of the interests of the Angel Board in Angel Shares are set out in Section 8.1.

(b) Angel senior management

As at the date of this Scheme Booklet, Angel's senior management comprised:

Name	Position
Mr Isaac Halman	Executive Director, Chief Executive Officer and Company Founder
Mr Simba Matute	Chief Financial Officer

4.3 Securities and capital structure

(a) Angel securities on issue

As at the date of this Scheme Booklet, Angel had 161,574,854 Angel Shares on issue.

(b) Substantial Angel Shareholders

Based on filings to ASX, as at the date of this Scheme Booklet, Angel has received notifications from the following substantial holders in accordance with section 671B of the Corporations Act:

Name[1]	Number of Angel Shares	Percentage holding
Valley Vino Pty Ltd ABN 30 629 975 462 and the Laguna Bay Group	56,997,272[2]	35.28%[2]
Isaac Lee Halman and his associated entities	56,997,272[3]	35.28%[3]
Thorney Investment Group (TIGA Trading Pty Ltd, Thorney Opportunities Ltd and their associates)	22,266,298	13.78%
Harvest Lane Asset Management and its associated entities	13,640,667	8.44%

Notes:

[1] Shareholdings are held by primary person below or their associated entities as listed in the substantial holder notices filed with ASX.

[2] Includes 24,770,210 shares (approximately 15.33%) in which the Laguna Bay Group has no Relevant Interest but which associates, Isaac Lee Halman and related entities, have a Relevant Interest.

[3] Includes 32,227,062 shares (approximately 19.95%) in which the Isaac Lee Halman and related entities have no relevant interest but which an associate, Laguna Bay Group, has a relevant interest.

(c) **Angel Options and Performance Securities**

As at the date of this Scheme Booklet, there are 1,000,000 performance shares issued on 8 February 2018 to Mr Halman and 1,000,000 performance rights issued on 7 May 2018 to Simba Matute.

Further, there are 1,200,000 options issued on 7 May 2019 with an exercise price of $0.28 and an expiry date of 25 February 2023 and 3,500,000 options issued on 30 March 2020 with an exercise price of $0.40 and an expiry date of 30 March 2024.

In accordance with the Scheme Implementation Agreement, Angel will ensure there are no outstanding Options or Performance Securities at the Implementation Date.

See Sections 3.3 and 3.4 for more information.

(d) **Group structure**

The following entities are Subsidiaries of Angel:

Name of entity	Country of incorporation	Equity holding	
		FY21	FY20
Angel Oysters Australia Pty Ltd ACN 615 037 815	Australia	**100%**	100%
Angel Seafood Infrastructure Pty Ltd ACN 615 035 857	Australia	**100%**	100%

4.4 **Recent Scheme Share price performance**

Angel Shares are listed on the ASX under the ASX code 'AS1'. On Thursday, 10 February 2022, being the last trading day prior to the announcement of the Scheme, the closing

Scheme Share price on ASX was $0.17. In the three months up to Thursday, 10 February 2022:

(a) the highest recorded daily closing price for Angel Shares on ASX was $0.185 on 20 January 2022; and

(b) the lowest recorded daily closing price for Angel Shares on ASX was $0.125 on 17 December 2021.

4.5 Financial information

This Section 4.5 contains financial information relating to Angel for the financial year ended 31 December 2021 and the calendar years ended 31 December 2020 and 31 December 2019.

The financial information in this Section 4.5 is a summary only and has been prepared and extracted for the purposes of this Scheme Booklet only. Angel changed its year-end financial reporting period to 31 December with effect from 1 July 2020, with a 6-month transitional period ended 31 December 2020. For the purposes of this Scheme Booklet, historical financial information has been presented on a full-year ending 31 December basis for a more relevant comparison.

The financial information presented in this Scheme Booklet has been extracted from the audited financial report of Angel in respect of the financial year ended 31 December 2021, and compiled from audited financial information and interim reports of Angel in respect of the calendar years ended 31 December 2020 and 31 December 2019.

(a) Basis of preparation

The financial information of Angel is presented in abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Accordingly, Angel recommends that Angel Shareholders read the following in conjunction with the financial statements of Angel for the respective periods including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements (copies of which are available on Angel's website at www.angelseafood.com.au and on ASX's website as www.asx.com.au).

The financial information of Angel has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards. The financial information in this Scheme Booklet is presented on a standalone basis and accordingly does not reflect any impact of the Scheme.

(b) Consolidated statement of profit or loss

The following table presents the historical consolidated statement of profit or loss for the financial year ended 31 December 2021 and the calendar years ended 31 December 2020 and 31 December 2019.

	12 months to 31 December 2021	12 months to 31 December 2020	12 months to 31 December 2019
	$	$	$
Revenue	8,414,913	6,248,420	4,271,268
Fair value adjustment of biological assets	2,813,844	1,081,289	2,998,869
Other income	813,574	1,353,479	987,894
Cost of biological stock	(2,292,085)	(1,524,046)	(1,265,793)
Employee benefits	(4,066,507)	(3,185,264)	(2,413,812)
Depreciation and amortisation	(1,260,908)	(937,636)	(747,468)

expense			
Other expenses	(3,031,253)	(2,095,522)	(1,799,841)
Finance costs	(400,695)	(382,512)	(345,334)
Special item – Product recall costs	(539,758)	–	–
Profit before income tax	451,125	558,207	(345,334)
Income tax	–	–	–
Profit for the period	451,125	558,207	1,685,783
Other comprehensive income	–	–	–
Total comprehensive income for the period	451,125	718,543	1,685,783
Total comprehensive income attributable to:			
Members of the Angel Seafood Holdings Limited	451,125	718,543	1,685,783

(c) **Consolidated statement of financial position**

The following table presents the historical consolidated statement of financial position as at 31 December 2021, 31 December 2020 and 31 December 2019.

	31 December 2021 $	31 December 2020 $	31 December 2019 $
Assets			
Current assets			
Cash and cash equivalents	1,539,434	3,176,289	930,981
Trade and other receivables	1,083,477	859,047	245,363
Biological assets	7,484,788	4,990,372	4,261,740
Other assets	–	–	2,788
Total current assets	10,107,699	9,025,708	5,440,872
Non-current assets			
Biological assets	1,952,334	1,461,375	809,427
Property, plant and equipment	9,216,516	7,957,610	6,776,451
Intangible assets	7,507,670	7,678,628	7,164,482
Other assets	–	7,849	20,088
Total non-current assets	18,676,520	17,105,462	14,770,448
Total assets	28,784,219	26,131,170	20,211,320
Liabilities			
Current liabilities			
Trade and other payables	1,441,689	1,018,799	529,504
Borrowings	3,301,113	1,788,203	1,812,440
Employee benefits	333,169	395,469	197,555
Total current liabilities	5,075,971	3,202,471	2,539,499
Non-current liabilities			
Borrowings	5,222,784	5,533,862	4,791,927
Employee benefits	107,994	64,347	59,630

Total non-current liabilities	5,330,778	5,598,209	4,851,557
Total liabilities	10,406,749	8,800,680	7,391,056
Net assets	18,377,470	17,330,490	12,820,264
Equity			
Share capital	19,571,394	18,703,911	14,923,061
Reserves	689,479	961,107	789,938
Accumulated losses	(1,883,403)	(2,334,528)	(2,892,735)
Total equity attributable to equity holders of Angel	18,377,469	17,330,490	12,820,264
Total equity	18,377,470	17,330,490	12,820,264

(d) **Consolidated statement of cash flows**

The following table presents the historical consolidated statement of cash flows for the financial year ended 31 December 2021 and the calendar years ended 31 December 2020 and 31 December 2019.

	12 months to 31 December 2021 $	12 months to 31 December 2020 $	12 months to 31 December 2019 $
Cash flows from operating activities			
Receipts from customers	8,511,736	5,908,970	4,958,116
Payments to suppliers and employees	(9,537,157)	(6,339,346)	(4,698,824)
Government grants and incentives	419,270	1,027,327	890,783
Finance costs	(379,714)	(317,325)	(313,670)
Interest received	–	–	585
Net cash inflow/(outflow) from operating activities	**(985,865)**	**279,626**	**836,990**
Cash flows from investing activities:			
Payment for oyster leases	–	–	(251,129)
Purchase of property, plant and equipment	(2,416,015)	(1,643,783)	(1,336,856)
Proceeds from disposal of property, plant and equipment	95,604	–	385,400
Net cash (outflow) from investing activities	**(2,320,411)**	**(1,643,783)**	**(1,202,585)**
Cash flows from financing activities:			
Proceeds from issue of shares net of transaction costs	490,483	3,767,850	–
Proceeds from borrowings	2,000,000	2,618,083	1,697,175

Repayment of borrowings	(300,000)	(1,690,500)	(1,265,676)
Borrowing costs	–	–	(26,816)
Repayment of lease liabilities	(521,062)	(264,169)	(188,738)
Net cash inflow from financing activities	**1,669,421**	**4,431,264**	**215,945**
Net (decrease)/increase in cash and cash equivalents	(1,636,855)	3,067,107	(149,650)
Cash and cash equivalents at the beginning of the period	3,176,289	109,182	258,832
Cash and cash equivalents at the end of the period	**1,539,434**	**3,176,289**	**109,182**[1]

Note:

[1] Cash and cash equivalents at the end of the 12-month period to 31 December 2019 is presented net of overdraft of $821,799 included in borrowings.

4.6 Material changes to Angel's financial position

Within the knowledge of Angel's Directors and other than as disclosed in the Scheme Booklet, the financial position of Angel has not materially changed since 31 December 2021, being the date of Angel's financial report for the year ended 31 December 2021.

4.7 Intentions regarding the continuation of Angel's business

The Corporations Regulations require a statement by the Angel Directors of their intentions regarding Angel's business. If the Scheme is implemented, the existing Angel Directors will resign, and the Angel Board will be reconstituted in accordance with the instructions of Laguna Bay after the Implementation Date.

Accordingly, it is not possible for the Angel Directors to provide a statement of their intentions after the Scheme is implemented regarding:

(a) the continuation of the business of Angel or how Angel’s existing business will be conducted;

(b) any major changes, if any, to be made to the business of Angel; or

(c) any future employment of the present employees of Angel.

If the Scheme is implemented, BidCo will own and control approximately 90.00% of Angel’s securities. Mr Halman and his affiliated entities will remain the only other shareholder in Angel, with 16,178,927 Angel Shares, being approximately 10% based on the current number of shares on issue. The Angel Directors have been advised that the intentions of Laguna Bay with respect to these matters are as set out in Section 5.

If the Scheme is not implemented, the Angel Directors intend to continue to operate the business of Angel in the ordinary course.

4.8 Publicly available information

Angel is a disclosing entity as defined in the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Broadly, these require Angel to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information. Angel is also required to prepare and lodge with ASIC and ASX both annual and half-year financial statements.

Further announcements concerning Angel will continue to be made available on ASX's website after the date of this Scheme Booklet.

Copies of the documents filed with ASX may be obtained from Angel's website at www.angelseafood.com.au and on ASX's website as www.asx.com.au. Copies of the documents lodged with ASIC in relation to Angel may be obtained from ASIC. Copies of these documents will also be made available free of charge following a request in writing to Angel at any time before the Scheme Meeting.

5 Information about BidCo and Laguna Bay

5.1 Introduction

This Section 5 has been prepared by, and is the responsibility of, BidCo, Laguna Bay and the Laguna Bay Group. This Section 5 contains information relating to BidCo and Laguna Bay, and outlines how BidCo and Laguna Bay are funding the Scheme Consideration and its intentions in relation to Angel.

5.2 Laguna Bay Group

Laguna Bay Group is one of Australia's largest privately owned specialist food and agricultural investment firms serving institutional clients. Founded in 2010, the managers of the Laguna Bay Group is 100% Australian owned and managed, and has consistently proven its ability to originate, execute, manage and exit large-scale agricultural transactions across multiple sectors. Laguna Bay Group does this by leveraging its wide agricultural operating knowledge, extensive industry relationships and deep understanding of the agricultural supply chain. The firm focusses on transforming mispriced or underinvested agricultural assets, typically in categories where Australia has a competitive advantage, into high performing, institutional grade operations in a sustainable manner. Laguna Bay Group has invested in some of Australia's largest producers of dairy, wine, beef and almonds. The firm manages predominately institutional capital and its dedicated team of investment professionals have transacted over $AUD1billion. Its offices are based in Brisbane.

More information about Laguna Bay Group's activities and operations can be found at www.lagunabay.com.au.

5.3 Laguna Bay

Laguna Bay is the ultimate parent company of BidCo and entered into the Scheme Implementation Agreement as guarantor of BidCo's obligations.

As at the date of this Scheme Booklet, the Laguna Bay Board comprises the following directors (with brief profiles set out below):

(a) **Timothy McGavin, Director**

Tim has been active in the food and agriculture sector for 35 years and a food and agricultural investor for over 20 years, founding Laguna Bay Group in 2010, with extensive networks across a wide range of food and agriculture sectors. Tim is a member of Laguna Bay Group's Investment Committee.

(b) **Benjamin Trickett, Director and Public Officer**

Ben has been a funds management professional for 9 years and with Laguna Bay Group since 2016. Ben leads the Laguna Bay Funds Management function, bringing experience in real asset listed and unlisted funds for both retail and wholesale/ institutional investors. Ben is actively involved in leading transactions and asset management, representing Laguna Bay Group on several investee boards. Ben is a member of Laguna Bay Group's Investment Committee.

5.4 BidCo

BidCo is a proprietary company incorporated in Queensland, Australia on 10 February 2022. It is a special purpose vehicle incorporated for the purposes of the Scheme by Laguna Bay. BidCo has not conducted any business and does not own any assets or have any liabilities other than in connection with its incorporation, entry into the Scheme Implementation Agreement and the taking of such other actions as necessary to facilitate the implementation of the Scheme (including actions in relation to the incurrence of costs, fees and expenses in connection with the Scheme).

As at the date of this Scheme Booklet, the BidCo Board comprises Timothy McGavin and Benjamin Trickett (with brief profiles set out in Section 5.3 above).

5.5 Rationale for proposed acquisition

The acquisition of Angel is consistent with Laguna Bay Group's investment strategy to acquire and manage agricultural assets in Australia**,** with a view to improve productivity and provide additional capital for growth. Laguna Bay Group intends to leverage its expertise in the agricultural sector to give input into the management of the business of Angel with a view to maximising its growth potential, as well as providing additional capital for growth. The firm intends to undertake a strategic review with a view to building scale and leveraging key assets including improvement to production, grading and packing infrastructure and unlocking operational efficiencies through strategic application of capital.

5.6 Post-acquisition intentions of Laguna Bay

This Section 5.6 sets out Laguna Bay's intentions in relation to:

- the delisting of Angel from the ASX,
- the future employment of the present employees of the Angel Group;
- the continuation of the business of the Angel Group; and
- any major changes to the business of Angel,

in each case, if the Scheme is implemented.

These statements of intention are based on the facts and information concerning the Angel Group (including certain non-public information made available by Angel to BidCo prior to the entry into the Scheme Implementation Agreement), and the general business environment, that are known to BidCo and Laguna Bay at the time of preparation of this Scheme Booklet.

If the Scheme is implemented, Laguna Bay intends to undertake a detailed review of Angel's operations covering strategic, financial and commercial operating matters. Final decisions on these matters will only be made following the completion of such review and in light of all material facts and circumstances at the relevant time if the Scheme is implemented. Accordingly, the statements set out in this Section 5.6 are statements of current intention only, which may change as new information becomes available or circumstances change.

The intentions of BidCo are the same as the intentions of Laguna Bay in respect of Angel and are referred to collectively in this section as the intentions of Laguna Bay.

(a) Angel to be delisted

If the Scheme is implemented, it is intended that Angel will be removed from the ASX's official list with effect from or shortly after the Implementation Date.

(b) Employees and management

Laguna Bay considers Angel's employees and management team to be critical to the future success of the business. There is no intention to materially change the employment or management structure of Angel's business.

Laguna Bay intends for Angel to continue to be operated by its current management team. In particular, Laguna Bay intends for Angel to continue to be led and managed by its Australian CEO, Mr Halman, to drive the performance and growth of Angel.

Following implementation of the Scheme, Laguna Bay will review Angel's business operations and organisation structure to ensure Angel has the appropriate mix and level of employees and skills to enhance the business going forward and to enable the business to pursue growth opportunities. Overall, the key operational responsibilities are expected to be largely unchanged, however final decisions regarding the structure of Angel's business (including in respect of less relevant corporate and administrative functions applicable to a private company) will be made following implementation of the Scheme.

The remuneration arrangements of employees, the terms of the new incentive arrangements and the employees who will be entitled to participate in that plan will be finalised by Laguna Bay after implementation of the Scheme, in consultation with Angel's management team.

(c) **General review of business**

If the Scheme is implemented, Laguna Bay intends to continue the business of the Angel Group, including actively pursuing growth opportunities available to Angel, subject to its consideration of information and circumstances at the relevant time post-acquisition. Laguna Bay intends to collaborate with Angel's key management personnel, particularly its CEO, Mr Halman, to optimise the prospects and operating performance of the business.

Based on its current understanding and evaluation of the Angel business, Laguna Bay intends that no major changes will be made to the Angel business. Nevertheless, Laguna Bay proposes to leverage its expertise in the agricultural sector to give input into the management of the business, including to leverage key assets and unlock operational efficiencies across the business, with a view to maximising their growth potential, as well as providing additional capital for growth.

If the Scheme is implemented, it is the intention of Laguna Bay that Angel Group's head office will remain in Port Lincoln, South Australia.

5.7 **Funding the Scheme Consideration**

(a) **Maximum Scheme Consideration**

The Scheme Consideration will be paid wholly in cash.

Based on Angel's issued share capital as at the date of this Scheme Booklet, and the Scheme Consideration of $0.20 cash for each Scheme Share, the maximum amount of cash payable by Laguna Bay in connection with the Scheme will be approximately $23 million (**Maximum Scheme Consideration**).

If the Scheme is implemented, Laguna Bay will fund the payment of the Scheme Consideration to the Scheme Shareholders by drawing down on capital committed (equity) to Laguna Bay by its shareholders. Laguna Bay has undrawn capital commitments of more than $44 million from its shareholders and those commitments are unconditional. Laguna Bay will provide BidCo with sufficient funds equal to the Maximum Scheme Consideration to purchase all of the Scheme Shares on the Implementation Date pursuant to the terms of the Scheme.

On the basis of the arrangements described in this Section 5.7, each of BidCo and Laguna Bay is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will have sufficient funds available to meet its payment obligations under the Scheme.

The Scheme is not subject to any financing condition precedent.

(b) **Equity Funding**

BidCo has entered into an equity commitment letter with Laguna Bay dated 15 March 2022, under which Laguna Bay agrees to cause BidCo to receive the cash funds as are necessary to enable BidCo to meet its obligations to pay the Maximum Scheme Consideration if the Scheme becomes effective (**Equity Funding**).

The provision of the Equity Funding is subject to all conditions precedent under the Scheme Implementation Agreement being satisfied or waived and the Scheme becoming Effective.

5.8 **Other information**

(a) **Interests in Angel Shares**

As at the date of this Scheme Booklet, Laguna Bay and its Related Bodies Corporate have Relevant Interests in 32,227,062 Angel Shares and therefore have a Relevant Interest in approximately 19.95% of the Angel Shares and voting power of 35.276%. The voting power figure includes approximately 15.33% of the Angel Shares in which an Associate of Laguna Bay, Mr Halman, has a Relevant Interest but in which the Laguna Bay Group does not have a Relevant Interest.

Mr Halman is an Associate of Laguna Bay under a Memorandum of Understanding, announced to the market on 11 February 2022, however, neither Laguna Bay nor any Related Body Corporate of Laguna Bay has any ability to control the exercise of any votes in respect of the shares held by Mr Halman and his related entities.

(b) **No dealing in Angel Shares in previous four months**

Except as disclosed in section 5.8(a) above, none of Laguna Bay, BidCo or their Associates, to the best of their knowledge, have provided or agreed to provide consideration for any Angel Shares under any other transaction during the period four months before the date of this Scheme Booklet.

(c) **Benefits to holders of Angel Shares**

Except as disclosed in section 5.8(a) above, none of Laguna Bay, BidCo or their Associates, to the best of their knowledge, has given or offered to give or agree to give a benefit to another person whether the benefit was likely to induce the other person or an Associate to vote in favour of the Scheme or dispose of Angel Shares, where the benefit was not offered to all Angel Shareholders.

(d) **Benefits to Angel officers**

None of Laguna Bay nor any of its subsidiaries will be making any payment or giving any benefit to any current officers of Angel as compensation for loss of office with, or as consideration for or otherwise in connection with his or her retirement from, the Angel Board if the Scheme is implemented.

(e) **Other material information**

Except as set out in this Scheme Booklet, there is no information material to the making of a decision by Angel Shareholders whether or not to vote in favour of the Scheme that is within the knowledge of the directors of Laguna Bay at the date of this Scheme Booklet that has not previously been disclosed to Angel Shareholders.

6 Risks

6.1 Introduction

The Angel IBC considers that it is appropriate for Angel Shareholders, in considering the Scheme, to be aware that there are a number of risk factors associated with the Scheme, as well as with respect to Angel, general and specific, which could materially adversely affect the future operating and financial performance of Angel and the value of Angel Shares.

This Section 6 outlines:

(a) general risk factors (refer to Section 6.2); and

(b) specific risk factors for the Angel business (refer to Section 6.3).

If the Scheme proceeds, Scheme Shareholders will receive the Scheme Consideration and, from the implementation of the Scheme, will cease to be Angel Shareholders and (except for the Excluded Shareholders) will no longer be exposed to the risks set out in this Section 6.

If the Scheme does not proceed (and in the absence of a Competing Proposal that is ultimately implemented), in which case Angel will continue to operate as a stand-alone entity, and you will retain your investment in Angel, and the risks set out in this Section 6 will continue to be relevant to you.

The risk factors in this Section 6 are existing risks that relate to Angel's business and the industry in which it operates, or that are generally associated with an investment in listed securities. You should carefully consider the risks discussed in this Section 6, as well as the other information contained in this Scheme Booklet generally, before voting on the Scheme Resolution. The risks identified in this Section 6 do not take into account the investment objectives, financial circumstances or particular needs of individual Angel Shareholders and are not exhaustive. You should consult your legal, financial, taxation or other professional adviser if you are unclear or uncertain about any matter mentioned in this Section 6 or elsewhere in this Scheme Booklet.

6.2 General risk factors

In addition to the specific business risks below (refer to Section 6.3), there are a number of general risks associated with holding Angel Shares.

As with any entity with listed securities on ASX, the future prospects and operating and financial performance of Angel and the value of Angel Shares may be affected by a variety of factors. These factors may include:

(a) changes in investor sentiment and overall performance of the Australian and overseas stock markets;

(b) changes in general business, industry cycles, and economic conditions including inflation, interest rates, exchange rates, commodity prices, employment levels and consumer demand;

(c) economic and political factors in Australia and overseas, including economic growth;

(d) changes in legislation and government, fiscal, monetary and regulatory policies;

(e) uncertainty around the likelihood, timing, franking or quantum of future dividends;

(f) failure to make or integrate any future acquisitions or business combinations (including the realisation of synergies), significant one-time write-offs or restructuring charges, and unanticipated costs and liabilities;

(g) changes in accounting or financial reporting standards; and

(h) changes in taxation laws (or their interpretation).

Deterioration of the general economic conditions, the Australian and overseas stock markets, and catastrophic events may also affect Angel's operating and financial position.

6.3 Specific risk factors for the Angel business

There are a range of business-specific risks associated with your current investment in Angel Shares, as set out below. You will only continue to be exposed to these risks if the Scheme does not proceed, in which case Angel will continue to operate as a stand-alone entity.

Exposure to any one of these risk factors could have a significant impact on Angel's business, especially as its business operations and assets are concentrated around aquaculture production.

(a) Weather conditions and natural events

As Angel is an aquaculture producer, there is a risk that Angel could be exposed to a number of natural events such as floods, storms, fire, oil spills and adverse movements in the marine environment, such as changes in water temperatures, dissolved oxygen and salinity levels.

Other natural events beyond Angel's control include the occurrence of wildlife that prey on oysters, particularly crabs, seabirds and starfish which can cause increased oyster mortalities.

(b) Climate change

Climate plays an important role in Angel’s operations. Water temperatures and the availability of food (algae) in the water have a fundamental impact on the lifecycle of oysters – sizes, growth rates and the ultimate quality of the product. Angel recognises climate change is likely to present a range of challenges to the aquaculture industry. Without proactive adaptation, oyster farming may become more vulnerable to disease and/or changes in environmental conditions.

Angel employs sustainable farming practices in its operations and considers the long-term risks, issues and opportunities that can potentially be presented by climate change and responds accordingly. Some studies have linked ocean acidification and temperature rises to climate change. As yet, any impact of these factors has not been revealed in any material fashion. However, these factors could impact the long-term future size and quality of product and/or the likelihood of disease and algae or bacteria events that can cause food safety risks or affect growth rates.

(c) Oyster diseases and viruses

There is a risk that outbreak of disease in Angel's oyster stock and resulting higher mortality rates and product recalls could have a material adverse impact on Angel's profits, operations and financial performance.

This includes diseases such as pacific oyster mortality syndrome (POMS), which affects mainly juvenile pacific oysters. To date, POMS has not occurred in South Australian oyster growing areas but was identified and remains in a population of feral oysters in the Port River near Adelaide since late summer of 2018. The South Australian Government and Angel have measures in place to mitigate the risk of any such disease. POMS, among other diseases, and natural events may impact the health and wellbeing of the oyster stock.

(d) Market prices for oyster

Angel's profitability and the market value of its biological assets are sensitive to oyster prices in both the domestic and international market. Prices are dependent on short and long-term supply and demand variations, and market conditions. Major factors that can influence demand and supply in the oyster market and, therefore, the price of oysters, include:

- an increase in supply of oysters from either domestic or offshore competitors, or increased competition from alternative molluscs species and food sources;
- the level of oyster production relative to consumption requirements;
- changes in import restrictions imposed by Federal and State agencies; and
- movements in exchange rate relativities between the currencies of the major oyster export and import countries.

Within the wholesale market, which is a key distribution channel, Angel typically negotiates prices on a spot basis, and as a result, it is not possible to guarantee consistency in respect of prices and terms for future sales. There is a risk that significant reduction in oyster prices could occur, which could have a material adverse impact on Angel's financial performance and operational results.

(e) **Reduction in demand for oysters**

There is a risk that oyster prices may be impacted by changes in demand and supply in the short term and long term. Changes in economic conditions could cause consumers to reduce their consumption of oysters as they "trade down" to cheaper sources of seafood and proteins. Changes in consumer dietary preferences or sentiment towards seafood and oysters could also result in lower demand for oysters.

Such lower demand could reduce the price at which Angel is able to sell its oysters, and a sustained adverse change in oyster prices would have a significant impact on Angel’s results and asset values.

(f) **COVID-19**

There is a risk that disease outbreaks and related government initiatives to combat the spread of disease may impact continuity of operations (impact on employees), supply chains and market assumptions, and ultimately trigger adverse economic conditions.

COVID-19 was declared a global pandemic in March 2020 and, since then, there have been widespread government-imposed restrictions that have impacted on business operations across Australia and the rest of the world. The temporary restrictions placed on the operation of restaurants and food markets, and the significant reduction in airfreight services limiting access to export markets, have adversely affected the demand for seafood in the near term. Governments (states and federal) and financial institutions offered support to companies and employees that were significantly affected by these changes.

Restrictions have progressively eased around Australia, and there is general optimism that vaccines that have become available will bring COVID-19 under control. However, the pandemic continues to severely affect communities around the world and conditions in Australia remain delicate.

While Angel’s operations in South Australia (Eyre Peninsula) have not been directly impacted by the pandemic so far, and new channels have opened up for sales, some uncertainty remains as to how far and how long the pandemic will unfold, the extent of restrictions that can be imposed to combat the pandemic, and ultimately the impact on operations, access to markets, and general economic conditions. Angel remains on high alert for new outbreaks that can impact trading and general economic conditions.

(g) **Trade embargos affecting export markets**

During 2020-2021, China implemented trade blocking manoeuvres against a number of Australian industries. Whilst the oyster and molluscs industry has not yet been directly impacted by restrictions or tariffs this remains a risk to the industry.

(h) **Environmental**

Angel's operations are subject to government environmental legislation. While Angel endeavours to ensure that its operations and activities comply with applicable environmental laws, there is a risk that failure to comply with such laws could occur, which may result in penalties, damages and/or loss of permits or licences required by Angel to operate its marine farms or processing facilities.

There is no assurance that Angel's operations will not be affected by an environmental incident or subject to environmental liabilities. The introduction of new environmental legislation and regulations may result in additional cost to Angel arising from additional compliance and further capital expenditure, which may have a material adverse impact on the financial position and performance of Angel.

As Angel is an aquaculture producer, there is also a risk that Angel could be exposed to a number of natural events such as floods, storms, fire, oil spills and adverse movements in the marine environment (e.g. changes in water temperatures, dissolved oxygen and salinity levels).

(i) **Regulatory risk**

Angel is required to comply with a range of laws and regulations. Regulatory areas of particular significance to Angel include environment, employment, occupational health and safety, quarantine, customs and tariff and taxation laws.

National and local environmental laws and regulations (including the granting of marine leases and water licences) affect nearly all of Angel's operations. While Angel endeavours to ensure that its operations and activities comply with applicable environmental laws, there is a risk that failure to comply with such laws could occur, which may result in penalties, damages and/or loss of permits or licences required by Angel to operate its marine farms or processing facilities.

In addition, Angel must renew the appropriate permits and licences required to operate its business. Angel is subject to regular inspections, examinations and audits by governmental authorities to renew the various licences and permits. Angel is also subject to periodic and spot inspections conducted by government authorities in order to maintain its operating licences. If serious or repeated findings of non-compliance did occur, there is a risk this would have a negative impact on Angel's ability to renew its licences and have a materially adverse impact on its business operations and financial performance. There is also a risk that Angel's marine leases could not be renewed at the expiration of their current terms, which would hinder Angel's operations.

(j) **Loss of key management personnel**

Angel's future success is strongly dependent upon the expertise and experience of its key personnel and senior management, who are listed in Section 4.2(b). Angel may not be able to retain these staff members in the future, or be able to find equivalent replacements, either at all, or in a timely manner. The loss of key management personnel could adversely affect Angel's business, operations or financial performance and position.

(k) **Litigation risk**

Like any business, disputes or litigation may arise from time to time in the course of the business activities of Angel. There is a risk that any material or costly dispute or litigation could adversely affect the reputation or financial performance of Angel or the price of Angel Shares.

(l) **Insurance**

Angel seeks to maintain appropriate insurances for its business given its industry and operations. Insurances need to be renewed on a periodic basis and those renewals may result in insurance premiums increasing with an adverse effect on the expenses and therefore the profitability of Angel. Alternatively, those insurances may not be available on terms which are economic in light of the risks they protect against, resulting in Angel having to self-insure such risks. If such risks ultimately arise, they would have an adverse effect on the financial position and performance of Angel.

(m) **Future payment of dividends**

The payment of dividends on Angel Shares is dependent on a range of factors, including the availability of profits, the availability of franking credits and the capital requirements of Angel's business. Any future dividend and franking levels will be determined by the Angel Board having regard to Angel's financial performance and position at the relevant time. There is no guarantee that any dividends will be paid in the future by Angel or, if paid, that such dividends will be franked at any particular level.

(n) **Competition risk**

The industry in which Angel is involved is subject to domestic and global competition. Although Angel will undertake reasonable due diligence in its business decisions and operations, Angel has 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 Angel’s business. An increase in the supply of oysters from either domestic or international competitors, or increased competition from alternative fish species and food sources could have an adverse effect of Angel’s operations and business. Angel believes its produce is differentiated through its ‘organic’ and ‘sustainable’ certifications, and is continuing to explore markets to diversify its customer base.

(o) **Supply or service contracts / customer engagement risk**

In order to successfully expand Angel's export and domestic oyster sales, Angel will need to supply or service customers to generate revenue and this will require customer engagement and the execution of relevant contracts. In addition, to maintain Angel's Organic Certification, all oyster stock must have no genetic modification. Subsequently, forecasts are reliant on current and anticipated contracted spat (juvenile oysters) being supplied (and being continued to be supplied) and then this stock achieving survival rates within industry expected standards.

(p) **Government approvals risk**

The oyster industry is subject to a number of Government approvals and quotas in the form of licenses and leases and intensity of farming practices. In order to meet Angel’s business plan outcomes, Angel will need to be able to control and farm these government approved licenses and leases. A failure to obtain and or maintain such approvals, or significant delays in obtaining new approvals, may limit Angel’s ability to meet its business and production goals. In order to validly operate its business, Angel must also comply with its government licenses and leases.

There is no guarantee of the grant of future licenses or leases or the renewal of existing licenses and leases.

(q) **Title and Renewal risk**

The water leases and licences held by Angel are issued through the South Australian state government body called Primary Industries and Regions South Australia (**PIRSA**). The licence and lease holder must abide by a number of PIRSA regulations and guidelines that are monitored and enforced through mandatory periodic PIRSA officer inspections; Angel is subject to these inspections. If serious or repeated findings of non-compliance did occur, there is a risk this would have a negative impact on Angel's ability to renew its licences and have a materially adverse impact on its business operations and financial performance.

Angel's oyster leases are classified as ‘production leases’ by PIRSA and are granted for a maximum term of 30 years, renewable for successive terms upon expiry or any time if required for any reason. There is a risk that Angel's production leases might not be renewed at the expiration of their current terms, which would hinder Angel's operations. However, Angel considers that the risk of any of its production leases not being renewed at the end of their current terms to be low.

(r) **Native Title**

Angel in operating its business has various operational and ground leases and has been issued with aquaculture licences and leases. Native title recognises the title rights of indigenous Australians over areas where those rights have not been lawfully extinguished. Legislation in Australia 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 registered in 2000 which covers land and waters operated by Angel (and waters the entire length of the Spencer Gulf in South Australia). While native title claims exist, there remains the possibility that the ability of Angel to gain access to relevant land and waters may be adversely affected. The Directors will closely monitor the potential effect of this claim and any other claim involving land and waters in which Angel operates.

(s) **Management of Growth**

Angel is seeking to expand and scale its sea oyster production business and will also consider future complementary acquisitions. There is a risk that management of Angel will not be able to implement Angel’s growth strategy. The capacity of the management to properly implement and manage the strategic direction of the Angel may affect the Angel’s financial performance. Further, integration of Angel’s acquisitions and any of its further potential acquisitions will be complex, time-consuming and expensive and may adversely affect the results of the Angel’s operations.

(t) **Future Funding Needs**

Angel's capital requirements depend on numerous factors. Depending on Angel's ability to generate income from its operations, Angel may require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. No assurance can be given that future funding, if required will be made available on acceptable terms (if at all). If Angel is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its expansion program as the case may be.

(u) **Expansion risk**

Angel’s future expansion depends in part on successful negotiations and acquisitions of further water expansions (i.e. further oyster leases and licenses). There is no guarantee of the successful outcome of these negotiations.

(v) **Disputes**

The activities of Angel may result in disputes with third parties, including, without limitation, Angel’s investors, competitors, regulators, partners, distributors, customers, directors, officers and employees, and service providers. Angel may incur substantial costs in connection with such disputes.

7 Taxation implications

7.1 Introduction

This Section 7 provides a general overview of the Australian income tax, GST and stamp duty consequences of the Scheme for Angel Shareholders.

This overview is general in nature and does not attempt to be a complete analysis of the taxation consequences that may arise from the Scheme. Angel Shareholders are advised to seek professional taxation advice to confirm their particular circumstances and outcomes.

This summary is based upon the provisions of the *Income Tax Assessment Act 1936* (Cth) (**ITAA 1936**), the *Income Tax Assessment Act 1997* (Cth) (**ITAA 1997**) and the *Taxation Administration Act 1953* (Cth) (**TAA 53**) as at the date of this Scheme Booklet. We note that the taxation laws are complex in nature and often change, both prospectively and, on some occasions, retrospectively. Further, the application of taxation laws is subject to interpretation by the courts and tax authorities which can change over time.

This overview applies to Angel Shareholders who:

(a) participate in the Scheme and dispose of their Angel Shares through the Scheme;

(b) are either:

   (i) residents of Australia for Australian income tax purposes; or

   (ii) non-residents for Australian income tax purposes and do not hold their Angel Shares in carrying on a business at or through a permanent establishment in Australia; and

(c) hold their Angel Shares on capital account for Australian income tax purposes.

This overview will not apply to Angel Shareholders who:

(a) hold their Angel Shares on revenue account or for the purposes of short term profit, for speculation, or as part of a business of dealing in securities (e.g. as trading stock);

(b) may be subject to special taxation rules, such as partnerships, tax exempt organisations, insurance companies, dealers in securities or shareholders who change their tax residency while holding their Angel Shares;

(c) are subject to the taxation of financial arrangements provisions contained in Division 230 of the ITAA 1997 in relation to the gains and losses on their Angel Shares;

(d) are subject to the Investment Manager Regime under Subdivision 842-I of the ITAA 1997 in relation to their Angel Shares; or

(e) are under a legal disability.

7.2 Taxation Consequences of Disposal of Angel Shares

(a) Overview

The disposal of the Angel Shares by Angel Shareholders under the Scheme will constitute a CGT event (**CGT Event A1**) for Australian income tax purposes. The time of the CGT event will be the time when the Scheme Shares are transferred by the Angel Shareholders to BidCo under the Scheme (i.e. on the Implementation Date).

(b) Australian resident shareholders

(i) Overview

Broadly, an Angel Shareholder will make a capital gain where the capital proceeds they receive from the disposal of their Angel Shares exceeds the cost base of their Angel Shares. Conversely, an Angel Shareholder will make a capital loss where the capital proceeds they receive from the disposal of their Angel Shares is less than the reduced cost base of their Angel Shares.

Angel Shareholders who make a capital gain from the disposal of their Angel Shares will be required (subject to the next sentence and any available CGT discount) to include that capital gain in their assessable income for the relevant income year. To the extent the Angel Shareholders have capital losses from other CGT events or a prior year net capital loss, they may be able to offset these against the capital gains made on the disposal of their Angel Shares resulting in no amount, or a lesser amount, being included in their assessable income for the relevant income year.

Angel Shareholders who make a capital loss from the disposal of their Angel Shares may be able to use this capital loss to offset other capital gains made in the income year in which the capital loss is realised, or may be able to carry forward the capital loss to offset capital gains derived by the shareholder in future income years.

(ii) **Capital Proceeds**

The capital proceeds for the CGT event arising from the disposal of the Scheme Shares under the Scheme will consist of the money received, or entitled to be received, by an Angel Shareholder. Accordingly, in the case of the Angel Shareholders, the capital proceeds will consist of the Scheme Consideration (being $0.20 per Scheme Share) received under the Scheme.

(iii) **Cost Base**

The cost base and reduced cost base of Scheme Shares will generally include the amount paid by the Angel Shareholder, or the market value of any property given by the Angel Shareholder, to acquire the Scheme Shares, plus any incidental costs of acquisition, such as brokerage. The cost base and reduced cost base of each Scheme Share will depend on the particular facts and circumstances of each Angel Shareholder.

(iv) **CGT discount**

Australian tax resident Angel Shareholders who are individuals, trusts and complying superannuation funds that have held their Scheme Shares for at least 12 months at the time of disposal should be entitled to a CGT discount in calculating the amount of any capital gain they make on disposal of their Scheme Shares.

The CGT discount is applied after any available capital losses have been offset to reduce the capital gain.

The applicable CGT discount which would reduce a capital gain arising from the disposal of Angel Shares is 50% for individual shareholders and trusts, or 33.3% for complying superannuation fund shareholders. The CGT discount is not available for Angel Shareholders that are companies.

Angel recommends that Angel Shareholders seek their own independent advice to confirm how the CGT discount provisions will apply to their particular facts and circumstances as the rules are quite complex.

(c) **Non-resident shareholders**

For an Angel Shareholder who:

(i) is a non-resident for Australian income tax purposes, or the trustee of a foreign trust for CGT purposes; and

(ii) has not used their Scheme Shares at any time in carrying on a business at or through an Australian permanent establishment, the disposal of their Scheme Shares will generally only result in Australian CGT implications if, broadly:

(iii) that Angel Shareholder, together with their associates, held an interest of 10% or more of the issued share capital of Angel at the time of disposal or for a 12-month period within the two years preceding the disposal (a 'non-portfolio interest'); and

(iv) more than 50% of the market value of the assets of Angel is attributable to taxable Australian property, including both taxable Australian real property (**TARP**) (i.e. land and a lease of land) or a CGT asset that is an indirect Australian real property interest, such as shares in a land rich company.

Essentially, a capital gains withholding tax of 12.5% of the Scheme Consideration will apply to the transfer of Angel Shares to BidCo by an Angel Shareholder that is a relevant foreign resident where the Angel Shares are considered indirect Australian real property interests for the purposes of the *Income Tax Assessment Act 1997* (Cth). Angel Shares will be indirect Australian real property interests if both the non-portfolio interest test and principal asset test are satisfied. Based on Angel's current asset profile, it is expected that the principal asset test will be satisfied. This withholding regime seeks to target Angel Shareholders who are non-resident for Australian income tax purposes.

BidCo has informed Angel that it will approach the ATO in order to determine whether the withholding regime will apply to any Angel Shareholder who is a non-resident for Australian income tax purposes.

BidCo may seek to clarify the status of particular Angel Shareholders by issuing them with a foreign resident declaration form. Angel Shareholders who are asked to complete the declaration form must return their signed declaration form by the date specified in the correspondence included with the declaration form in order to prevent the withholding obligations being deducted from the cash consideration otherwise payable to the Scheme Shareholders.

Angel recommends that Angel Shareholders who are non-Australian tax residents also seek independent professional advice as to the tax implications of the Scheme, including the tax implications in their country of residence.

7.3 GST

There should be no GST payable in respect of the sale of Scheme Shares under the Scheme. Where an Angel Shareholder is not registered or required to be registered for GST, the sale should be outside the scope of GST. Otherwise, the sale of the Scheme Shares will be an input taxed financial supply. Where this is the case, Angel Shareholders should obtain independent advice to confirm whether there is any ability to claim any input tax credits for any costs (such as professional advisor fees) incurred in relation to the disposal of their Scheme Shares.

7.4 Stamp Duty

No stamp duty should be payable by Angel Shareholders on the disposal of their Scheme Shares in connection with the Scheme.

8 Additional information

8.1 Interests of Angel Directors in Angel securities

The table below lists the Relevant Interests of Angel Directors in Angel securities as at the date of this Scheme Booklet.

(a) Shares held by Angel Directors

Name	Position	Relevant Interest in Angel Shares
Mr Isaac Halman	Executive Director, Chief Executive Officer and Founder	24,770,210 Angel Shares
Mr Michael Porter	Non-Executive Director	4,946,000 Angel Shares
Mr Tim Goldsmith	Non-Executive Chairman	4,240,000 Angel Shares

As highlighted in Section 8.1(b), Mr Porter and Mr Goldsmith's related entity, Mollygold Superannuation Pty Ltd as trustee for the Mollygold Super Fund, have disposed of a Relevant Interest in the Options in Angel.

No Angel Director acquired or disposed of a Relevant Interest in any Scheme Share in the four-month period ending on the date immediately before the date of this Scheme Booklet.

Mr Porter, Mr Goldsmith and entities that are controlled by them, who hold Angel Shares, will be entitled to vote at the Scheme Meeting.

Each Angel IBC Member intends to vote, or cause to be voted, all Angel Shares held or controlled by them in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Angel Shareholders in the absence of a superior alternative proposal emerging.

Mr Halman and his affiliated entities presently hold 24,770,210 Angel Shares, noting that 16,178,927 of these are excluded from the Scheme and will be retained by Halman and his affiliated entities following the implementation of the Scheme. Given that the proposal from Laguna Bay Group provided for Mr Halman to continue to hold Angel Shares post-Implementation of the Scheme, Mr Halman will not be voting his 8,591,283 Scheme Shares and is not giving a voting recommendation to Angel Shareholders in his capacity as a director.

(b) Options and Performance Securities held by Angel Directors

As at the date of this Scheme Booklet, there are 1,000,000 performance shares issued on 8 February 2018 to Mr Halman.

Mr Goldsmith's related entity, Mollygold Superannuation Pty Ltd as trustee for the Mollygold Super Fund, holds 1,500,000 options issued on 30 March 2020 with an exercise price of $0.40 and an expiry date of 30 March 2024. Mollygold Superannuation Pty Ltd as trustee for the Mollygold Super Fund has agreed to the cancellation of the 1,500,000 options on the Effective Date in return for cash consideration of $12,405.44.

Mr Porter holds 1,000,000 options issued on 30 March 2020 with an exercise price of $0.40 and an expiry date of 30 March 2024. Mr Porter has agreed to the cancellation of the 1,000,000 options on the Effective Date in return for cash consideration of $8,270.28.

The cash consideration for the cancellation of the Options has been agreed between Angel and the holders of the Options and is no greater than the value of the relevant Option calculated using a binomial model, which involved consideration of the underlying share price (include an assessment based on the Scheme Consideration) and volatility.

In accordance with the Scheme Implementation Agreement, Angel will ensure there are no outstanding Options or Performance Securities at the Implementation Date. See Sections 3.3 and 3.4 for more information.

8.2 Other benefits and agreements

(a) Interests of Angel Directors in BidCo

No Angel Director has an interest with a member of the BidCo, other than Mr Halman. Mr Halman and BidCo signed a Memorandum of Understanding on 10 February 2022, which records their common intention to discuss and negotiate the terms of a shareholders' agreement relating to the management and control of Angel and its business after the Scheme is implemented, with a view to entering such an agreement immediately following implementation of the Scheme.

(b) Interests of Angel Directors in contracts of BidCo

No Angel Director has an interest in any contract with a member of the BidCo, other than Mr Halman. Mr Halman does not have an interest in any contracts of Laguna Bay Group Members but, as set out in Section 8.2(a), intends on entering into a shareholders’ agreement with BidCo. BidCo will seek to procure that Angel enter into a new executive service agreement (on terms to be agreed) with Mr Halman.

(c) Benefits in connection with retirement or loss of office

There is no payment or other benefit that is proposed to be made or given to any director, secretary or executive officer of Angel (or any of its Related Bodies Corporate) as compensation for the loss of, or consideration for or in connection with his or her retirement from, office in Angel (or any of its Related Bodies Corporate) in connection with, or that is materially affected by the implementation of, the Scheme.

(d) Other agreements or arrangements with Angel Directors connected with or conditional on the Scheme

Other than the matters described in Section 8.2(b) relating to the Excluded Shareholders, there are no agreements or arrangements made between any Angel Director and any other person, including Laguna Bay, in connection with, or conditional on the outcome of, the Scheme.

8.3 Suspension of trading of Angel Shares

If the Court approves the Scheme, Angel will notify ASX. It is expected that suspension of trading on ASX in Angel Shares will occur from close of trading on the Effective Date. This is expected to occur on Tuesday, 21 June 2022.

8.4 Deed Poll

BidCo and Laguna Bay have executed the Deed Poll pursuant to which they have undertaken in favour of each Scheme Shareholder to procure that each Scheme Shareholder is provided the Scheme Consideration to which they are entitled under the Scheme, in accordance with the terms of the Scheme and subject to the Scheme becoming Effective. A copy of the Deed Poll is contained in Annexure C.

8.5 Consents and disclosures

The following parties have given, and have not withdrawn before the date of this Scheme Booklet, their consent to be named in this Scheme Booklet in the form and context in which they are named:

Name	Position
BidCo	BidCo

Name	Position
Laguna Bay	BidCo's ultimate parent company
Thomson Geer	Legal adviser to Angel
Grant Thornton	Independent Expert
Computershare Investor Services Pty Ltd	Share Registry

BidCo and Laguna Bay have given, and have not withdrawn, their consents to be named in this Scheme Booklet and in relation to the inclusion of the BidCo Information in this Scheme Booklet in the form and context in which that information is included.

The Independent Expert has given, and has not withdrawn, its consent to be named in this Scheme Booklet and to the inclusion of the Independent Expert's Report in Annexure A of the Scheme Booklet and to the references to the Independent Expert's Report in this Scheme Booklet being made in the form and context in which each such reference is included.

Each person named in this Section 8.5:

(a) has not authorised or caused the issue of this Scheme Booklet;

(b) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than as specified in this Section 8.5; and

(c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet, other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this Section 8.5.

8.6 No unacceptable circumstances

The Angel IBC believes that the Scheme does not involve any circumstances in relation to the affairs of Angel that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

8.7 Transaction costs

Angel estimates that it will incur approximately $650,000 (excluding GST) in external transaction costs related to the Scheme, which includes advisory fees, legal fees, valuation fees, Court fees and registry, printing and mailing costs. Of this, approximately $598,000 (excluding GST) will be incurred regardless of whether the Scheme becomes Effective or not, including Independent Expert's fees of $85,000 plus GST and $5,000 plus GST for the valuation of the Options.

8.8 No other material information

Otherwise than as contained or referred to in this Scheme Booklet, including the Independent Expert's Report and the information that is contained in the Annexures to this Scheme Booklet, there is no other information that is material to the making of a decision by an Angel Shareholder (excluding the Excluded Shareholders) whether or not to vote in favour of the Scheme Resolution to approve the Scheme, being information that is known to any Angel IBC Member and which has not previously been disclosed to Angel Shareholders.

8.9 Supplementary information

If Angel becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration with ASIC and the Second Court Date:

(a) a material statement in this Scheme Booklet is false or misleading;

(b) a material omission from this Scheme Booklet;

(c) a significant change affecting a matter in this Scheme Booklet; or

(d) a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if known about at the date of lodgement with ASIC,

depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Angel may circulate and publish any supplementary document, by:

(e) making an announcement to ASX;

(f) placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;

(g) posting the supplementary document to Angel Shareholders at their registered address as shown in the Angel Share Register; and/or

(h) posting a statement on Angel's website at www.angelseafood.com.au;

as Angel in its absolute discretion considers appropriate.

9 Definitions and interpretation

9.1 Definitions

In this Scheme Booklet, unless the context otherwise requires, the following terms have the meanings set out below.

Term	Meaning
Affiliate	in respect of a person (**Primary Person**), a person: (a) Controlled directly or indirectly by the Primary Person; (b) Controlling directly or indirectly the Primary Person; (c) who is Controlled, directly or indirectly, by a person or persons who Control the Primary Person; or (d) directly or indirectly under the common Control of the Primary Person and another person or persons.
Angel	Angel Seafood Holdings Ltd ACN 615 035 366 (ASX: AS1).
Angel Board	the board of directors of Angel.
Angel Directors	any current director of Angel comprising part of the Angel Board.
Angel Group	Angel and each of its Related Entities.
Angel IBC	the Independent Board Committee of the Angel Board established for the purposes of (among other things) evaluating and overseeing the Scheme, comprising Chairman Tim Goldsmith and Director Michael Porter and **Angel IBC Member** means any one of them.
Angel Information	all information contained in the Scheme Booklet other than the BidCo Information and the Independent Expert's Report.
Angel Share	a fully paid ordinary share in the capital of Angel.
Angel Shareholders	each person registered in the Angel Share Register as a holder of Angel Shares.
Angel Warranties	the representations and warranties of Angel set out in Schedule 2 of the Scheme Implementation Agreement.
ASIC	the Australian Securities and Investments Commission.
Associate	is as defined in the Scheme Implementation Agreement.
ASX	ASX Ltd ABN 98 008 624 691 or the market operated by it, as the context requires.
ASX Listing Rules	the official listing rules, from time to time, of the ASX.
ATO	the Australian Taxation Office.
BidCo	Valley Seas BidCo Pty Ltd ACN 657 211 606
BidCo FAQs	the answers to the following questions in Section 2 (Frequently asked questions): (a) 'Who is BidCo?'; (b) 'Who is Laguna Bay?'; and

Term	Meaning
	(c) 'How is BidCo funding the Scheme Consideration?'.
BidCo Board	the board of directors of BidCo as constituted from time to time.
BidCo Information	the information about the Laguna Bay Group contained in: (a) the BidCo FAQs; (b) Section 5 (Information about BidCo and Laguna Bay); and (c) Section 8.5 (Consents and disclosures) to the extent it relates to BidCo and Laguna Bay.
Business Day	the meaning given in the ASX Listing Rules.
Cancellation Deed	each deed in the form agreed by Target and BidCo to be provided to an Option holder in respect of the proposed cancellation of each Option held by them, except if the Option has already lapsed.
CHESS	the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Ltd ABN 49 008 504 532.
Competing Proposal	any inquiry, offer, proposal or expression of interest, transaction or arrangement under which, if entered into or completed substantially in accordance with its terms, a person (alone or together with its Associates) other than BidCo or its Associates would directly or indirectly: (a) acquire or increase of a Relevant Interest in or have a right to acquire or increase of a legal, beneficial or economic interest in or to 20% or more of Angel's voting shares or of the share capital of any material Related Body Corporate of Angel; or (b) enter into, or increase, any cash settled equity swap or other derivative contract arrangement in respect of 20% or more of the share capital of Angel; or (c) acquire, obtain a right to acquire, receive or become the holder of, or otherwise obtain an economic interest in: (i) 50% or more of the issued share capital of Angel or any material Related Body Corporate of Angel; or (ii) (ii) all or a substantial part of the assets or business of the Angel Group; or (d) acquire Control of Angel or of any material Subsidiary of Angel within the meaning of section 50AA of the Corporations Act, disregarding section 50AA(4) of that Act; or (e) otherwise acquire or merge with Angel or any of its Related Bodies Corporate; or (f) require the abandonment, or failure to proceed with, the Transaction, whether by takeover bid, scheme of arrangement, amalgamation, merger, capital reduction share buy-back, capital reconstruction, consolidation, sale or purchase of assets or businesses, joint venture, reverse takeover, dual listed company structure, recapitalisation,

Term	Meaning
	stapled security structure or other form of synthetic merger or any other transaction or arrangement.
Control	With respect to any person (other than an individual) the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person whether through the ownership of voting securities, by agreement or otherwise, and for the avoidance of doubt, a general partner is deemed to Control a limited partnership of which it is the general partner and a fund advised or managed directly or indirectly by or forming a stapled entity or group with a person will also be deemed to be Controlled by such person.
Corporations Act	the *Corporations Act 2001* (Cth).
Corporations Regulations	the *Corporations Regulations 2001* (Cth).
Court	the Federal Court of Australia, Victoria Registry, or such other court of competent jurisdiction under the Corporations Act agreed in writing by BidCo and Angel.
Cut Off Time	8.00am on the Second Court Date.
Deed Poll	the deed poll executed by BidCo under which BidCo covenants in favour of Scheme Shareholders to perform its obligations under the Scheme, as set out in Annexure C.
Effective	when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.
Effective Date	the date on which the Scheme becomes Effective, currently expected to be Tuesday, 21 June 2022.
End Date	the date which is five months after the date of the Scheme Implementation Agreement or such later date as BidCo and Angel agree in writing.
Excluded Share	the following Angel Shares: (a) all Angel Shares registered in the name of BidCo; (b) all Angel Shares registered in the name of a Related Entity of BidCo; and (c) 16,178,927 Angel Shares registered in the name of Isaac Lee Halman or his affiliated shareholding entities.
Excluded Shareholders	each person who is registered in the Angel Register as the holder of Excluded Shares provided that such person is not an Excluded Shareholder in respect of any Scheme Shares for which it is the registered holder.
Exclusivity Period	the period from and including the date that the Scheme Implementation Agreement was executed (10 February 2022) to the earlier of: (a) termination of the Scheme Implementation Agreement in accordance with its terms; and

Term	Meaning
	(b) the End Date.
Grant Thornton	Grant Thornton Corporate Finance Pty Ltd ACN 003 265 987.
Implementation Date	the fifth Business Day following the Record Date, or such other date as Angel and BidCo agree or is ordered by the Court, currently expected to be Monday, 4 July 2022.
Independent Expert	Grant Thornton.
Independent Expert's Report	the report prepared by the Independent Expert set out in Annexure A.
Laguna Bay	Laguna Bay Agricultural No 1 Pty Ltd ACN 608 464 624.
Laguna Bay Board	the board of directors of Laguna Bay as constituted from time to time.
Laguna Bay Group	Laguna Bay and each of its Affiliates.
Material Adverse Change	any matter, event, change or circumstance that: (a) occurs on, before or after the date of the Scheme Implementation Agreement; or (b) will or is reasonably certain to occur after the date of the Scheme Implementation Agreement; (a **Relevant Event**) whether or not it becomes public, where that Relevant Event has, has had, or could reasonably be expected to have, individually or when aggregated with all other such matters, events, changes or circumstances of a similar kind or category: (c) the effect of diminishing the value of the consolidated net assets of the Angel Group taken as a whole (calculated in accordance with the accounting policies and practices applied by Angel in the financial statements for the year ended 31 December 2021 released to ASX) by $1.8 million or more, other than as a result of any impairment which is made with the prior written consent of BidCo; (d) the effect of reducing the annualised earnings before interest, tax, depreciation and amortisation of the Angel Group taken as a whole (calculated in accordance with the accounting policies and practices applied by Angel in the financial statements for the year ended 31 December 2021 released to ASX), by $200,000 or more, but for the Relevant Event; (e) the effect of reducing the Angel Group's production capacity to less than 12 million oysters for the period from 1 January 2022 to 31 December 2022, other than a matter, change, event or circumstance: (f) expressly required to be done or procured by Angel or its Related Entities pursuant to the Scheme Implementation Agreement, the Scheme or the Deed Poll; (g) fairly disclosed by Angel to BidCo prior to the date of the Scheme Implementation Agreement;

Term	Meaning
	(h) fairly disclosed by Angel in any announcement to or filing with ASX prior to the date of the Scheme Implementation Agreement; (i) undertaken or occurring with the prior written approval or consent of BidCo; (j) resulting from: (i) changes in general economic, business or political conditions that directly or indirectly impact Australian aquaculture businesses; (ii) war, terrorism, civil unrest, natural disaster, pandemic, epidemic, disease, outbreak or the like, but excluding diseases or outbreaks or the like arising in oysters grown in the areas in which the Angel Group's oysters are grown; (iii) changes in law occurring after the date of the Scheme Implementation Agreement that impact Angel and its Australian competitors in a similar manner; or (iv) changes in the applicable Accounting Standards.
Notice of Scheme Meeting	the notice in relation to the Scheme Meeting set out in Annexure D.
Prescribed Occurrence	The occurrence of any of the following: (a) Angel converting all or any of its shares into a larger or smaller number of shares; (b) a member of the Angel Group resolving to reduce its share capital in any way; (c) a member of the Angel Group: (i) entering into a buy-back agreement; or (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act; (d) a member of the Angel Group issuing shares or securities convertible into shares, or granting a performance right or an option over its shares, or agreeing to make such an issue or grant such a right or an option, other than: (i) to a directly or indirectly wholly-owned Subsidiary of Angel; or (ii) the issue of shares upon the exercise of Options or vesting of Performance Rights in each case granted before the date of the Scheme Implementation Agreement; (e) a member of the Angel Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;

Term	Meaning
	(f) a member of the Angel Group granting an Encumbrance, or agreeing to grant an Encumbrance, in respect of the whole, or a substantial part, of its business or property other than a lien which arises by operation of law or legislation securing an obligation that is not yet due; (g) an Insolvency Event occurs in relation to a member of the Angel Group; (h) a member of the Angel Group making any change to its constitution or other constituent document; (i) a member of the Angel Group disposing of, or entering into any agreement for the disposal of, any business, assets, entity or undertaking, in each case whether in one or a number of transactions, which would or would reasonably be likely to involve a material change in: (i) the manner in which the Angel Group conducts its business; (ii) the nature (including balance sheet classification), extent or value of the assets of the Angel Group; or (iii) the nature (including balance sheet classification), extent or value of the liabilities of the Angel Group; (j) any member of the Angel Group ceasing or threatening to cease carrying on its business; (k) a member of the Angel Group agrees to a material variation of, or fails to take reasonable steps to avoid (to the extent within its power) the termination, suspension, revocation or non-renewal of, any lease, licence, permit or other authorisation given or issued to it by any Government Agency, except where the variation, termination suspension, revocation or nonrenewal of the relevant lease, licence, permit or other authorisation could not be reasonably expected to have a material adverse effect on the financial or operational performance of the Angel Group; or (l) Angel being delisted from ASX or Angel Shares being subject to suspension from quotation for trading on ASX for 5 or more consecutive trading days, in each case except as: (m) expressly required by the Scheme Implementation Agreement; or (n) expressly required under the Scheme or Deed Poll; or (o) agreed to or requested by BidCo in writing; (p) fairly disclosed in the Angel Disclosure Materials (as defined in the Scheme Implementation Agreement); (q) required by any applicable law, regulation, contract (provided the contract was entered into prior to the date of the Scheme Implementation Agreement) or Governmental Agency (except

Term	Meaning
	where that requirement arises as a result of an action by a member of the Angel Group); or (r) fairly disclosed by Target in any announcement to ASX prior to the date of the Scheme Implementation Agreement.
Proxy Form	the proxy form for the Scheme Meeting which accompanies this Scheme Booklet, or, as the context requires, any replacement or substitute proxy form provided by or on behalf of Angel.
Reimbursement Fee	$325,000. The circumstances in which the Reimbursement Fee may become payable are summarised in Section 3.8(d).
Related Body Corporate	has the meaning given in section 50 of the Corporations Act.
Related Entity	of an entity, means another entity which: (a) is a Related Body Corporate of the first entity; (b) is in any consolidated entity (as defined in section 9 of the Corporations Act) which contains that entity; or (c) the party Controls (as defined in the Scheme Implementation Agreement).
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Requisite Majorities	in relation to the Scheme Resolution, approval of that resolution by: (a) unless the Court orders otherwise, a majority in number (more than 50%) of the Angel Shareholders present and voting on the Scheme Resolution at the Scheme Meeting (either in-person, virtually, or by proxy, representative or attorney); and (b) at least 75% of the votes cast on the Scheme Resolution by the Angel Shareholders at the Scheme Meeting (either in-person, virtually or by proxy, representative or attorney).
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act under which all the Scheme Shares will be transferred to BidCo substantially in the form of Annexure B together with any amendment or modification made pursuant to section 411(6) of the Corporations Act.
Scheme Booklet	this document, including the Annexures to it.
Scheme Conditions	each of the conditions set out in clause 3.1 of the Scheme Implementation Agreement and described in Section 3.8(a) of this Scheme Booklet.
Scheme Consideration	in respect of each Scheme Share held by a Scheme Shareholder, a cash amount equal to $0.20.
Scheme Implementation Agreement	the Scheme Implementation Agreement between Laguna Bay, BidCo and Angel dated 10 February 2022. A summary is set out in Section 3.8 and a full copy is available on ASX's website at www.asx.com.au and on Angel's website at www.angelseafood.com.au.

Term	Meaning
Scheme Meeting	meeting of the Angel Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act.
Scheme Resolution	the resolution to approve the Scheme to be voted on at the Scheme Meeting, as set out in the Notice of Scheme Meeting.
Scheme Record Date	7.00pm (Melbourne time) on Monday 27 June 2022, or such other Business Day as Laguna Bay and Angel agree in writing.
Scheme Share	the Angel Shares other than the Excluded Shares.
Scheme Shareholder	each holder of Scheme Shares as at the Scheme Record Date.
Second Court Hearing	the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.
Share Registry	Computershare Investor Services Pty Ltd ABN 48 078 279 277.
Subleases	a sublease of an oyster lease which BidCo and Angel agree in writing on or before the date of the Scheme Implementation Agreement is a "Sublease" for the purposes of the Scheme Implementation Agreement.
Subsidiary	has the meaning given under the Corporations Act.
Superior Proposal	A bona fide Competing Proposal which the Angel IBC, acting in good faith in the interests of Angel and Angel Shareholders, and after taking advice from Angel's legal and financial advisers, determines: (a) is reasonably capable of being completed taking into account all aspects of the Competing Proposal, including its conditions, the identity, reputation and financial condition of the person making such proposal, and all relevant legal, regulatory and financial matters; and (b) would be likely to be, if implemented in accordance with its terms, more favourable to Angel Shareholders (other than Excluded Shareholders) than the Scheme or any proposal provided by BidCo to Angel under clause 9.6 of the Scheme Implementation Agreement, taking into account all aspects of the Competing Proposal and the latest proposal provided by BidCo to Angel, including the identity, reputation and financial condition of the person making such proposal, legal, regulatory and financial matters, certainty and any other matters affecting the probability of the relevant proposal being completed in accordance with its terms.
Transaction	the acquisition by BidCo of all of the Scheme Shares through the implementation of the Scheme.
VWAP	volume weighted average price.

9.2 Interpretation

The following rules of interpretation apply unless a contrary intention appears or the context requires otherwise:

(a) a reference to time is to local time in Melbourne, Australia;

(b) headings are for convenience only and do not affect interpretation;

(c) the singular includes the plural and conversely;

(d) a reference to a Section or an Annexure is to a Section or an Annexure of this Scheme Booklet;

(e) a gender includes all genders;

(f) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;

(g) dollars, $, A$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;

(h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;

(i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

(j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;

(k) a reference to any instrument or document includes any variation or replacement of it; and

(l) the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

Annexure A

Independent Expert's Report

See over page.

Angel Seafood Holdings

Independent Expert's Report and Financial Services Guide

31 March 2022

Independent Directors
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5606 South Australia
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31 March 2022

Introduction

Angel Seafood Holdings Ltd ("Angel", or "the Company") is Australia's largest producer of Pacific oysters ("POs"). The company was established in 2010 by the Halman Family following the acquisition of an existing oyster farm in Smoky Bay, South Australia. Since then, Angel has expanded to operate a multi-bay strategy out of Cowell, Haslam, and Coffin Bay in South Australia, with circa ("c.") 86.5ha of water across 34 leases. Angel's POs are sold through multiple channels including domestic food service and retail, as well as exported internationally. Angel is listed on the Australian Securities Exchange ("ASX") with a market capitalisation of c. A$31.5 million as at 15 March 2022.

Laguna Bay Group is a specialist food and agriculture firm servicing institutional clients. Established in 2010, Laguna Bay Group is one of Australia's longest standing agriculture fund managers. Through funds such as Laguna Bay Agricultural No 1 Pty Ltd ("Laguna Bay"), Laguna Bay Group have invested in some of Australia's largest producers of dairy, wine and almonds. As at the date of this report, Laguna Bay and associated entities have an approximate 19.9% holding in Angel.

On 20 December 2021, Angel announced that it had received a non-binding and conditional proposal ("Initial Announcement") from Laguna Bay, to acquire all shares in Angel not currently owned by Laguna Bay and associated entities, by way of scheme of arrangement ("Scheme" or "Proposed Transaction") at an indicative all cash consideration of A$0.20 per share ("Scheme Consideration"). Within the Initial Announcement, Angel disclosed that its board of directors ("Directors") considered that it was in the best interests of Angel shareholders to engage further with Laguna Bay and accordingly, granted due diligence rights on an exclusive basis.

Subsequently on 11 February 2022, Angel confirmed that it had entered into a Scheme Implementation Agreement ("SIA") with Valley Seas BidCo Pty Ltd ("BidCo Company"), a subsidiary of Laguna Bay[1]. Under the SIA, Laguna Bay will acquire all of the outstanding shares it doesn't already own in Angel, with the exception of 16,178,927 shares held by Chief Executive Officer ("CEO") Isaac Halman and his affiliated entities.

The Scheme is subject to the conditions precedent set out in Section 1 of this Independent Expert Report ("IER") including approvals by Shareholders ("Shareholders") and requisite court approvals. The SIA contains customary exclusivity provisions including no shop and no talk restrictions, notification obligations and matching counterproposal right for Laguna Bay in the event the Directors receive a superior proposal.

Subject to no superior proposal emerging and an independent expert determining that the Scheme is in the best interest of Angel's shareholders, Angel's Independent Board Committee ("IBC") unanimously

[1] Herein, we will refer to the BidCo Company as Laguna Bay.

recommend that Shareholders vote in favour of the Scheme and subject to the same qualifications, all IBC members intend to vote, or procure the voting of all Angel Shares ("Angel Shares" or "Shares") held or controlled by them, in favour of the Scheme. Thorney Investment Group (otherwise known as TIGA Trading Pty Ltd, Thorney Opportunities Ltd and their associates), who presently hold 22,266,298 shares, has informed Angel that they also intend to vote in favour of the Scheme, in relation to the shares they hold as at the Scheme meeting date, subject to the same qualifications as Angel's IBC and IBC members. Isaac Halman and his affiliated entities, which presently hold 24,770,210 Shares (noting that 16,178,927 of these are excluded from the Scheme and will be retained by Halman and his affiliated entities), have confirmed that they will not be voting their 8,591,283 Shares which are included in the Scheme and Halman is not giving a voting recommendation in his capacity as director.

Purpose of the report and approach

The Independent Directors have requested Grant Thornton Corporate Finance to prepare an IER stating whether the Scheme is fair and reasonable to the security holders of the Company for the purposes of section 640 of the Corporations Act 2001 (Cth) ("Corporations Act").

When preparing this IER, Grant Thornton Corporate Finance has had regard to the Australian Securities Investment Commission's ("ASIC") Regulatory Guide 111 Contents of expert reports ("RG 111") and Regulatory Guide 112 Independence of experts ("RG 112"). The IER also includes other information and disclosures as required by ASIC.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Scheme is FAIR AND REASONABLE and hence in the BEST INTERESTS of Shareholders in the absence of a superior alternative proposal emerging.

Fairness Assessment of the Proposed Transaction

Grant Thornton Corporate Finance has compared the fair market value of Angel before the Proposed Transaction on a control basis with the Scheme Consideration. The following table summarises our fairness assessment.

Fairness Assessment A$ per share	*Section reference*	Low	High
Revenue Multiples Method	*6.1*	0.14	0.19
Quoted Security Price Method	*6.2*	0.18	0.21
Fair market value of Angel Shares before the Proposed Transaction		**0.16**	**0.20**
Scheme Consideration	*1*	0.20	0.20
Premium / (discount)		**0.04**	**(0.00)**
Premium / (discount) (%)		**27.0%**	**(1.1%)**
FAIRNESS ASSESSMENT		**FAIR**	

Source: GTCF analysis
Note (1): Values above may not add due to rounding.

The Scheme Consideration is within our assessed valuation range of Angel on a control basis. Accordingly, we conclude that the Scheme is **FAIR** to Angel Shareholders.

Shareholders should be aware that our assessment of the value per Angel Share should not be considered to reflect the price at which Angel Shares may trade if the Proposed Transaction is not implemented. The price at which Angel Shares will ultimately trade depends on a range of factors, including: the available public market for Angel Shares, the demand and supply of POs, macro-economic conditions, the impact of the outbreak of COVID-19 on the economy, and the performance of Angel's business.

We have assessed the fair market value of Angel Shares on a control basis by adopting the Revenue Multiples Method and Quoted Security Price Method, which we have cross checked with the Discounted Cash Flow ("DCF") Method.

We note, whilst businesses are more often valued with reference to an earnings multiple, Grant Thornton Corporate Finance has selected the Revenue Multiple Method to assess the fair market value of Angel, due to numerous factors that, in our view, make a revenue multiple approach the most appropriate approach. These include but are not limited to the fact that Angel is still in its relative infancy and is anticipating high levels of future growth, displaying high levels of re-investment in its inventory, PPE and sales in order to rapidly scale their business operation, and lastly, are loss making at an earnings level following the removal of the fair value of biological assets adjustment.

Revenue Multiple Method

Below is a summary of the Revenue Multiple Method calculation:

Revenue Multiples Method - Valuation Summary A$ '000	*Section Reference*	Low	High
Adopted revenue	*6.1.1*	9,600	9,600
Assessed revenue multiple - (control basis)	*6.1.2*	3.00x	4.00x
Enterprise value - (control basis)		**28,800**	**38,400**
Less: Net debt as at 31 December 2021	*6.1.3*	(6,984)	(6,984)
Equity value - (control basis)		**21,815**	**31,415**
Number of outstanding shares ('000s) (fully diluted)	*4.7*	161,575	161,575
Value per share (A$ per share) - (control basis)		**0.14**	**0.19**

Sources: GTCF Analysis

We have undertaken our valuation assessment having regard to Angel's FY21 normalised revenue. Whilst generally businesses are valued with reference to earnings multiples, as earnings multiples are considered an appropriate proxy to measure a company's underlying financial performance and can be readily benchmarked against other comparable companies, revenue multiples are widely used to value high growth companies, with limited profitability.

We have utilised a revenue multiple approach to value the shares in Angel based on the fact that Angel is still in its relative infancy, exhibiting rapid growth, and is displaying high levels of re-investment in biological assets, fixed assets, and accelerating sales in order to scale its business operations. Further, the Company and its most comparable peers are either loss making or slightly profit making at an earnings level[2]. As a result, a revenue multiple approach is most appropriate to assess the fair market value of Angel.

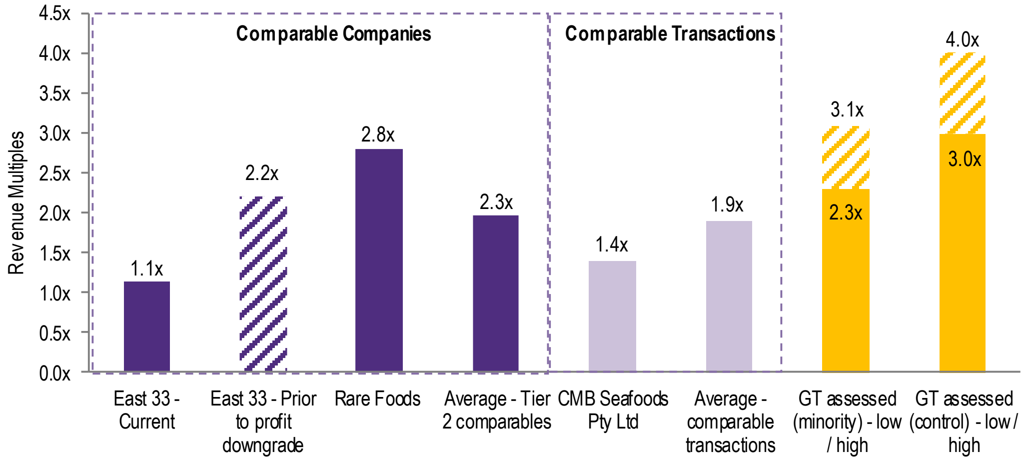
We have set out below the key assumptions adopted in our valuation assessment:

2 After the removal of the non-cash fair value adjustment of biological assets

- *Maintainable revenue* – We have relied on the actual FY21 results for the purpose of forming our opinion on the normalised revenue figure. In doing this, we have normalised the FY21 reported revenue figures to include the estimated revenue lost as a result of the Vibrio Parahaemolyticus ("Vp") outbreak towards the end of FY21[3]. Note, whilst investors place a greater reliance on forecast multiples and revenue growth rates, the lack of market guidance with respect to forecast financial performance and broker coverage, as well as the current volatile macroeconomic environment, severely hinder the ability to rely on FY22 forecast estimates. Further, there has only been two full months of trade throughout FY22 and as a result, we cannot form any views on the company's actual performance over the course of the FY22 year.

- *Revenue multiple* – In our assessment we have considered the revenue multiples of listed peers. We have set out below a comparison of some of the key Revenue Multiple metrics on a minority and control basis:

Revenue multiple



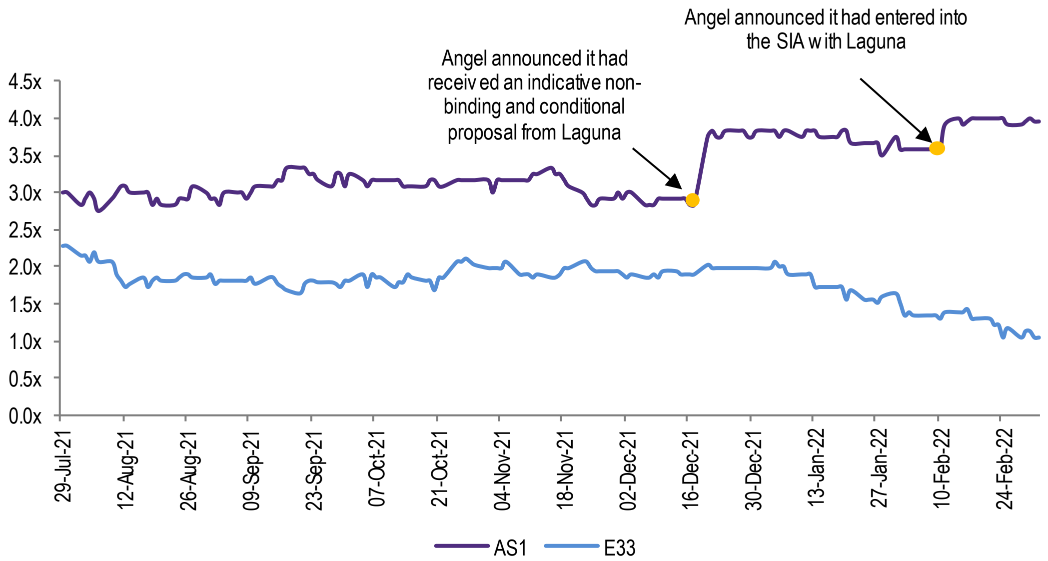
Sources: Publicly available information; GTCF analysis, Mergermarket
Note (1): Data based on market information as at 11 March 2022
Note (2): Transaction multiples are based on historical revenue at the time of the transaction.
Note (3): East 33 prior to the profit downgrade is calculated as at 4 January 2022.
Note (4): All comparable company multiples are on a minority basis. Comparable transactions are on a control basis.

In our assessment, we have mainly relied on the trading multiples of East 33 Limited ("East 33") and Rare Foods Australia Ltd ("Rare Foods"). East 33 is Australia's largest vertically integrated Sydney rock oyster ("SRO") producer, supplier and exporter, and is the only other listed pure play oyster company in Australia. Both Angel and East 33 are also scaling up their operations and experiencing continuing high revenue growth with a 3-year historical Compound Annual Growth Rate ("CAGR") of c. 25% and c. 17% respectively. Notably, whilst East 33 is larger and generates more revenue than Angel, Angel has had significantly higher historical gross margins (c. 69.0% as opposed to c. 48.0%), predominately the result of a large portion of East 33's revenue (c. 56%) being made up of third-party growers which have historically lower profit margins per oyster (c. 9.7% opposed to c. 36.8%)[4].

[3] Towards the end of FY21 Coffin Bay's oyster production zone was forced to halt sales given the rise in cases of Vp. As a result of this outbreak, Angel halted harvesting and sales of oysters for a c. 4-week period and recalled around 40,000 dozen units of stock that were still in the supply chain (equivalent to a week and a half of sales).
[4] East 33 Prospectus – Page 40.

The following graph illustrates the rolling LTM revenue multiple based off of CY21 results for both Angel and East 33:

LTM Revenue multiples since East 33's listing on ASX



Sources: Publicly available information; GTCF analysis.
Note (1): Net debt has been calculated on a post AASB-16 basis. Both net debt and revenue have been calculated based off of figures for the calendar year ending 31 December 2021, however Angel has also had the Vp normalisation adjustment added to its CY21 revenue value.

As illustrated in the above graph, both companies have traded with considerable stability since East 33's inception, albeit with Angel being between c. 1.0x – 1.5x higher. Note however, since December 2021 onwards, the East 33 share price has experienced a period of volatility and contracted significantly. This downward trend primarily came from, amongst other factors, market wide corrections following the release of unexpectedly high global quarterly inflation numbers, the US Federal Reserve signalling potential rate hikes earlier than expected and East 33 issuing revised guidance for the FY22 period following the COVID-19 related lockdowns in NSW throughout the second half of CY21.

On 28 February 2022, East 33 announced a c. A$18.4 million downwards adjustment in revenue guidance for FY22, primarily driven by labour shortages leading to a fall in overall production levels. Conversely, throughout the same period Angel's production volumes increased, largely due to South Australia remaining relatively untouched by COVID-19 related restrictions. However, this was partially offset by recalls and sales losses as a result of the Vp outbreak. As a result, there are specific factors currently impacting East 33 that aren't applicable to Angel and we have taken this into account within our revenue multiple assessment. A more detailed discussion between Angel and East 33 can be found in section 6.1.2.1.

Despite this and prior to the aforementioned profit downgrade, East 33 was trading below that of Angel within a tight band of c. 2.0x – 2.5x. This lower multiple relative to Angel is reflective of the higher portion of oysters sold from third-party growers (comparatively lower margins), the risks associated with the numerous business acquisitions and associated integrations accompanying the Initial Public Offering ("IPO"), and the greater exposure to COVID-19 related risks due to being based in NSW. Notwithstanding the labour shortages brought on by the COVID-19 related shutdowns in NSW throughout the latter half of 2021, it's not unreasonable to assume that East 33 would've continued to trade within the same tight band below that of Angel. Given this and the exogenous nature of the COVID-19 related shock, we have held greater regard to the historical rolling multiple of East 33, as opposed to the trailing CY21 multiple as at 11 March 2022.

In addition to East 33, we have also held regard to Rare Foods. Rare Foods is the owner and operator of a sea ranching business that grows green lipped abalone out of Western Australia. Whilst both Angel and Rare Foods operate similar sized businesses with comparable capital structures and farming practices, Rare Foods sells a slightly different product, with a primary focus on export markets. Accordingly, we have placed somewhat limited reliance on the multiples observed for Rare Foods.

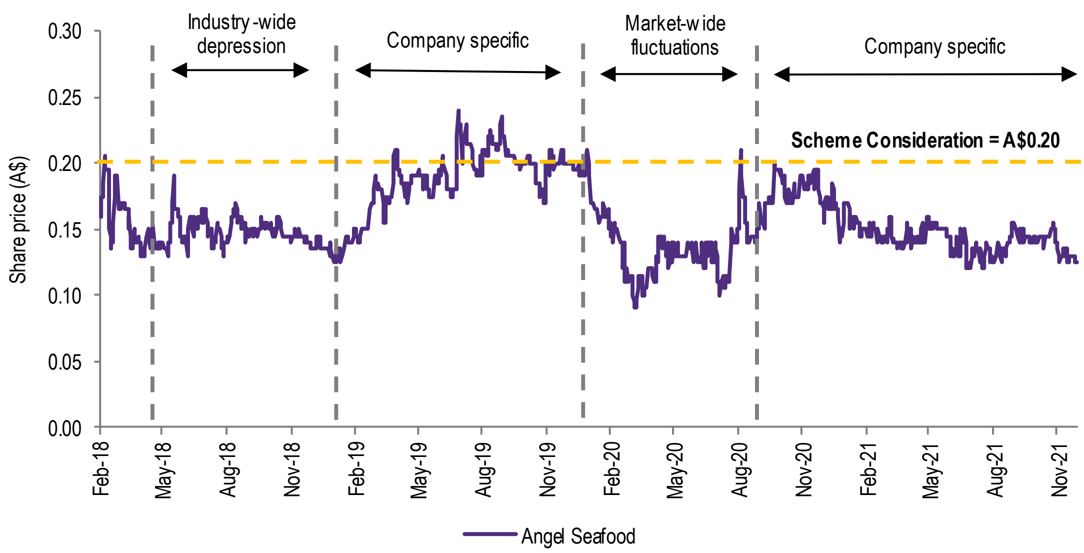
- *Net debt adjustment* – The net debt adjustment has been estimated as at 31 December 2021. We note, we have not included any adjustment for options consideration or transaction costs, as these have not been finalised as at the date of our report.

Quoted Share Price Method

The Scheme Consideration is at a significant premium of c. 60% to the undisturbed closing price prior to the Initial Announcement, which is materially in excess of the average premium for control paid in Australia for successful takeovers of between 20% and 40%. However, the undisturbed price per share of c. A$0.125 is also at a discount to the trading prices of Angel before the outbreak of COVID-19 when the stock traded upwards of A$0.20, and the price at which capital was raised on 22 December 2020, this being A$0.17 per share.

We have briefly discussed below the market conditions, key events, and business performance of Angel in order to assess whether the offer is fair. We have set out below the trading prices of Angel since its inception on the ASX:

Historical share trading price of Angel



Source: S&P Global, GTCF analysis

The following provides a summary of the key events impacting Angel's share price:

- *May 2018 to January 2019* – Movements in Angel's share price over that period were largely caused by a report of Pacific Oyster Mortality Syndrome ("POMS") within the Port River in Adelaide. Whilst the Company confirmed that their existing mature stock on hand had no evidence of POMS, due to the widespread implications of the previous outbreak of POMS amongst Tasmanian hatcheries, it is not unreasonable that investors initially expected a material impact on Angel's performance as a result.

We note, the 2016 Tasmanian POMS outbreak led to sustained sub-par spat quality that resulted in an increase in oyster mortality and decline in the overall quality of the product.

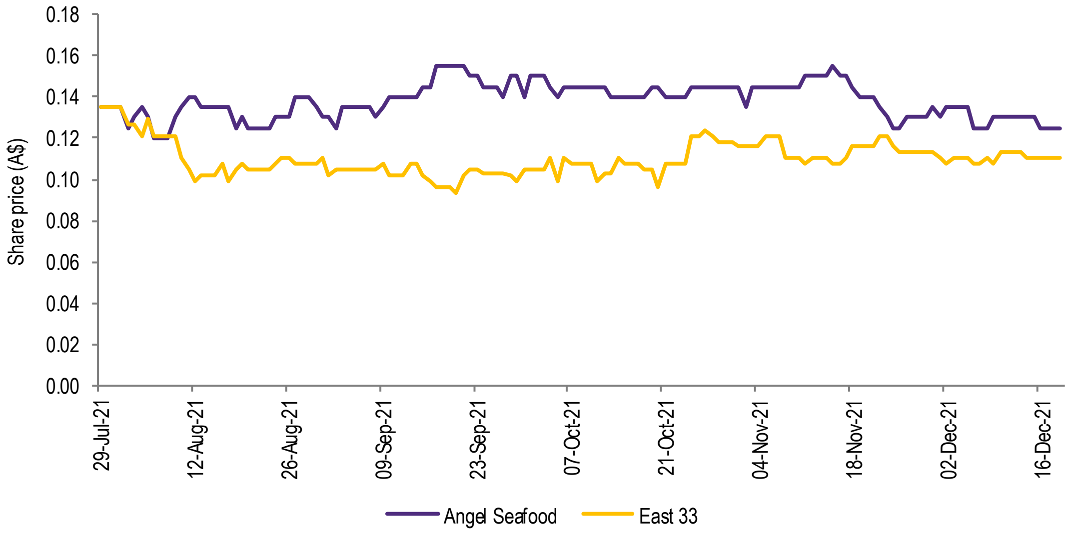
- *January 2019 to December 2019* – Angel's share price recovered, with the company trading at times above the Scheme Consideration of A$0.20 per share. This sustained increase in price was attributable to a slew of positive ASX announcements and record financial results, including FY19 revenue growth of c. 192% from the prior period, holding capacity increasing to over 20 million oysters, the re-commencement of export sales and planned lease infrastructure investments in the near future. Angel also disclosed that forecasted oyster sales in FY20 would be in the range of c. 8 – 10 million, a considerable jump from the c. 5.3 million of oysters sold throughout FY19.

- *January 2020 to December 2020* – The Angel share price aligned with market wide fluctuations linked to the outbreak of COVID-19 and the subsequent market recovery. Despite this, the period between August 2020 and December 2020 saw a rebound in Angel's share price, primarily driven by the announcement of another record year of sales (c. 16% increase in revenue on the prior corresponding period ("pcp")) as well c. 20 million healthy graded oysters in stock amongst its leases.

- *December 2020* to *December 2021* – Angel's share price fell considerably over the next six months, predominately as a function of one of their largest shareholders gradually selling down their entire holding unannounced, at a material discount to the prevailing price at the time. In the absence of any material adverse changes announced by the Company, it's not unreasonable to assume that one of Angel's largest shareholders unexpectedly selling down their entire stake in the business would create a degree of uncertainty amongst other market participants, especially when initially done at a material discount. Furthermore, the second half of CY21 saw extended lockdowns in NSW and Victoria as well as Angel experiencing a Vp outbreak that led to the closure of bays for c. 4 weeks and a recall of c. 40,000 dozen oysters within the supply chain in November 2021. This invariably had a negative impact on Angel's operations and led to a decline in the share price.

In order to assist in drawing conclusions from the prior share price analysis, we also analysed the trading prices of Angel relative to East 33. The following graph shows the share price of East 33 rebased to Angel since its inception on the ASX on 29 July 2021:

Angel and East 33 historical share trading price (rebased to Angel) until 17 December 2021



Sources: S&P Global and GTCF Analysis

As set out in the graph above, the performance of Angel appears to be reasonably correlated with the performance of East 33 which is highly exposed to the Australian oyster market. Both companies are exposed to many of the same key business risks, including but not limited to operational inefficiencies through labour shortages, geopolitical and export market risks, production growth and carrying capacity shrinkages, disease, environmental changes and finally the ongoing effect of COVID-19. Whilst the time frame for analysis is relatively short, the period above includes both the extended NSW and Victorian lockdowns (the largest markets for both companies) as well as the more recent Omicron variant outbreak. Given all of the presented information, the relative stability of both companies to one another over the period further supports the notion that movements in the share price over the six months prior to the initial proposal came from company specific events rather than market wide fluctuations.

Based on the above discussions and analysis, we have assessed the fair market value of Angel shares based on the trading price to be between A$0.14 and A$0.16 on a minority basis, based on the 3-month VWAP and 9month high respectively, to which we have applied a premium for control of 30%.

Quoted Security Price Method A$ per share	*Section Reference*	Low	High
Selected value per share based on trading price (on a minority basis)	*6.2.3*	0.14	0.16
Control premium	*6.2.4*	30.0%	30.0%
Value per share (on a control basis)		**0.18**	**0.21**

Sources: S&P Global and GTCF Analysis

DCF Method (cross-check)

We have built a financial model projecting the post-tax-free cash flows of the Company ("GT Model") based on management's internal forecast up to 31 December 2026 ("Internal Projections"), historical financial performance, key performance indicators of comparable listed peers, notably East 33, and the broader industry and macroeconomic outlook. Due to a lack of available forecast industry information, limited broker coverage of Angel and East 33, and the high growth ambitions of Angel, we have been unable to benchmark certain key assumptions, many of which have a material bearing on the valuation output. Accordingly, we have considered the DCF analysis for the purposes of providing a range of possible outcomes a pool of potential purchases may consider in determining a value for Angel. In doing so we have considered both Management's base case assumptions ("Base Case") as well a range of scenarios.

Key assumptions included in the Base Case include:

- *Production capacity* – Angel are expecting to achieve a finishing capacity of c. 20m per annum by the terminal year, in line with their published 3-pillar growth strategy. This assumption is based on Angel's current finishing capacity of c. 15m per annum, assuming additional growth can be realised from developing the c. 34ha of underdeveloped leases, successful rollout of new initiatives and growth in demand for oysters.

- *Sales channel mix* – Over the past two years, as a result of COVID-19 and an increased focus on the retail market, Angel have had an extremely concentrated sales mix, with the vast majority of their sales coming through the domestic retail channel. Going forward, Angel expect that this will become more diversified, with an increased portion of sales coming through domestic foodservice, value added products and exports.

- *Sales price* – Angel anticipates that over the forecast period they will be able to increase their average price per oyster through real price appreciation, in line with historical growth, as a result of increased brand recognition and a change in mix towards higher price sales channels (foodservice, value added products and exports).

- *Improved margins* – Angel are expecting to increase their margins over the forecast period, primarily as a result of lower mortality rates, economies of scale, increasing productivity, and labour efficiencies as a result of adopting innovative farming techniques.

- *Synergies* – In the GT Model we have included synergies for certain costs that would be available to a pool of potential purchasers of Angel. These include ASX and other listing compliance costs.

- *Discount rate* – We have assessed the discount rate between 11.5% and 12.5% based on the WACC. Refer to Appendix B for details.

- *Surplus assets* – In our DCF cross-check we have adjusted for surplus assets, reflecting Angel's existing tax losses as at the date of this report. These have been discounted at the cost of equity assuming a utilisation rate of 75%, due to the uncertainty associated with the ability of a pool of potential purchases to fully realise the benefits.

In performing our cross-check, we have considered the following scenarios, adjusting key assumptions used for the Base Case which were detailed above. The table below sets out key assumptions of each scenario that we have considered.

Scenario	Details
Base Case	Base Case applying assumptions detailed earlier in this section.
Scenario 2 - Higher mortality	Base Case with mortality rates in-line with historical levels of around 50%. This scenario assumes that Angel is unable to realise any improvements in mortality rates through more efficient farming techniques, and spat that is more accustomed to South Australian conditions.
Scenario 3 - Limited export sales	Base Case with export sales capped at 5% of total sales. This scenario assumes that lost export sales are sold through the domestic retail stream. We have run this scenario to consider export uptake not being as high as forecast, given that historically they have never comprised more than 3% of revenue.
Scenario 4 - No value added revenue stream	Base Case with no value added revenue stream sales. This scenario assumes lost sales from this stream are sold through the domestic retail stream. We have run this scenario on the basis that this revenue stream is unproven and may not eventuate.
Scenario 5 - No real price appreciation	Base Case assuming oyster prices increase with CPI and include no real price appreciation. This scenario has been selected on the basis that historical price appreciation has been volatile and in part may have been driven by supply constraints from POMS, as opposed to excess demand.
Scenario 6 - Higher sales volume	Base Case assuming + 5% sales volume. This scenario assumes that Angel is able to further increase their production through higher than forecast efficiencies.
Scenario 7 - Lower expenses	Base Case assuming - 10% total expenses. This scenario assumes that Angel is able to achieve higher than forecast cost efficiencies, more broadly in line with East 33's FY22F expenses as a percentage of revenue per their prospectus.

Source: GTCF analysis

The chart below details Angel's equity value range under each of the scenarios. Due to the limited public information available for benchmarking, we do not necessarily consider any one scenario more likely than the others. As such, we are of the opinion our DCF analysis should only be used to highlight the range of possible outcomes.

GT Assessed DCF output range

Source: GTCF analysis

Reasonableness Assessment

Under RG 111, the Proposed Transaction is reasonable if it is fair. Notwithstanding the above, we have summarised below the advantages, disadvantages and other factors in relation to the Proposed Transaction.

Advantages

Premium for control

A premium for control is applicable when the acquisition of control of a company or business would give rise to benefits such as the ability to realise synergies, access technology, assets, tax benefits and control of the board of Directors of the Company. The consideration for the Proposed Transaction of A$0.20 per Angel Share represents a premium before the Initial Announcement of:

- 60% to closing share price immediately before the Initial Announcement.
- 55% to the 1-week VWAP[5] prior to 17 December 2021.
- 55% to the 2-week VWAP prior to 17 December 2021.
- 50% to the 1-month VWAP prior to 17 December 2021.

[5] Volume Weighted Average Price.

- 43% to the 3-month VWAP prior to 17 December 2021.

This premium for control will not be available to Shareholders in the absence of the Proposed Transaction or a superior proposal.

Ability to fund growth aspirations

Angel is currently facing funding constraints with respect to its ability to invest in the growth of the business. Of late, Angel have been reluctant to raise additional capital, primarily due to unfavourable market conditions as a result of a depressed share price, and an emphasis on avoiding existing shareholder dilution. In terms of debt funding, Angel currently has loan facilities with National Australia Bank ("NAB"), comprising a $3m working capital facility (c. $2 m drawn down) and a Business Expansion loan facility of $3.475m (c. $3.42 m drawn down), as well as asset finance and lease liabilities of $3.1 million. Angel, and the broader aquaculture industry, face challenges in raising debt as major banks are reluctant to provide finance, due to the perceived uncertainty surrounding water leases. For Angel this has been exacerbated as NAB holds first ranking security over all existing assets and undertakings of the business, limiting the available security in the company, and in turn restricting access to alternative financiers. We note, whilst Angel have sufficient cash and undrawn facilities to fund their short-term growth objectives, when also considering the transaction costs incurred for the Proposed Transaction, the limited ability to raise additional funds is likely to limit the rate at which Angel can achieve their growth objectives, and restrict their ability to achieve growth beyond current forecasts. As such, Shareholders will no longer be exposed to dilutive fund-raising risks and potential for lower-than-expected growth, which have the potential to limit future share price appreciation above the Scheme Consideration.

Certainty of the cash consideration

Shareholders have the opportunity to receive a certain cash amount at a significant premium to the price that Angel Shares may trade at in the short term in the absence of the Proposed Transaction or an alternative transaction. If the Proposed Transaction is implemented, Shareholders will no longer be exposed to the ongoing risks associated with holding an investment in Angel which are summarised below in a non-exhaustive manner:

- *Geopolitical and export risks* – Angel's anticipated growth into the international market is made up of the demand for oysters from several international jurisdictions within the Asia region. Amendments to trade agreements in international markets as well as geopolitical disputes could have a negative impact on Angel's growth plans. Additionally, country-specific importation and licensing measures can result in both unreliable and erratic processes, further impacting the profitability of Angel's oysters.

- *Production growth and carrying capacity shrinkages* – Angel's future growth plans are predicated on increasing levels of production capacity and finishing capacity from their farming services. In the event that Angel's farming activities are unable to grow and provide the requisite expected supply, this would have a material impact on the Company's operations and financial position.

- *Disease risk* – There is a risk that Angel suffers a disease outbreak that adversely impacts the health and wellbeing of its oyster stock. Since listing on the ASX, Angel has been exposed to POMS, algae blooms and Vp bacterial outbreaks, each of which impacted the Company's production output, supply chain and caused some degree of revenue loss. Whilst the Company has put in place measures to mitigate the risk of any such disease, the possibility still remains that these diseases, or others, may impact future operations.

- *Global warming* – The Company's ability to produce consistent quality oysters may be impacted by climate change. These changes include changes in air and water temperature, rising sea levels, frequency of extreme water events such as excess rainfall, changes in salinity and availability of food source, as well as changes in the biogeography of pests and diseases.

- *COVID-19 risk* – Whilst oyster demand is expected to continue to rise, there is the risk that additional COVID-19 strains will emerge, potentially resulting in further lockdowns, likely causing distribution challenges, labour shortages, supply chain problems or declining demand for oysters. Further, COVID-19 may also create changed global economic conditions that may prevent or delay Angel's future sales expansion into international markets.

No brokerage costs

Shareholders will be able to realise their investment in Angel without incurring any brokerage or stamp duty costs.

Disadvantages

Shareholders will not be able to participate in the future potential upside of Angel

If the Scheme is implemented, Shareholders will forgo the opportunity to participate in the future upside of the Company and any uplift in current market conditions. The following characteristics are key drivers of future growth for the Company moving forward:

- Angel's long-term growth objectives include achieving a more balanced channel sales mix by increasing the share of domestic food services post the COVID-19 recovery, as well as further expansion into the international export market;

- Adoption of new and innovative farming techniques that have demonstrated labour efficiencies and increased growing capacity throughout trials; and

- The Company currently has c. 34.0ha of underdeveloped water leases with planned future infrastructure to allow Angel to reach the target production capacity of c. 20 million oysters per annum.

Timing of the transaction is somewhat opportunistic

The Proposed Transaction is somewhat opportunistic as a number of factors outside the control of Management may have led the trading price of Angel before the Initial Announcement to be somewhat depressed. During the first half of CY21, one of Angel's largest shareholders sold down their entire holding unannounced, at a discount to the share price at the time. Subsequently, as a result of the Vp outbreak in November 2021, the share price experienced a sharp decrease due to the uncertainty around the financial impact. Whilst this did not cause a change to the underlying business, the share price did not materially recover until the Initial Announcement.

Additionally, in November 2020 Angel announced their 3-pillar growth strategy which centred on the Company reaching a finishing capacity of 20m oysters per annum. Whilst Angel has made significant progress in reaching this goal, the remaining growth is expected to lead to a further improvement in financial performance, which may not have been factored into the trading share price prior to the Initial Announcement.

Whilst the timing of the Scheme may have been somewhat opportunistic, the premium for control payable by Laguna Bay of c. 60% on the undisturbed closing share price before the Initial Announcement is in excess of the average premium for control of between 20% and 40% historically paid in Australia for successful takeover transactions. In the absence of the Proposed Transaction, it will be difficult for the share price to trade above A$0.20, at least in the short term.

Positive industry outlook

Angel benefits from operating in a growing industry with a positive long-term outlook. The Food and Agriculture Organisation ("FAO")[6] of the United Nations ("UN") predicts that the world's population will reach 9.7 billion by 2050, in turn increasing the demand for food by 50%. Sustainable aquaculture, including oyster production, is expected to play a central role in ensuring this increase in demand can be met. Throughout the 2019 calendar year, mollusc production (including Pacific oysters) accounted for c. 20.6% of total global aquaculture output, and this is expected to increase proportionally going forward[7].

If the Scheme is approved, Shareholders will no longer be exposed to the potential upside and growth opportunity of the sector.

Limited listed, pure-play oyster farmers and producers

We note that Angel is one of only two listed, pure play, operational oyster farmers and producers listed on the ASX. If the Scheme is implemented, only East 33 will remain, decreasing the investment opportunity landscape available.

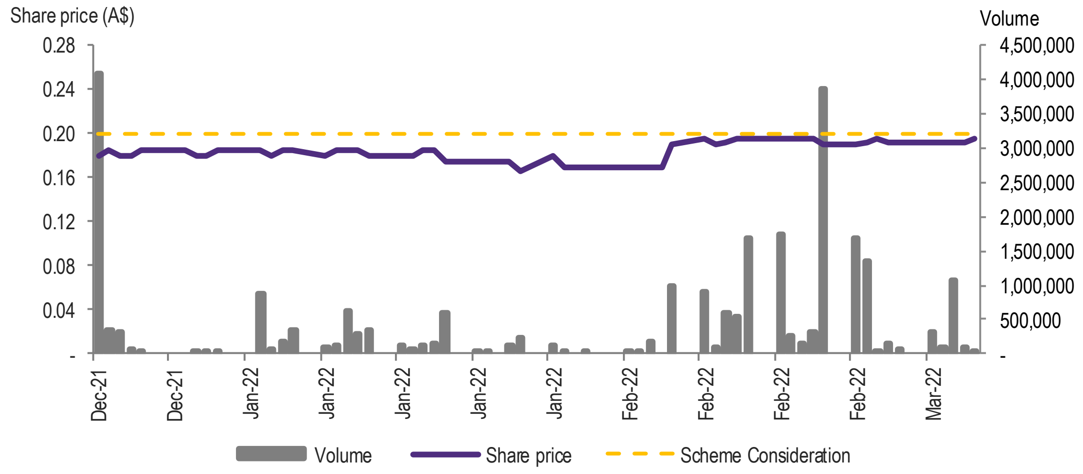
Other factors

Share price after the Initial Announcement

As set out below, following the Initial Announcement, the share price of Angel has traded substantially in line with the Scheme Consideration which seems to indicate good support from investors, a perceived low risk of the Scheme not being implemented, and limited expectations for a superior proposal.

[6] Food and Agriculture Organisation.
[7] FAO: Fishery and Aquaculture Statistics – 2019.

Trading price after the announcement date (20 December 2021)



Sources: S&P Global, GTCF analysis.

Value of Angel for Laguna Bay

This is a strategic acquisition for Laguna Bay Group as it expands their presence into the fast-growing Australian Pacific oyster market. Laguna Bay Group, established in 2010, is one of the longest standing agri-fund managers in Australia, specialising in food and agriculture production in the Australasian region.

Angel currently incurs overhead expenses including but not limited to audit, directors' fees, insurance, accounting, share registry and stock exchange listing fees. Following the implementation of the Proposed Transaction, it is expected that certain overhead expenses may be rationalised as Angel will become a majority-owned subsidiary of Laguna Bay. In our DCF cross-check, we have included the synergies that would be available to a pool of potential purchasers.

Prospects of a superior offer

Whilst Angel has agreed not to solicit any competing proposals or, subject to a fiduciary exception, to participate in discussions or negotiations in relation to any competing proposals, there are no material impediments to an alternative proposal being submitted by potentially interested parties. The transaction process may act as a catalyst for other interested parties, and it will provide significant additional information in the Scheme Booklet and Independent Expert's Report to enable such potential acquirers to assess the merits of potential alternative transactions.

Notwithstanding the structure of the Proposed Transaction, if a superior proposal emerges before Shareholders cast their vote on the Scheme, the Scheme meeting may be adjourned, or Shareholders may vote against it.

We note that in the event that a competing superior proposal is announced and completed, or the Directors withdraw their recommendation of the Proposed Transaction, Angel may be required to pay Laguna Bay a break fee of A$325,000 subject to certain exceptions. The break fee may also become payable under other circumstances as set out in the Scheme Booklet.

Share price in the absence of the Proposed Transaction

In the absence of the Proposed Transaction, all other things being equal, it is likely that Angel Shares will trade at a price well below A$0.20, at least in the short-term. In our opinion, the prospect of Angel Shares trading above A$0.20 in the short term is limited, however, Angel's trading price may settle at a level higher than before the Initial Announcement on 20 December 2021. If the Scheme is not implemented, it would be the current Directors' intention to continue operating Angel as a standalone entity in line with its stated strategy and objectives. It is important to note that should the transaction not proceed, due to the c. A$650,000 of transaction costs incurred, the Company will likely either require additional funding, or additional time to achieve their current growth targets.

Directors' recommendations and intentions

As set out in the Scheme Booklet, as at the date of this Report, subject to no superior proposal emerging, and an independent expert concluding and continuing to conclude that the Scheme is in the best interests of Angel's Shareholders, the IBC have unanimously recommended that Shareholders vote in favour of the Scheme and have advised that, subject to the same qualifications, all Directors intend to vote, or procure the voting of, all Angel Shares held or controlled by them, in favour of the Scheme.

Tax implications

Implementation of the Proposed Transaction may crystallise a capital gains tax liability for Shareholders, however the taxation consequences for Shareholders will vary according to their individual circumstances and will be impacted by various factors. Shareholders should read the overview of tax implications of the Scheme Booklet and also seek independent financial and tax advice.

Conclusion on the reasonableness

Based on the qualitative factors identified above, it is our opinion that the Proposed Transaction is **REASONABLE**.

Overall conclusion on the Proposed Transaction

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Scheme is **FAIR** and hence in the **BEST INTERESTS** of Angel Shareholders in the absence of a superior alternative proposal emerging.

Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

In preparing this report we have considered the interests of Shareholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.

Yours faithfully
GRANT THORNTON CORPORATE FINANCE PTY LTD

JANNAYA JAMES Director	ANDREA DE CAIN Director

Grant Thornton

31 March 2022

Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Angel appointed Grant Thornton Corporate Finance Pty Ltd to provide general financial product advice in the form of an independent expert's report in relation to the Scheme.

2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the Report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the Report, Grant Thornton Corporate Finance will receive from Angel a fixed fee of A$85,000 (plus GST) which is based on commercial rates, plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

5 Independence

Grant Thornton Corporate Finance is required to be independent of Angel in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in RG 112 *Independence of expert* issued by ASIC. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Angel *(and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Scheme.*

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Scheme, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of RG 112 "Independence of expert" issued by the ASIC."

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Compliance Authority (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Compliance Authority who can be contacted at:

Australian Financial Compliance Authority
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 931 678

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

7 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

Contents

Grant Thornton

1 Outline of the Scheme

1.1 Key terms of the Scheme

We have set out below the key terms of the SIA:

- *Conditions precedent* – the SIA includes the following conditions precedents:

  - Approval of the Scheme by Angel's Shareholders at the Scheme meeting and by the court in accordance with Sections 411(4)(b) of the Corporations Act.

  - Requisite approvals from ASIC, ASX and the Foreign Investment Review Board ("FIRB") (and any other approvals from any other governmental agencies which Angel and Laguna Bay consider are necessary or desirable being obtained prior to 8:00am on the Second Court Date in respect of the Scheme).

  - The Independent Expert report concludes and continues to conclude that the Scheme is in the best interests of the Shareholders before the date on which the Scheme Booklet is lodged with ASIC. Additionally, the Independent Expert does not change this conclusion prior to the Second Court Date.

  - No restraining orders, injunctions or other orders issued by any Court of competent jurisdiction or other legal restraint or prohibition being in effect before or at the time of the Second Court Date that prevents or restrains the completion of the Scheme.

  - No prescribed occurrences and material adverse change occurs or becomes known to Laguna Bay between date of the SIA and the Second Court Date.

  - All consents and notifications required for subleases to be assigned to BidCo Company are obtained and, where applicable, the subleases are renewed for the agreed period.

  - All outstanding options must be cancelled whereby Angel Option Holders agree to take all reasonable steps to ensure that they enter into a Cancellation Deed ("Cancellation Deed") as soon as reasonably practicable and agree to cancel their options before the Cut Off Time[8].

- *Break Fee* – A break fee of $325,000 may be payable by Angel to Laguna if the Scheme does not proceed.

- *Other* – The SIA contains customary exclusivity provisions including no shop and no talk restrictions, notification obligations and matching counterproposal right for Laguna in the event the Directors receive a superior proposal.

[8] This being by 8:00am on the Second Court Date.

2 Purpose and scope of the report

2.1 Purpose

Schemes under section 411 of the Corporations Act

Section 411 of the Corporations Act 2001 regulates schemes of arrangement between companies and their members. Part 3 of Schedule 8 of the *Corporations Regulations 2001 (Cth)* ("Corporations Regulations") prescribes information to be sent to shareholders and creditors in relation to members' and creditors' scheme of arrangement pursuant to Section 411 of the Corporations Act.

Part 3 of Schedule 8 of the Corporations Regulations requires an independent expert's report in relation to a scheme to be prepared when a party to that scheme has a shareholding greater than 30% in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert's report must state whether a scheme is in the best interests of shareholders and state reasons for that opinion. Even where there is no requirement for an independent expert's report, documentation for a scheme of arrangement typically includes an independent expert's report.

While there is no legal requirement for an independent expert's report to be prepared in respect of the Scheme, the Directors of Angel have requested Grant Thornton Corporate Finance to prepare an independent expert's report to express an opinion as to whether the Scheme is in the best interests of Shareholders.

2.2 Basis of assessment for the Scheme

In forming our opinion, Grant Thornton Corporate Finance has had regard to relevant Regulatory Guides issued by the ASIC, including RG 111, Regulatory Guide 60 Scheme of arrangement ("RG60") and RG 112. The IER will also include other information and disclosures as required by ASIC. We note that neither the Corporations Act nor the Corporations Regulations define the term "in the best interests of members".

RG 111 establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. RG111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context of a takeover offer. Pursuant to RG111, an offer is "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject of the offer. A comparison must be made assuming 100% ownership of the target company. RG111 considers an offer to be "reasonable" if it is fair. An offer may also be reasonable if, despite not being "fair" but after considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.

RG111 also requires an independent expert report prepared for a change of control transaction implemented by way of scheme of arrangement to undertake substantially the same analysis as for a takeover bid (i.e. fair and reasonable analysis). Whilst the analysis is substantially the same, the opinion of the expert should be whether or not the proposed scheme is "in the best interests of the members of the company". If an expert were to conclude that a proposal was "fair and reasonable" if it was in the form of a takeover bid, it will also conclude that the proposed scheme is "in the best interests of the members of the company".

Accordingly, for the purpose of forming our opinion on the Scheme, we have undertaken the same analysis to assess if the Scheme is fair and reasonable to Shareholders.

In our opinion, the most appropriate way to evaluate the fairness of the Scheme is to compare the fair market value of Angel on a control basis with the Scheme Consideration which is A$0.20 per Angel Share.

In considering whether the Schemes is reasonable for Shareholders, we have considered a number of factors, including:

- Whether the Scheme is fair.
- The implications to Shareholders if the Scheme is not approved.
- Other likely advantages and disadvantages associated with the Scheme.
- Other costs and risks associated with the Scheme that could potentially affect Shareholders.

2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the Scheme with reference to RG 112 issued by ASIC.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Scheme other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success implementation of the Scheme.

In our opinion, Grant Thornton Corporate Finance is independent of Angel and its Directors and all other relevant parties of the Scheme.

Compliance with APES 225 Valuation Services

This report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services ("APES 225") as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

"An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time."

3 Industry overview

3.1 Introduction

As the world's population is expected to continue to grow, increasing pressure is placed on resources, including food and animal protein which are required to be grown and harvested in a sustainable and environmentally friendly manner. The FAO of the UN predicts that the world's population will reach 9.7 billion by 2050, and in turn the demand for food is set to increase by 50%. Sustainable aquaculture is expected to play a central role in ensuring this increase in demand can be met.

3.1.1 Aquaculture – Globally and within Australia

Aquaculture, also known as aquafarming, is the process of controlled cultivation of aquatic organism such as fish, crustaceans, molluscs, algae, and other organisms of value such as aquatic plants. Note, aquaculture excludes commercial fishing and is solely focused on the farming of specific species. Aquaculture general involves cultivating freshwater, brackish water, and saltwater populations of specific animal populations under controlled or semi-natural conditions to achieve consistent and high-quality produce. Aquaculture can be conducted in completely artificial facilities built on land through fish tanks, ponds or raceways where constant human control and input on specific factors are necessary (i.e. water quality, feed and temperature). Alternatively, aquaculture farms can be conducted in well-sheltered / fenced off bodies of water where the cultivated species are subjected to more naturalistic environmental influences (i.e. water currents, nutrient cycles and natural temperature fluctuations).

Excluding aquatic plants and other aquatic animals, the global production of fish, crustaceans and molluscs was c. 177.8 million tonnes throughout 2019[9]. Within this, c. 92.5 million tonnes came from capture production, and the remaining c. 85.3 million tonnes from aquaculture production, a c. 3.7% increase on the prior corresponding period[10]. In 2019, the top ten national aquaculture producers accounted for c. 88.4% of the world's total aquaculture production by quantity, with China individually producing c. 48.2 million tonnes[11]. Throughout the year, the world aquaculture production of aquatic animals consisted of c. 56.3 million tonnes of finfish (c. 66.0%), c. 17.6 million tonnes of mollusc (c. 20.6%), c. 10.5 million tonnes of crustaceans (c. 12.3%), and c. 0.977 million tonnes of other aquatic animal species (c. 1.1%)[12].

The Australian aquaculture industry occurs generally in marine, estuarine and freshwater locations that are influenced by naturalistic environmental factors. In the last decade, Australia's aquaculture industry has increased in volume by c. 10% per annum[13], with its primary value products being salmonids, tuna, prawns and oysters. Australia has established a reputation as a supplier of safe, high-quality seafood which is produced using environmentally friendly practices. Generally speaking, Australian aquaculture producers target high value domestic and overseas markets. The increasing demand for Australian native species and the proximity to Asian markets means Australian aquaculture is competitively positioned for the future.

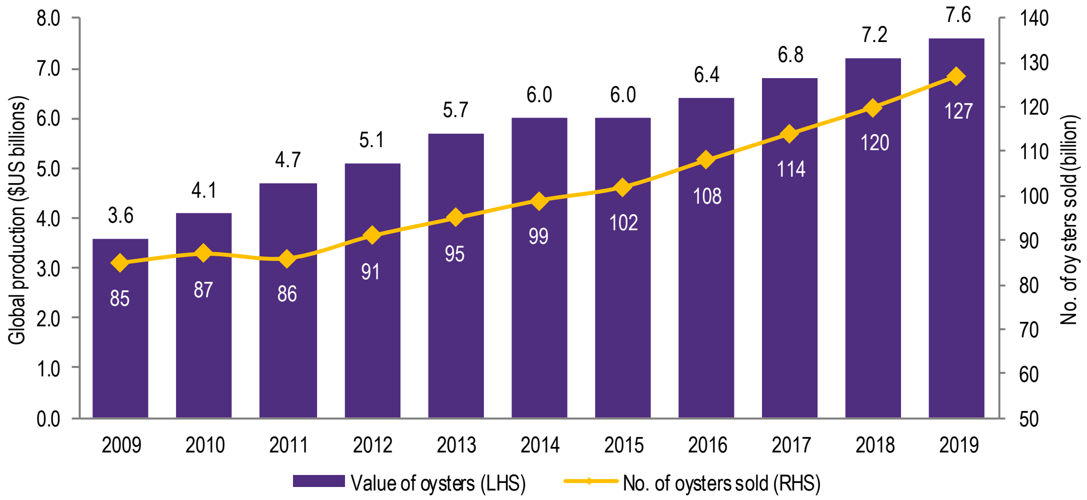
3.1.2 Oysters – Globally and within Australia

Global oyster production has grown consistently over the past decade, with total production more than doubling to reach c. US$7.6 billion in 2019 at a CAGR of c. 7.0%[14]. This increase in demand for oysters

[9] FAO: Fishery and Aquaculture Statistics – 2019.
[10] Ibid.
[11] Ibid.
[12] Ibid.
[13] Department of Primary industries – Aquaculture.
[14] Ibid.

has been driven by rising disposable incomes globally as well as the favourable characteristics of oysters from the consumer's viewpoint, including but not limited to their perceived luxury and nutritional benefits, positive environmental impact and the overall sustainability of oyster farming[15]. Further, the global oyster market is expected to grow at a CAGR of c. 5% from 2022 – 2026 to accommodate increasing demand[16]. The following graph sets out the global production of oysters by both value and number of oysters sold between 2009 and 2019.

Global oyster production by value and number of oysters sold, 2009 – 2019



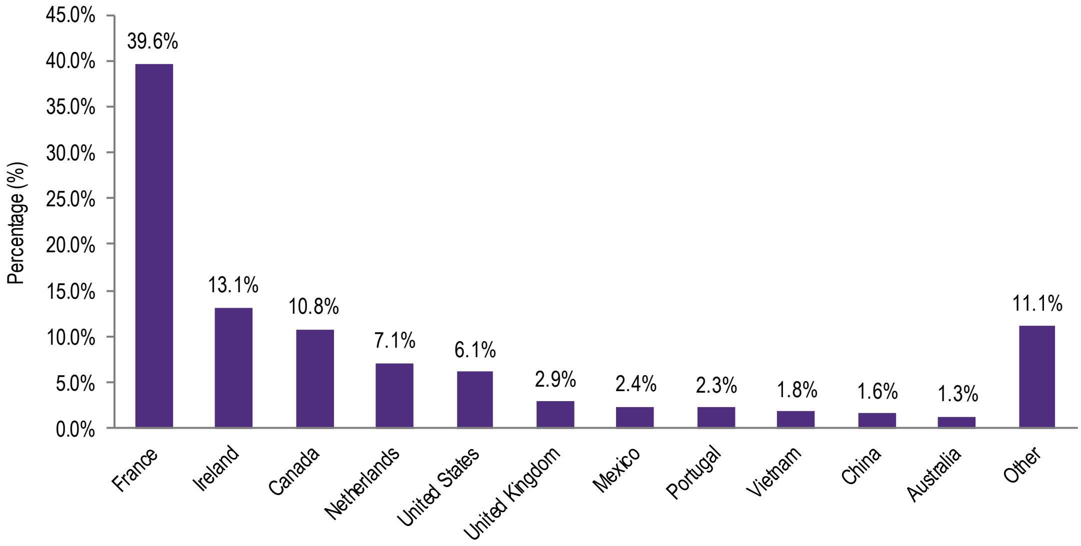
Source: FAO: Fishery and Aquaculture Statistics – 2019.
Note (1): The FAO statistics are released on a bi-yearly basis, therefore 2019 is the most recent and accurate representation of the data.

Globally, the majority of oyster production is consumed within the domestic market of origin. This is due to several factors, most pertinently being the limited shelf-life of oysters, as well as the various quarantine and import regulations which have historically complicated international trade. As a result, the oyster trade itself has become highly regionalised. Notably, the three largest global oyster producing nations, China, Japan and South Korea, export less than 0.5% of their total produce.

From an export perspective and broadly speaking, excess oyster demand is typically absorbed by adjacent countries and trading partners. As a result, many European countries constitute to a larger proportion of global export volumes, predominately due to the proximity of other nations. Note, Australia's level of oyster exports is relatively small compared to other nations at c. 1.3%. The following graph illustrates the breakdown of global oyster exports by country for 2020:

15 FAO: The state of world fisheries and aquaculture – 2020.
16 IMARC Group: Oyster Market - Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2021-2026

Global oysters export percentages by country for 2020



Source: Tridge – Fresh Oysters.

In Australia, oyster farming is one of the oldest aquaculture industries and is predominately located in the coastal areas of New South Wales, Tasmania and South Australia due to optimal water conditions for cultivation and growth. Oyster production in Australia is dominated by two primary oyster species, the Sydney rock oyster and the Pacific oyster. The SRO naturally occurs in estuaries in New South Wales and southern Queensland whereas the PO was first introduced to Tasmania in the 1940's, South Australia in the 1960's and New South Wales in the 1980's for aquaculture purposes. These two oyster species are the main commercial species in Australia and contribute to 95 – 98% of edible oyster production volume. The following table provides an overview of the similarities and differences each oyster holds.

Comparison of Sydney rock oysters and Pacific oysters	Syndey rock oyster	Pacific oyster
Origin	Australian Native	Global
Commercial farming locations	NSW	SA / TAS / NSW
Taste	Rich, sweet and creamy	Salty and crisp
Time to market size	2 - 3.5 years	18 months
Shelf life	2 - 3 weeks	7 - 10 days

Source: Publicly available information

Seed oysters start the production cycle and spend 14 days as larvae. After two weeks, the larvae start to develop into spat (juvenile oysters). The oyster spat will then start to feed on the naturally occurring algae and use energy to grow their shell. Oysters typically grow an inch per year, however, this is predominantly dependent on salinity and quality of the water, with high salinity areas producing a higher growth rate.

Oysters are principally cultivated in the intertidal range of the water column which exposes them to air at low tide. Line culture is currently the most common culture technique employed in South Australia where oysters are maintained in plastic baskets and suspended by rubber slings on wooden racks that lie parallel to the soft substratum below. This technique is relatively cheap to construct and maintain whilst allowing faster growth and easy access. Notably however, new best practice techniques such as adjustable long line farming systems and FlipFarms[17] are slowly being adopted by domestic growers due to increased efficiency and lower overall labour costs.

3.2 Demand

Demand for oysters in Australia typically comes from three main channels:

- Retail consumers, such as supermarket, seafood shops / markets and other seafood merchants.
- Domestic food services, such as restaurants, pubs and cafes.
- Export market, which is dominated by overseas clients based in Asia and in particular Hong Kong.

It is estimated that most oysters produced in Tasmania and South Australia are sold via the domestic retail segment (food services and retail consumers) interstate due to the larger populations in Victoria, New South Wales and Queensland. Roughly 60 – 80% of POs are sold through food services, 20 – 30% by fishmongers and 2 – 3% by domestic supermarkets.

Like other industries, COVID-19 has impacted the oyster farming industry in Australia. As the majority of Australian oysters have historically been sold through the domestic food service sector, the introduction of COVID-19 and its associated impact on the food services industry negatively impacted sales. The Commonwealth and State Governments provided assistance to many farming businesses and many oyster farms have adapted their business models in response to the on-going pandemic. This has predominantly involved new sales strategies aligned to gourmet food services, farm gate sales and direct delivery to consumers.

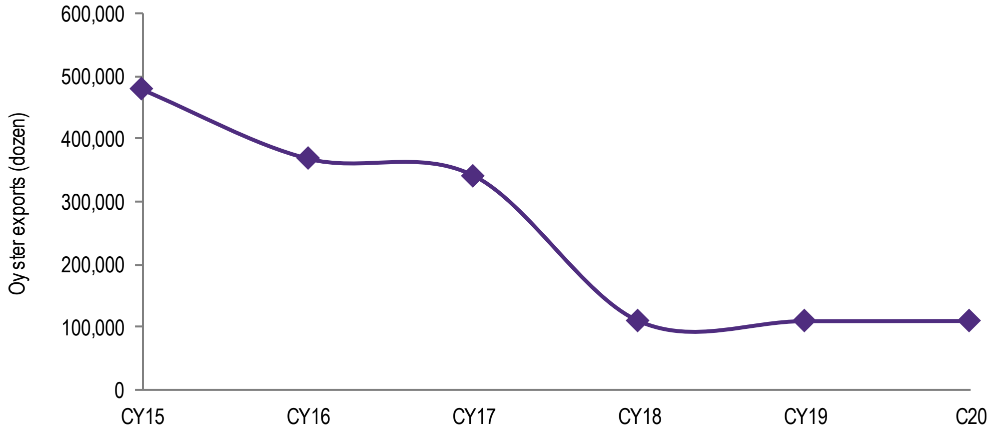
As Australia has a reputation for reliable and high-quality fisheries products, there has been growing demand from Asia's seafood markets[18]. The COVID-19 pandemic travel restrictions have caused some disruption to Australia's usual trade as much of Australia's seafood to the food services sector in Asia is via air freight. Commodity-focused trade issues with China also posed additional challenges for exporters.

The global demand for oysters has been and will continue to be positively impacted by secular trends such as growing global population and increasing disposable income. However, given the strong demand from domestic markets and in turn the competitive domestic prices, there has been little incentive for the industry to export significant volumes of oysters in recent years. With Pacific Oyster Mortality Syndrome (explained in further detail below) affecting the growth and mortality of oysters in Tasmania in 2016, the industry has struggled to keep up with domestic demand and only c. 1% of national production is currently exported. Previously c. 2 – 3% of Australia's oyster production was exported, with Hong Kong continuing to be the largest export destination.

[17] Patented semi-automated oyster growing system
[18] Department of Agriculture, Water and the Environment: Australian fisheries and aquaculture outlook 2022

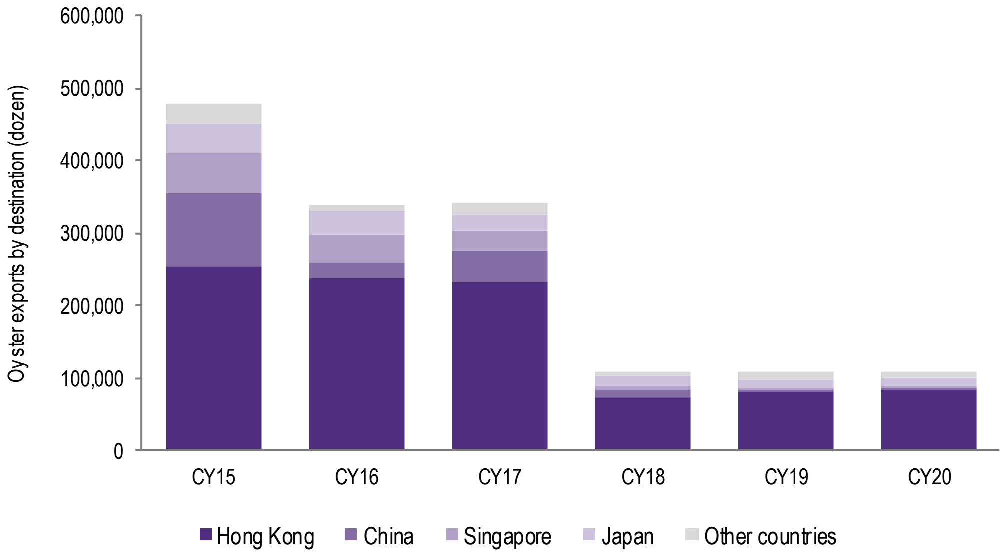
The figures below display the number of Australian oysters that were exported and the countries with the largest demand for Australian oysters.

Oysters exported from Australia (Dozen)



Source: Oysters Australia Strategic Plan 2020 – 2025

Australian oysters export by destination (Dozen)



Source: Oysters Australia Export & Import – 2020

3.3 Supply

Domestic edible oysters have the third highest aquaculture production value in Australia, however, only contribute a negligible amount to global production (c. 0.2%). China dominates the oyster production market by supplying c. 82.3% of the world's oysters[19].

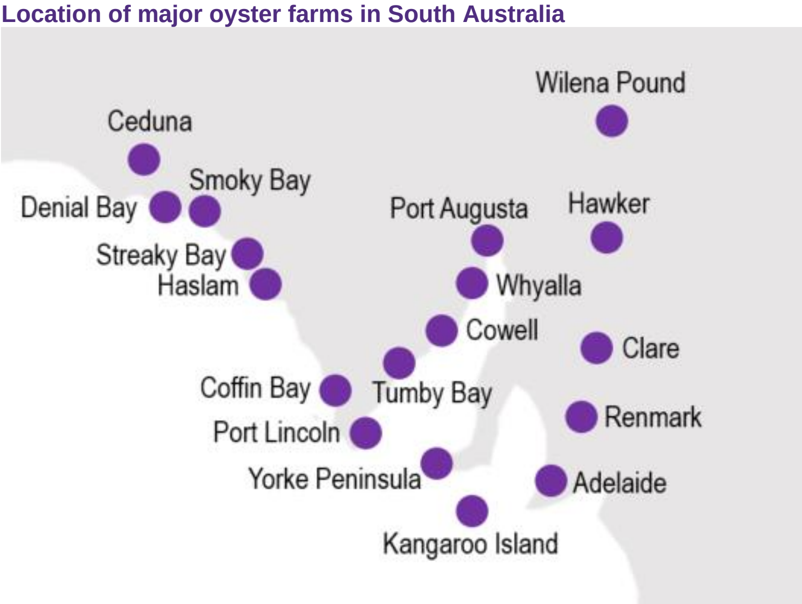
The Australian oyster industry includes over 550 individuals and businesses located primarily in three states; New South Wales, South Australia and Tasmania. The majority of oyster farms in Australia are family businesses, however the past five years has seen a considerable amount of industry consolidation.

[19] Argonaut Angel Seafood (Angel) Snapshot.

Some hatcheries are also becoming vertically integrated, producing and finishing oysters on their own farms.

In South Australia, specifically, the main growing regions for oysters are displayed in the map below. These areas provide pristine water quality and good water flows.

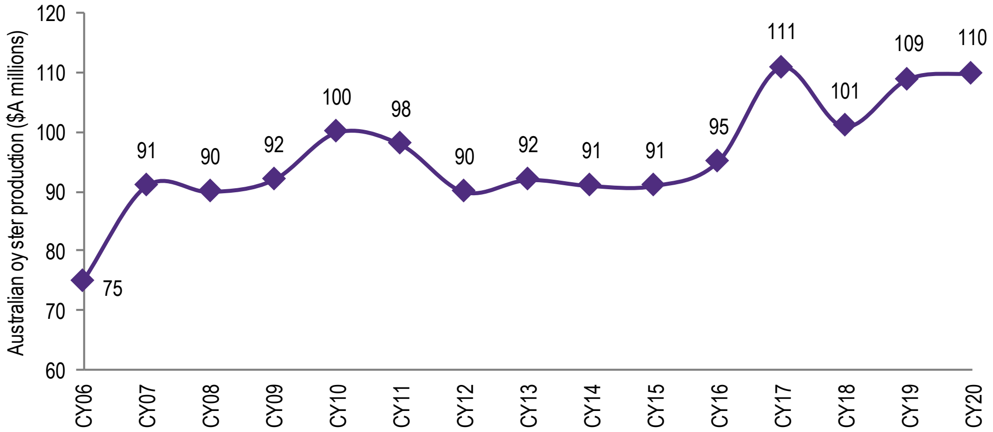
Location of major oyster farms in South Australia



Source: Oysters Australia Strategic Plan 2020-2025

To keep up with increased domestic demand for oysters, Australian oyster farms have increased production. The value of Australian oyster production has climbed around 50% over the last 15 years[20].

Value of Australian oyster production, CY16 to CY20



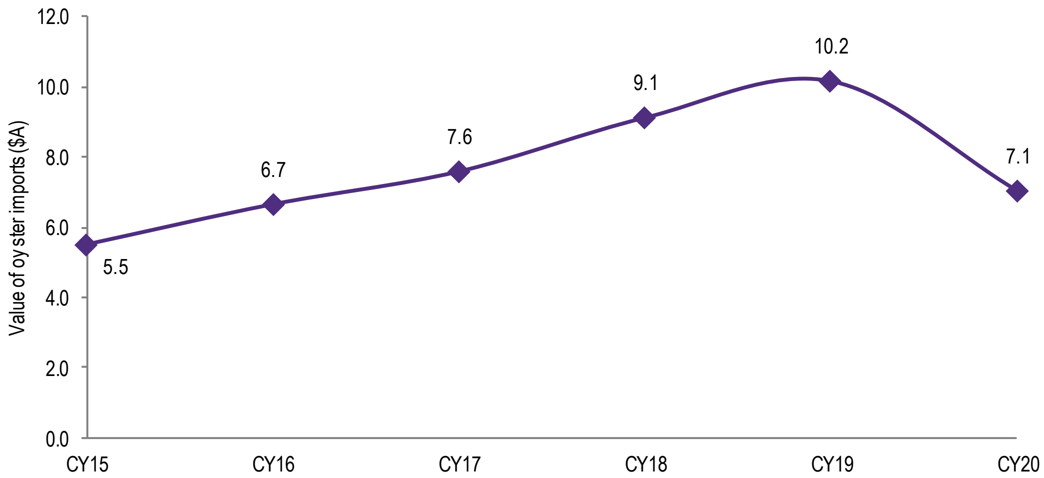
Source: Argonaut Angel Seafood (Angel) Snapshot

However, as domestic demand continues to exceed domestic supply of oysters, there has been a need to import oysters from global producers. In 2017, the South Australian Pacific oyster industry experienced a considerable supply shortage, largely due to the Tasmanian hatcheries being impacted by Pacific Oyster Mortality Syndrome. This resulted in the issuance of a ban on the importing of spat from Tasmania into

[20] Argonaut Angel Seafood (Angel) Snapshot.

South Australia to prevent any spreading amongst growing regions (explained in further detail below). At the time, South Australia did not have adequate hatchery capacity to provide the quality and quantity of spat in absence of Tasmania, thus leading to increased costs, supply constraints and abnormal levels of oyster mortality. This resulted in the increase in oyster imports in 2018 and 2019, supplied predominantly by Hong Kong and China.

Value of oyster imports ($A millions)



Source: Oysters Australia Export & Import

3.3.1 Disease and threats

The mortality and hence supply of oysters are dependent on a number of environmental factors such as freshwater input and water temperatures. Other factors affecting mortality include predation, disease and bacteria. The following subsections provide an overview of major exogenous shocks that affect the supply and production of Pacific oysters in Australia.

Algae blooms

Algae blooms occur when a toxic or nuisance species of phytoplankton grows rapidly. This negatively impacts oyster production as the oysters feed on the affected algae and accumulate toxins in their flesh or organs. The toxins do not affect the oysters, but are harmful to human health if consumed, causing symptoms such as vomiting, blurred vision, fluctuating temperatures and death in severe cases.

A harmful algae bloom in an estuary will trigger the closure of oyster harvesting and selling until oysters are clean. This can result in significant economic loss and supply issues. The industry manages this threat through regular water sample testing.

Pacific Oyster Mortality Syndrome

POMS is a disease which affects Pacific oysters, causing rapid and high mortalities in farmed oysters (up to 100% within days of being detected). Unlike, algae blooms, POMS do not pose any threat to human health.

POMS was first reported in France in 2008, and subsequently spread to Australia in November 2010, when oyster farmers in the Georges River in New South Wales reported mortality of wild and farmed Pacific oysters. The first instance of POMS in South Australia was discovered in feral oysters in the Port

River in February 2018. To monitor for POMS, oyster farms track the number oysters that die out of a sample of 1000. Using this method, if the death rate increases, it is a likely sign that the oysters are affected by POMS.

In order to combat future outbreaks, movement controls and strict biosecurity conditions have been introduced. Tasmanian hatcheries have also been building POMS resistance into the stock via genetic modification. This improved genetic resistance will be transferred to South Australian hatcheries over time, reducing the potential impact of an outbreak and likely shortening the recovery time. The adoption of multi-bay strategies that segregates a company's oyster stock, such as that adopted by Angel, also mitigates the risks of the disease spreading throughout the entire population.

Vp / other bacteria

Vp is a naturally occurring bacteria that inhabits coastal waters where oysters grow. Much like the aforementioned algae bloom, in the course of feeding, oysters can ingest Vp and other bacteria which while presenting no threat to the oyster, prove harmful for humans. The risk of a Vp / other bacteria outbreak and in turn infection is higher in summer, as warmer water temperatures create an optimal environment for bacterial growth.

On 19 November 2021, the South Australia Health department issued an emergency order recalling raw Pacific oysters produced in Coffin Bay, and consumers were advised against the consumption of oysters from the area. Oyster farms in Coffin Bay were closed as a precautionary measure and subsequently allowed to recommence operations on 15 December 2021 after thorough investigations conducted by the Department of Primary Industries and Regions South Australia cleared the oyster stocks of Vp or other harmful bacteria. Whilst bacterial outbreaks don't ordinarily cause a significant financial impact, an increased frequency of them may damage consumers demand for oysters.

3.4 Price

Oyster prices are impacted by competition as well as trends in global demand and supply. There is typically a spot market relationship between farmers and their customers, meaning there is no contractual agreements, and in turn the price is driven by the supply and demand at a singular point in time. Generally speaking, prior experience and rapport amongst the farmer and distributor will determine the oyster price.

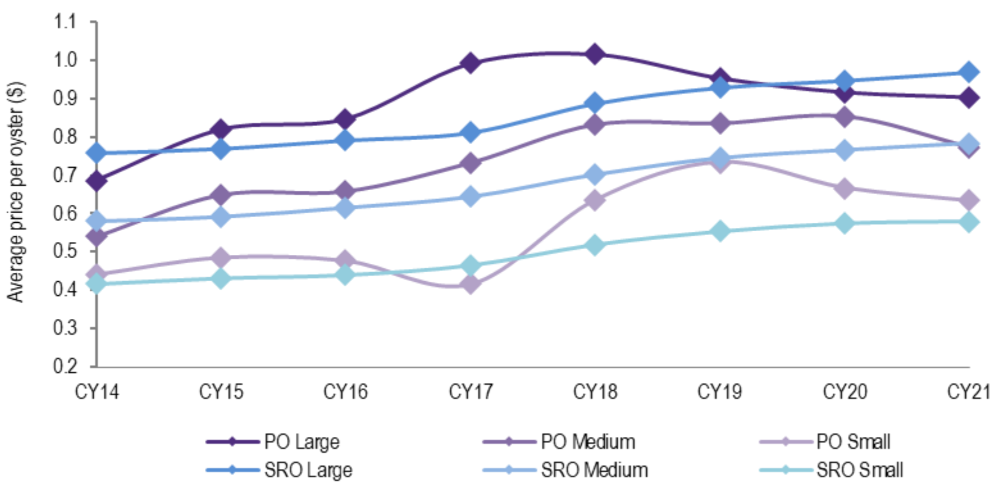
The grade of the oyster also plays a key factor in pricing. There are currently several different grading systems in use in the Pacific and Sydney rock oyster markets. The absence of common language creates confusion and may lead to discrepancy in pricing. The oyster grading system for Pacific oysters is divided into four categories:

1. Body and Mantle Condition	2. Shell Shape	3. Shell Fullness	4. Size
Surpreme (A Grade): Very good condition oyster with full fat cover across the body and mantle, oyster fills shell and may rise above shell perimeter, consistent across shipment		100% acceptable only	Bistro: 50-60mm (target average 55mm) Buffet: 60-70mm (target average 65mm) Standard: 70-85mm (target average 77mm) Large: 85-100mm (target average 92mm) Jumbo: 100-120mm (target average 110mm)
Premium (B Grade): Noticeably plump, the condition cover extends across the oyster and preferably extending out into the mantle. Some stomach may be visible, limited variability across shipment	Minimum breadth/ length ratio of 45% preferred	100%, 75% and 50% (only 2 max. in a sample of 12) acceptable	
Thrifty (C Grade) Generally a poorer condition oyster with less coverage over the body and mantle resulting in greater visibility of the stomach, poor shell fullness and greater variability in shipment		100%, 75% and 50% (only 4 max. in a sample of 12) acceptable	

Source: Australian Seafood Cooperative Research Centre

Oyster prices are also subject to seasonality as demand is often higher in warmer months, driving an increase in price. As a result of this, there is usually an increase in oyster prices in the lead up to Christmas, however, in November 2021 the price actually decreased due to the aforementioned Vp outbreak and a subsequent drop in condition of the oysters. This average historical prices for various sizes of SROs and POs are displayed in the figure below.

Observations of eight years of Pacific oyster and Sydney rock oyster prices



Source: Aquaculture production reports (Department of primary industries NSW)

Due to Pacific oysters having a relatively quick maturation period (15 - 18 months) and high growth rate, they are often priced lower relative to other oyster species. The average farm gate price in 2019/20 for various species and grades of various types of oysters is shown in the table below.

	Average price per oyster			
Grade	Sydney rock oyster	Pacific oyster	Triploid Pacific oyster	Native oyster
Large	$0.95	$0.92	$1.42	$1.33
Medium	$0.77	$0.85	$1.15	$1.08
Small	$0.57	$0.67	$0.98	$1.00

Source: Department of Primary Industries, Aquaculture Production Report 2019-2020

In a global context, as Australia has a reputation for high quality seafood this allows for producers to sell at a premium in international markets. The quality is supported by strong legislation and regulation.

4 Profile of Angel

4.1 Overview

Angel was established in 2010 by the Halman family following the acquisition of an existing oyster farm in Smoky Bay, South Australia and is Australia's largest producer of Pacific oysters. The Company runs a multi-bay strategy, with nursery and oyster grow-out operations predominately within the geographic regions of Cowell and Haslam, and with final conditioning occurring in Coffin Bay. Whilst historically Angel primarily sold its oysters through the food service industry, since the COVID-19 pandemic, Angel has pivoted to selling its oysters in the domestic retail market, with the food services industry and export sales following distantly. The Company is organically certified by the internationally recognised National Association for Sustainable Agriculture, Australia ("NASAA") and sustainably certified by the internationally recognised 'Friends of The Sea' organisation. The following illustration depicts Angel's establishment timeline and key milestones since inception to date.

Establishment timeline of Angel since inception

Year	Events	No. of oysters sold
2021	- FlipFarms have increased production capacity to 15 million p.a. - Record year in oyster sales	- c.10.6 million oysters
2020	- Increases holding capacity to over 20 million oysters - Finishing capacity increases to c. 12 million oysters p.a.	- c. 8.4 million oysters
2019	- Growth to Cowell Bay - Bank debt of c. A$4 million with NAB	- c. 5.3 million oysters
2018	- Lists on ASX and raises c. A$8 m - Acquisition and commissioning of export facility in Port Lincoln	- c. 1.9 million oysters
2017	- Angel moves to Coffin Bay - POMS outbreak in Tasmania, disrupts industry spat supply.	- c. 3 million oysters
2015	- Angel expands to Haslam, commences the multi-bay strategy. - First global exports began	- c. 1.8 million oysters
2013	- Adopts sustainable practices + Organic and Sustainable cert. - Wins SA small business of the year	- c. 1 million oysters
2011	- Rebrands the business to Angel Oysters Australia	- c. 200,000 oysters
2010	- Halman Family takes over Smoky Bay farm	- n/a

Source: Angel ASX announcements and Management.

Set out below is a summary of the current key infrastructure assets held by Angel:

- *Water Leases* – Since 2016 the Company has acquired oyster production leases and related assets in Coffin Bay, Cowell and Haslam. As at 31 December 2021, Angel collectively held c. 34 leases amounting to c. 86.5ha of water, with c. 52.5ha being developed and the remaining c. 34.0ha being underdeveloped.

- *Growth infrastructure* – Angel primarily uses the Adjustable Long Line ("ALL") farming system, however, is currently trialling its FlipFarm operations. The ALL system allows the lines and baskets to be adjusted up and down the holding posts depending on the seasons, tide, weather, age of the oysters, and condition of the oysters to ensure that they are always sitting in the most nutrient rich section of the water column. FlipFarming, which has been trialled throughout CY21, was developed as an alternative to oysters bags and boasts increased handling efficiency, a reduction in overall labour costs and is expected to provide a better growing environment for oysters.

- *Export processing facilities* – In February 2018 Angel purchased an onshore processing facility located at Coffin Bay, Port Lincoln. In June 2018 this processing facility was officially accredited under the Australian Quality Inspection Service (“AQIS”) by the Department of Agriculture, Fisheries and Forestry for the export of fish species. This is a dual accreditation with the South Australian Government and enables Angel to export their produce. In addition, this facility also functions as Angel’s head office.

- *Properties* – Angel currently owns four properties excluding the aforementioned export processing facility. In each of Coffin Bay, Cowell and Haslam, Angel owns a developed oyster shed that houses grading equipment, offices and other tertiary utilities necessary in the general operations of the business. Additionally, Angel also owns an undeveloped property in Coffin Bay that is intended to be set up as a second oyster shed to separate sales processing from inbound grading.

- *Machinery and other Assets* – Angel holds a wide variety of machinery and other assets that are necessary to facilitate the day-to-day operations. Machinery and other assets includes things such as boats, motor vehicles, cages for storage, forklifts, grading equipment, tractors and trailers. As at 31 December 2021, these assets amounted to c. A$2.3 million.

In November 2020, Angel launched its 3-pillar growth strategy to support the next stage of its growth cycle. Through this strategy, Angel aimed to double its production capacity to c. 20 million oysters per annum by 2025 in order to meet growing demand, and extend upon the existing success of its multi-bay strategy and operating base. The following is a breakdown and steps taken by Angel within the framework of the 3-pillar growth strategy:

- *Pillar 1 – Increasing scale through acquisitions:* Alongside Angel’s strategy to increase production capacity, throughout CY21 the Company purchased c. 10ha of underdeveloped water in Streaky Bay[21], increasing their total underdeveloped water holdings to c. 34ha. Additionally, throughout CY21 Angel’s developed water lease holdings increased to c. 52.5ha, including c. 6ha of farms trialling FlipFarm operations across Coffin Bay and Cowell.

- *Pillar 2 – Increasing productivity through innovation:* Throughout CY21 Angel launched FlipFarming and ‘summer oysters’ trials in Coffin Bay. The FlipFarm trials delivered promising results throughout the year, increasing overall production capacity to c. 15 million units per annum and resulted in superior quality, cleaner shells and a lower average cost per unit through labour efficiencies. ‘Summer oysters’ is an initiative to stock Triploid[22] oysters that do not spawn, thereby increasing Angel’s ability to stay in the market and capture peak summer demand, ultimately strengthening its position within the retail channel and enabling continual supply throughout the year.

- *Pillar 3 – Improved price through premium brand positioning:* In June 2021 Angel launched the pilot program of the Halo Club, a premium direct-to-consumer avenue for the business. The Halo Club

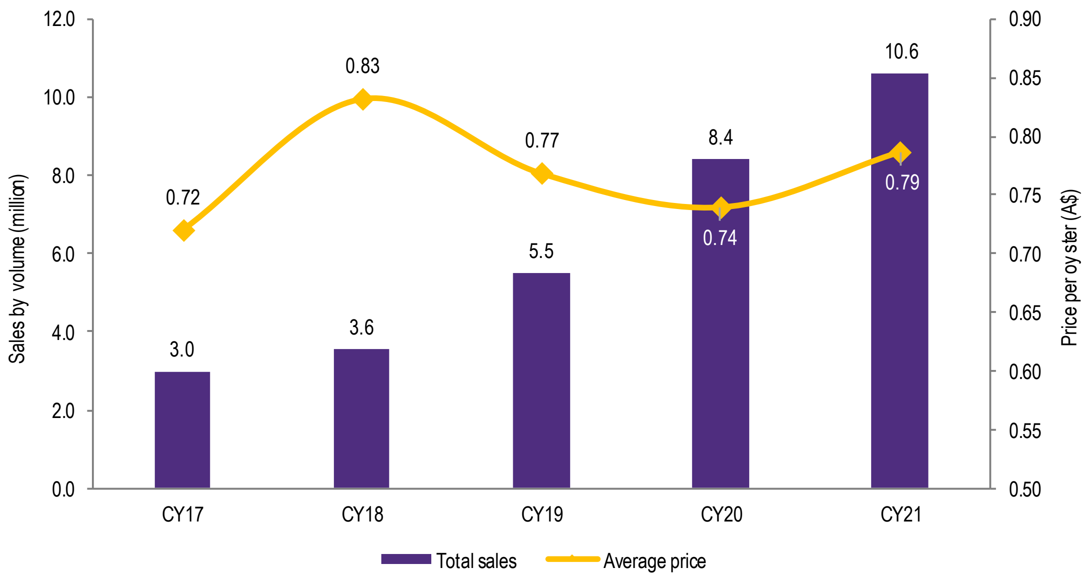
[21] Closely situated to the existing Haslam location.
[22] Triploid oysters are Pacific Oysters with an additional chromosome. As a result of this, these oysters are infertile and do not spawn.

operates on a membership and subscription basis to give customers a direct access to oysters, whilst creating a recurring stream of revenue for Angel.

Following the announcement of 3-pillar strategy, in December 2020 Angel successfully raised c. A$4 million through a placement of c. 23.5 million new fully paid ordinary shares at an issue price of A$0.17 per share. These funds were largely raised to underpin the 3-pillar strategy, however they also enabled Angel to continue investment in biological assets (i.e. spat) for future sales growth, optimise the Company's funding structure, and strengthen its overall financial position. In addition, throughout CY21 Angel also extended their working capital facility with NAB by a further A$1 million for capital expenditure ("capex") purposes, resulting in a total outstanding bank debt of c. A$5.4 million as at 31 December 2021 with a total facility limit of c. A$6.5 million.

The Company generates the vast majority of its revenue from the domestic sale of bistro oysters, followed next by plate and standard[23]. Typically, bistro oysters are preferred by the retail sector whereas plate and standard oysters are predominately sold to the food services industry. Historically, sales within the food services sector outweighed that of the retail sector, however due to the COVID-19 outbreak and its associated ramifications on the industry, this sales distribution has now inverted. In addition, Angel also exports a very small proportion of its product to two Asian wholesalers that supply local restaurants overseas. Exports are not currently a large sales channel and historically have accounted for c. 3% of sales in FY19, c. 2% of sales in FY20 and less than 1% throughout FY21, however future growth in the area is expected. The following illustration depicts the historical breakdown of Angel's sales by volume and average price per oyster:

Historical breakdown of Angel's annual sales volumes and average price per oyster



Source: Angel publicly available information

As shown above, Angel's total annual sales volume has grown by a CAGR of c. 29%. This has been driven by increasing production capacity from both additional water leases acquired and innovative farming techniques. Angel's total sales of c. 10.6 million in CY21 represent 71% of their potential finishing capacity of 15 million oysters. From a price perspective, excluding CY18 the average price per oyster has remained

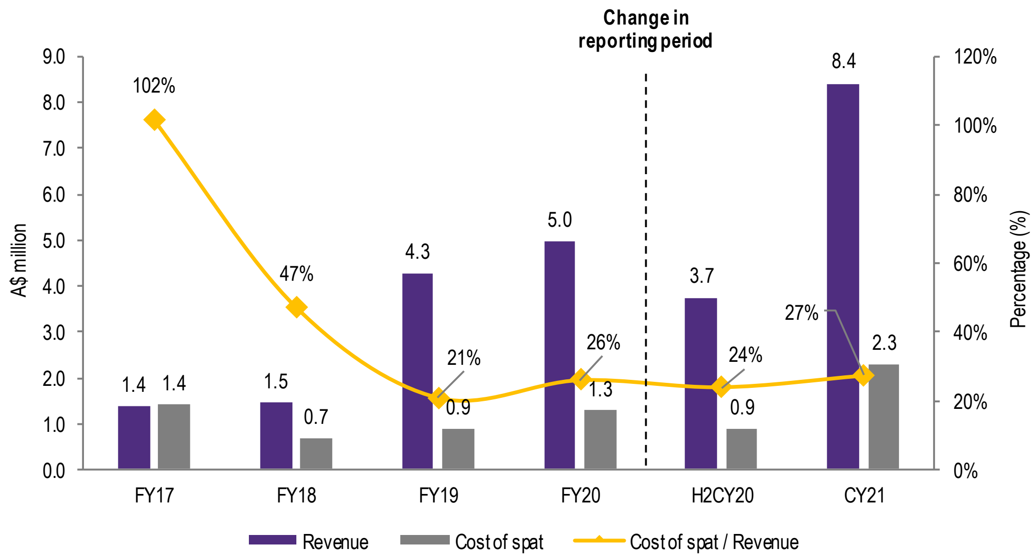
23 These oyster types are discussed in further detail within section 4.3.

relatively stable. The large spike seen in CY18 is attributable to an industry supply shortage and higher input costs as a result of the POMS outbreak.

The sales mix in FY22 and beyond is expected to become more diversified with Angel expecting to export a higher portion of their produce, and increasing their food service sales, following easing of COVID-19 restrictions. Additionally, the expected success of the 'Summer oysters' trial will extend Angel's sales period to the entire calendar year, with management expecting annual sales to increase by c. 10% - 15% in the absence of any significant future investment in assets.

Below we present Angel's historical fluctuations in both revenue and cost of spat:

Historical revenue vs. cost of spat



Source: Angel publicly available information

As set out above, Angel's revenue remained somewhat stagnant throughout both of FY17 and FY18, with higher-than-average cost of spat as a proportion of revenue relative to other years. This was due to the 2016 POMS outbreak which severely limited Angel's sales due to a low spat supply that diminished the quality of the juveniles whilst increasing the overall price per unit. Despite this, Angel displayed strong growth throughout FY19 with revenue increasing by c. 187% year-on-year, largely due to the fact that some acquisitions came with existing stock, a reduction in supply constraints as well as an overall increase in oyster maturation and quality. Since 2019, cost of spat as a proportion of sales has remained relatively constant between c. 21% and c. 27%, reflective of a continuous improvement in spat supply and quality as well as decreasing mortality levels through improved company practices.

4.2 Operations

4.2.1 Angel's multi-bay strategy

Angel runs a geographically diversified multi-bay strategy. In seeking to produce high quality oysters, Angel takes an approach whereby they move the oysters throughout the grow-out period to different locations, enabling them to get the essential nutrients they need throughout their growth cycle. The Company believes that utilising this multi-bay strategy is ideal as each location offers different growing patterns that match the oysters' life cycle, in turn enabling Angel to continually optimise both production and performance. Further, this multi-bay strategy also provides a form of risk mitigation through geographical diversification in the case of disease outbreaks in any one location.

Angel also contends that the multi-bay strategy enables them to grow their oysters quicker and cheaper than other local oyster producers, on average taking 3 months less than is industry standard. Typically, farmers are only able to grow in a single location and rotate through their stock at heightened levels prior to optimal maturity for cash flow purposes, thereby adding inefficiencies and increasing overall costs. The Company considers that Angel's system-based approach to farming lowers the cost of production per oyster and reduces the maturation period per oysters, in turn leading to a higher overall gross margin. Currently, Angel has a total holding capacity of between 25 - 30 million oysters and a total finishing capacity of c. 15 million oysters per annum.

Spat is predominately held in Cowell where the waters are comparatively better for nurturing the juveniles in early development. This is largely due to characteristics held by Cowell that favour rapid growth amongst the spat, most notably being water flow rates, nutrition, rainfall history and water temperature. Once the product has matured to market specifications, the oysters are then transferred to the nutrient rich Coffin Bay waters to condition for market, with surplus stock being transferred to Haslam. Prior to moving the stock, each oyster is first inspected and then graded in one of Angel's processing facilities. The oysters are then placed in large plastic bins and trucked between each location. As oysters typically spend a considerable amount of time out of water during low tide, the transportation amongst locations ultimately has no negative impact on the oysters. The following table provides a breakdown of when and where the oysters are typically located throughout their lifecycle.

Location of Angel oysters throughout growth cycle	Growth phase	Conditioning phase
Location	c. 25 million holding capactiy	c. 15 million finishing capacity
Cowell	Spat - 15 months	
Haslam	12 - 15 months (as required)	
Coffin Bay		10 - 12 week cycle

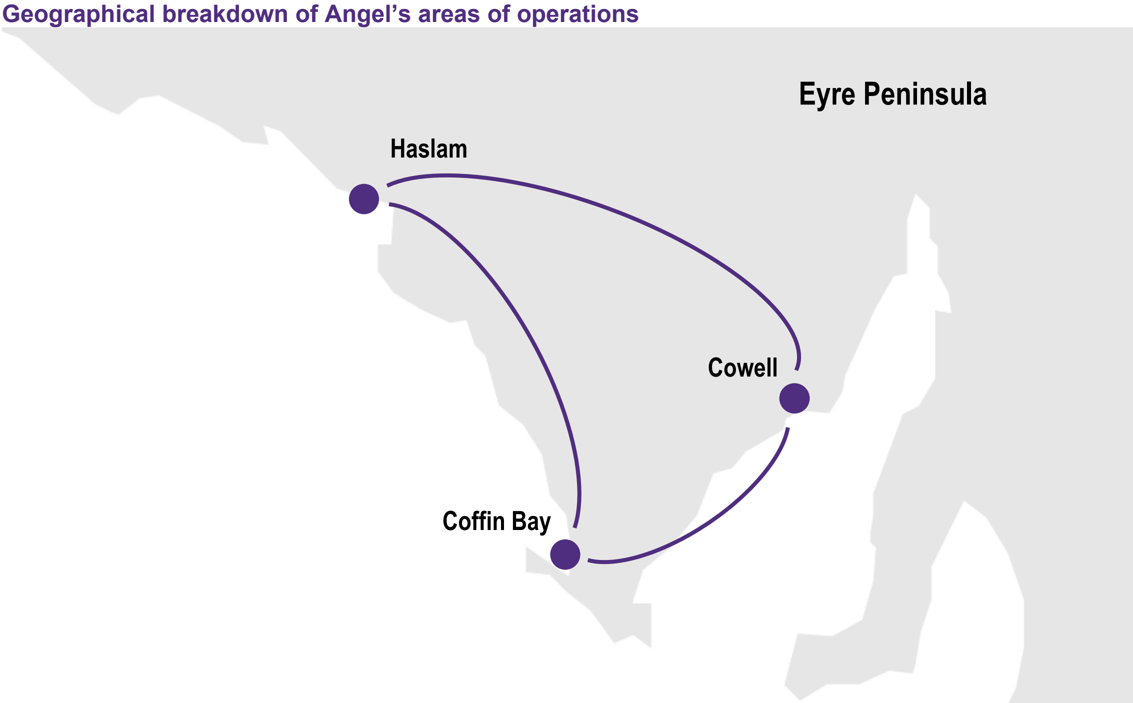
Source: Angel Prospectus and Management.
Note (1): The above table relates to the age of the oysters, not time spent on farm.

4.2.2 Angel's water licenses and leases

Angel operates a number of licenses and leases spread across the multiple bays that the Company farms in. This geographical diversification offers the Company risk management and the ability to relocate product to align with growth and conditioning. These leases and licenses are issued through Primary Industries and Regions South Australia ("PIRSA"). The licence and leaseholder must abide by a number of PIRSA regulations and guidelines that are monitored and enforced through mandatory periodic inspections. Angel is required to pay an annual lease and license fees to PIRSA to ensure renewal of its water assets. Leases can be renewed towards the end of the expiry of the current lease term and variable term extensions of up to 30 years may be granted by PIRSA.

The following illustration depicts the Eyre Peninsula and location of Angel's key leases and areas of operation.

Geographical breakdown of Angel's areas of operations



Source: Angel FY21 Annual Report

Coffin Bay

Located at the southern tip of the Eyre Peninsula, Coffin Bay is Angel's premier location with favourable conditions for conditioning the oysters for sale. Generally, the water in Coffin Bay is cooler and has higher energy[24], with algae coming into the bay from the Great Australian Bight that is favourable for fattening the oyster meat. Whilst all bays will condition oysters, Coffin Bay is perceived to be of a higher quality and more consistent in finishing. As a result of this, the leases in this area are more expensive.

[24] Energy relates to tidal fluctuations and the volatility of the water itself.

The following provides a breakdown of Angel's Coffin Bay water leases and licenses:

Coffin Bay Lease Overview - 31 Dec 2021 Lease number	Licence Number	Ownership status	Status	AL / FF	Expiry date	Size ha
LA00424	AQ00393	Owned	Underdeveloped	n/a	30-Jun-22	3.03
AL00389	FM00520	Owned	Developed	AL	30-Jun-23	0.50
LA00456	AQ00428	Leasehold	Developed	FF	30-Jun-23	1.00
AL00166	FM00146	Leasehold	Developed	FF	30-Jun-23	1.00
AL00393	FM00510	Leasehold	Developed	AL	30-Jun-23	1.00
AL00168	FM00149	Owned	Developed	AL	30-Jun-23	1.00
LA00217	AQ00159	Leasehold	Developed	AL	30-Jun-23	1.00
LA00434	AQ00378	Owned	Developed	AL	30-Jun-23	2.25
LA00436	AQ00180	Owned	Developed	AL	30-Jun-23	1.00
LA00226	AQ00168	Leasehold	Developed	AL	30-Jun-23	0.50
LA00234	AQ00178	Leasehold	Developed	AL/FF	30-Jun-23	1.25
LA00204	AQ00149	Owned	Developed	AL	30-Jun-23	0.50
AL00191	FM00177	Leasehold	Developed	FF	30-Jun-23	1.00
LA00239	AQ00183	Leasehold	Developed	AL	30-Jun-23	0.50
AL00384	FM00515	Leasehold	Developed	AL	30-Jun-23	1.00
AL00252	FM00377	Leasehold	Developed	AL	30-Jun-23	1.00
AL00175	FM00156	Owned	Developed	AL	30-Jun-23	1.00
AL00165	FM00145	Owned	Developed	AL	30-Jun-23	1.00
AL00284	FM00417	Owned	Developed	AL	30-Jun-29	1.00
Total						**20.53**

Source: Management
Note (1): Leasehold ownership statuses refer to situations where Angel are sub-leasing the farm from another farmer.
Note (2): Underdeveloped is representative of leases that are both undeveloped as well as currently being developed.
Note (3): AL = Adjustable Longline infrastructure and FF= FlipFarming infrastructure
Note (4): Lease renewal into perpetuity is subject to meeting compliance and the farms themselves being in good standard. There is no reason to expect that the company will not be able to renew their existing leases.

Cowell

Cowell is located in a harbour on the east coast of the Eyre Peninsula, just off the Spencer Gulf. Being further north than Coffin Bay and off a gulf, the water temperatures here are a few degrees warmer however have lower energy levels. Additionally, Cowell has its own ecosystems with food influenced by rain and run-off as opposed to being fed by the Great Australian Bight. These unique characteristics are favourable for the growth of the oysters, particularly shell size, however they do not provide the same conditioning benefit for the meat as Coffin Bay. As a result, Angel's leases in Cowell are therefore only used for grow-out of the oysters from spat to consumable size.

The following provides a breakdown of Angel's Cowell water leases and licenses:

Cowell Lease Overview - 31 Dec 2021 Lease number	Licence Number	Ownership status	Status	AL / FF	Expiry date	Size ha
AL00212	FM00325	Leasehold	Developed	FF	30-Jun-24	2.00
AL00069	FM00036	Owned	Developed	AL	30-Jun-23	10.00
AL00070	AQ00418	Leasehold	Developed	AL	30-Jun-23	2.59
AL00070	AQ00419	Leasehold	Developed	AL	30-Jun-23	2.85
Total						**17.44**

Source: Management
Note (1): Refer to Coffin Bay footnotes.

Haslam

Haslam, situated in an open bay c. 300km North-West of Coffin Bay, is primarily used for grow-out extension and for storage of surplus stock. As a result of being an open bay the water has higher levels of nutrition, however this is at the cost of less consistent and lower availability of algae. As a result of this, during peak growth season Haslam has the optimal conditions to house excess product when Cowell produces at a faster rate than Coffin Bay can handle. Additionally, water leases are less expensive in Haslam than Cowell or Coffin Bay, and slower growth results in less handling required.

The following provides a breakdown of Angel's Haslam water leases and licenses:

Haslam Lease Overview - 31 Dec 2021 Lease number	Licence Number	Ownership status	Status	AL / FF	Expiry date	Size ha
LA00468	AQ00447	Owned	Underdeveloped	n/a	15-Jun-22	1.34
LA00435	AQ00012	Owned	Developing	AL	30-Jun-29	7.50
LA00467	AQ00446	Owned	Underdeveloped	n/a	15-Jun-22	1.16
LA00465	AQ00444	Owned	Underdeveloped	n/a	15-Jun-22	1.76
LA00433	AQ00133	Owned	Developed	AL	30-Jun-41	10.00
LA00466	AQ00445	Owned	Underdeveloped	n/a	15-Jun-22	1.75
Total						**23.50**

Source: Management
Note (1): Refer to Coffin Bay footnotes.

In addition to the three aforementioned main bays, Angel also holds a certain number of underdeveloped leases in Streaky Bay, situated near their main operations in Haslam. Throughout FY21 Angel purchased an additional 10ha of undeveloped water in Streaky Bay that aided in increasing their potential finishing / growing capacity to upwards of c. 20 million oysters per annum.

The following provides a breakdown of Angel's current Streaky Bay water leases and licenses:

Streaky Bay Lease Overview - 31 Dec 2021	Licence	Ownership			Expiry	Size
Lease number	Number	status	Status	AL / FF	date	ha
AL00097	FM00546	Leasehold	Pending	n/a	30-Jun-23	2.00
AL00372	FM00504	Owned	Underdeveloped	n/a	30-Jun-26	1.00
LA00440	FM00474	Owned	Underdeveloped	n/a	30-Jun-29	7.00
AL00106	FM00075	Owned	Underdeveloped	n/a	30-Jun-22	5.00
AL00094	FM00062	Owned	Underdeveloped	n/a	30-Jun-22	10.00
Total						**25.00**

Source: Management
Note (1): Refer to Coffin Bay footnotes.

4.2.3 Cost of biological stock (spat)

Cost of biological stock, as illustrated in section 4.1, represents a significant input cost for the Company. Angel doesn't operate its own hatchery and has no plans to establish one in the near future, largely due to both the upfront cost associated as well as the level of competition present in the spat market. Currently, the vast majority of spat used by Angel is acquired from Yumbah Hatcheries, a South Australian based company.

The production of oysters is reliant on spat being supplied (and continued to be supplied) in good size and free from genetic modification. Approximately one kilogram of spat (assuming all survive) will turn in c. 20 tonnes of mature oysters. Further and somewhat unique in a farming operation, there is no stage throughout the oyster's lifecycle where they are physically fed, rather they rely on algae coming in from the ocean.

Angel's oyster mortality rate typically hovers around c. 50%, of which 60% occur within the spat and juvenile stages in the first 6 months. In other South Australian oyster farms, mortalities occasionally exceed 50% depending on the quality of spat and fluctuating environmental impacts. Notably however, the Company expects the mortality rate to decrease in future years for a number of reasons. Historical levels of spat mortalities have been inflated largely due to supply constraints resulting in a smaller spat size acquired. This was linked to the POMS outbreak in Tasmania throughout 2016 that resulted in spat transfers being suspended out of the state. At the time of the outbreak most of the hatcheries relied upon by South Australian oyster farmers were located in Tasmania, therefore the suspension of sales ultimately impacted the supply chain for numerous years.

The following table illustrates the historical key features surrounding Angel's spat levels:

Angel historical spat features					
Metrics	FY17	FY18	FY19	FY20	CY21
Cost of spat - (A$m)	1.4	0.7	0.9	1.3	2.3
Typical spat size acquired	2mm	2mm	2-3mm	4-6mm	5-6mm
Spat pricing per oyster	A$0.03	A$0.03	A$0.03	A$0.03 - A$0.04	A$0.03 - A$0.04

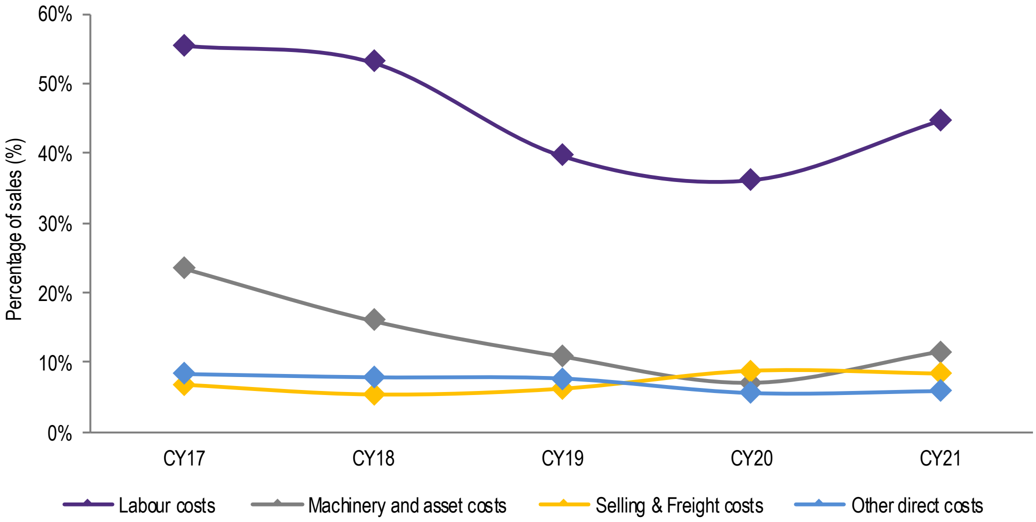
Source: Management

Moving forward, as spat quality is expected to continue to improve, with hatcheries using local brood stock accustomed to South Australian conditions, and as innovative techniques from R&D programs are introduced, it is expected the overall level of stock mortality will steadily decline. Further, more hatcheries have become established in South Australia and should assist in alleviating supply constraints in the case of future interstate outbreaks. Note however, Angel currently relies heavily on Yumbah Hatcheries for the procurement of spat as other hatcheries are still struggling to supply sufficient quantities for larger farms, therefore the risk exists that any adverse shock to Yumbah is likely to have a flow on effect to the Company's operations.

4.2.4 Key input costs

The following graph illustrates some of the historical key input cost categories as a percentage of Angel's total revenue:

Angel key input costs as a percentage of revenue



Source: Angel publicly available information and management

Labour costs – Labour costs are the single largest input cost for Angel. Alongside their rapid operational expansion in recent years, the company has scaled up their labour force and personnel to reflect this. Primary operations for Angel's labour force includes the sorting of new spat, the deployment of oysters throughout the long-line baskets and FlipFarms, the grading of oysters during the growth phase every c. 8 weeks, the movement of the oysters amongst the various leases, harvesting and grading of oysters upon maturity and lastly packaging for sales distribution. Going forward, the labour cost ratio is expected to decrease further through economies of scale as well as the adoption of new farming techniques leading to labour efficiencies.

Machinery and Assets costs – Angel's machinery and assets expense has also trended downwards in recent years, largely a function of an incrementally increasing asset base amidst rapid acquisitive expansion. The primary expense within the machinery and asset costs is repairs and maintenance, constituting to c. 60% in CY21. Following this, fuel and oil costs accounted for c. 23% of machinery and asset costs in CY21, with lease / rental of assets making up the remaining c. 17%. Like the labour costs ratio, machinery, and asset costs as a percentage of revenue are expected to decline moving forward.

Selling and freight costs – Selling and freight costs have increased in recent years, largely due to the scale up in operations and larger levels of output. This has been reflected in growing freight fees as well as an increase in packaging materials and supplies for the domestic market. Additionally, throughout CY20

Angel began distributing its product through an intermediary who charges a commission on all sales, further increasing total sales costs.

Other direct costs – Other direct costs have remained stable over the past five calendar years and are primarily constituted by overheard expenses including fees and permits, minor plant and equipment (less than A$1000) repairs / adjustments, protective clothing, and utility fees.

4.2.5 Environmental, Social, and Governance ("ESG") accreditations

Angel has a strong focus on environmental sustainability and endeavours to preserve the ecosystems it operates within whilst delivering a premium product. From this, Angel has developed a produce dashboard on its website that covers the key ESG practices and certifications awarded to the Company since inception. The following illustrates the key differentiators and ESG awards that the company holds:

- *Best practice* – Angel holds food safety accreditation for the growing, harvest, grading, storage, and transportation of oysters from the South Australia Government[25]. In addition, the South Australian government administers a Shellfish Quality Assurance program, which monitors the water quality in shellfish harvesting areas where the Company's oysters are grown. Ultimately, this means that Angel is consistently operating in high quality water as a result of the assurance program.

- *Certified organic* – Angel achieved a 'Certified Organic' status from NASAA in 2012[26], the first oyster grower in Australia to do so and one of a handful of certified pacific oyster producers in Australia currently. Ongoing water monitoring, sea grass management and environmentally friendly infrastructure are some of the key elements required to achieve and maintain this status.

- *Sustainability Certification* – Angel was awarded the 'Friends of the Sea' certification in 2014[27], one of only a handful of oyster companies globally to do so. This global program is geared towards making sustainability a reality in the fishing and aquaculture sectors, reducing ecosystem impact as well as energy wastage and increasing social accountability.

- *Traceability* – Angel's oysters are capable of being traced from spat throughout their lifecycle to their final customer destinations. From this, Angel can account for each batch of oysters from spat to plate.

Angel view these certifications as a significant point of difference as it provides customers with certainty of the product's quality, a key factor considering the global shift towards increasing levels of health consciousness.

4.3 Sales channels and oyster prices

Angel primarily offers the following oyster products:

- *Bistro* – Typically between 60 – 70mm in length. These types of oysters are generally favoured by the retail industry due to the price point and the size being convenient for trays in retail.

[25] Certificate of Accreditation dated 24 February 2011 Accreditation Number 20/176 – Primary Produce (Food Safety Schemes) Act 2004.
[26] Certificate number 5411.
[27] Certificate C857418FOS-C-01 2020.

- *Plate* – Typically between 75 – 90mm in length. These types of oysters are generally favoured by the food services industry due to the larger size and premium meat to shell ratio.

- *Standard* – Typically between 90 – 100mm in length. Generally favoured by the food services industry as well.

- *Large* – Typically 100+ mm in length. Also generally favoured by the food services industry.

- *Export* – Export oysters vary in size depending on demand. Exports typically demand a higher price due to larger levels of input costs as a result of international packaging and freight.

The products are sold into the following channels:

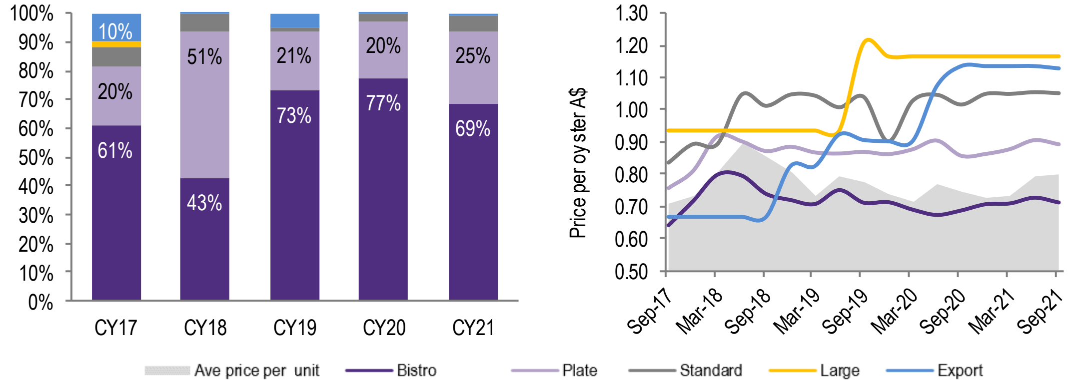
- *Domestic retail*: Over the last two years, largely due to COVID-19 and its impact on the foodservice industry, Angel has shifted its focus towards the domestic retail market. The retail market generally plays to Angel's strengths in terms of both volumes and product consistency, therefore has also reflected a strategic shift for Angel. Demand has remained strong in this market despite challenging pandemic conditions, illustrative of a growth in both sales and total biomass on hand.

- *Domestic food services*: Prior to the pandemic, the domestic food services industry accounted to a larger proportion of Angel total sales than post. More recently however, this sales mix has shifted and the food services industry now only accounts for c. 20% of total sales. Whilst the sale of oysters to the food services industry generates higher prices, the oysters preferred by this market are generally bigger and take longer to mature, thereby reducing farm turnover. We note however, as Australia's food services industry begins to rebound back to pre-pandemic levels and the demand for premium oysters grows, it's likely that Angel will begin to increase this portion of their business.

- *Export* – Exports have historically been a very small proportion of Angel's total sales, constituting to c. 3% of total sales in FY19, c. 2% of total sales in FY20 and less than 1% of total sales in FY21. As previously mentioned, Angel exports to two wholesalers in Asia who predominately supply local restaurants. There are currently no formal agreements with these customers. Moving forward however, an overall increase in exports is expected as new techniques are adopted to help preserve the overall transportability and shelf life of the oysters. This will be further facilitated as production volumes are expected to increase to a level where the Company can maintain its domestic market sales whilst building new overseas markets.

The following sets out the historical sales mix of Angel over the last 5 years and pricing for the relevant channel for the same period on a quarterly basis.

Angel historical sales mix and average price per unit



Source: Management
Note (1): Data callouts have been excluded for values less than 10%.
Note (2): Where the company has not sold a specific oyster type in one quarter, prices have been kept constant with the previous quarter.

As illustrated above, Bistro oysters have shifted in recent years to become the primary sales item for Angel. This is in line with the Company's pivot in sales mix away from the food services industry due to COVID-19 and into the retail sector, of which Bistro oysters are preferred. Notably however and as illustrated on the right-hand side, Bistro oysters have always typically traded at a discount to other oyster types, largely due to them being both smaller in size and sold in bulk relative to other oyster types. Typically, export oysters are expected to demand a slight premium due to the increased input costs and freight associated with shipping, however, this has been limited due to subdued export trade.

From an intermediaries perspective, Seafood Unlimited ("SU") is the primary broker (intermediary broker between oyster farmers and wholesalers) used by Angel Seafood, accounting for c. 60% of total annual sales. The remaining c. 40% is otherwise sold to a number of other major industry wholesalers. SU sources oysters from numerous farms, primarily within South Australia and Tasmania. SU primarily sells to wholesalers and predominately supplies the retail market. Note however, there is no actual formal contract in place between Angel and SU, with most sales being done at cost and by volume depending on the current demand levels. This is typical amongst other farmers as the industry generally lacks formalised long-contracts due to perceived business risks of variable production. Prime examples of this include disease or bacterial outbreak or even abnormal environmental events such as closure of oyster areas due to high rainfall or issues with water quality that affects harvesting timing.

Looking forward, Angel foresees a number of events that will support increasing levels of sales. Firstly, successful Summer Oyster trials will extend Angel's sales period to the entire calendar year, up from the current 10 months. These Summer Oysters have shown good survival rates, are on track to be available for sale in 2022 and are expected to increase annual sales by c. 10% - 15% with no further investment in assets. Additionally, further consolidation through the acquisition of additional leases from smaller operators will be a driving factor in scaling up operations. Finally, increased production levels domestically are expected to coincide with increased demand from both within Australia and overseas, therefore increasing future sales.

4.4 Financial performance

The table below illustrates the Company's audited consolidated statement of comprehensive income for the last three calendar years.

Consolidated statement of financial performance A$ '000	CY19 Audited[1]	CY20 Audited[1]	CY21 Audited
Revenue from operations	**4,271**	**6,248**	**8,415**
Other Income	988	1,385	814
Expenses			
Fair value adjustment of biological assets	2,999	1,081	2,814
Cost of biological stock	(1,266)	(1,524)	(2,292)
Employee benefits	(2,414)	(3,185)	(4,067)
Product recall costs	-	-	(540)
Other expenses	(1,800)	(2,127)	(3,031)
Total expenses	**(2,481)**	**(5,755)**	**(7,116)**
EBITDA	**2,779**	**1,878**	**2,113**
Depreciation and amortisation expense	(747)	(938)	(1,261)
EBIT	2,031	941	852
Finance costs	(345)	(383)	(401)
Profit before income tax expense	1,686	558	451
Income tax benefit/(expense)	-	-	-
Net profit for the period attributable to members of the company	**1,686**	**558**	**451**
Statutory:			
EBITDA (A$millions)	2.8	1.9	2.1
EBIT (A$millions)	2.0	0.9	0.9
EBITDA margin (%)	65.1%	30.1%	25.1%
EBIT Margin (%)	47.6%	15.1%	10.1%
Operating (excl. impact of fair value adjustment of biological assets)			
EBITDA (A$millions)	(0.2)	0.8	(0.7)
EBIT (A$millions)	(1.0)	(0.1)	(2.0)
EBITDA margin (%)	(5.2%)	12.8%	(8.3%)
EBIT margin (%)	(22.7%)	(2.2%)	(23.3%)

Source: Angel annual and interim reports.
Note (1): CY20 and CY19 figures have been determined based off of GTCF's calculations from both annual and interim audited reports.
Note (2): Angel changed its reporting date from 30 June to 31 December, effective from 1 July 2020

In relation to the above, we note the following:

- Over the last three years Angel's revenue from operations has grown at a CAGR of c. 25%, largely due to increasing scale of operations and productivity gains. In November 2020, Angel launched a 3-pillar growth strategy to support its next phase of growth. Angel has subsequently made investments in working capital and infrastructure, to facilitate this growth and allow them to meet increasing demand.

- An increase in revenue has been recorded in all three calendar years. This is driven by continued strong domestic demand for Angel oysters, with sales surpassing 10 million in CY21 for the first time. Revenue from domestic sales accounted for c. 98% of total revenue in CY21.

- Other income is mainly in relation to government grants for R&D incentive and COVID-19 support grants. Angel recognised A$739k in R&D incentives and A$25k in COVID-19 support payments for CY21.

- The fair value adjustment on biological stock represents a net growth in biological stock during the year. In CY21, it's estimated that the Company lost c. A$1.2 million in sales due to a 4-week closure of Coffin Bay following the Vp outbreak. This resulted in an increase in biological stock biomass and in turn, a larger fair value adjustment.

- The Vp outbreak also resulted in the recall of all fresh and frozen product that was sold, consigned, or distributed for sale from 4 September 2021 until 16 November 2021. Product recall costs in CY2021 includes refunds and logistics costs in relation to the product recall.

- The increase in employment benefits expenses reflects the underlying growth in the business and comprises of payroll costs, oncosts and amortisation of shares, performance rights and options awarded to employees.

- Effective from 1 January 2021, Angel formed a tax consolidated group with wholly owned subsidiaries Angel Oysters Australia Pty Ltd and Angel Seafood Infrastructure Pty Ltd. The consolidated group recognised a portion of previously unrecognised tax losses from prior periods to offset the deferred tax expense and deferred tax liability resulting in nil income tax expense for CY21.

4.5 Financial position

The consolidated statement of financial position of Angel as at 31 December 2020 and as at 31 December 2021 are summarised in the table below.

Consolidated statement of financial position A$ '000	31-Dec-20 Audited	31-Dec-21 Audited
Assets		
Cash and cash equivalents	3,176	1,539
Trade and other receivables	859	1,083
Biological assets	4,990	7,485
Other assets	-	-
Total current assets	**9,026**	**10,108**
Biological assets	1,461	1,952
Property, plant and equipment	7,958	9,217
Intangible assets	7,679	7,508
Other assets	8	-
Total non-current assets	**17,105**	**18,677**
Total assets	**26,131**	**28,784**
Liabilities		
Trade and other payables	1,019	1,442
Borrowings	1,788	3,301
Employee benefits	395	333
Total current liabilities	**3,202**	**5,076**
Borrowings	5,534	5,223
Employee benefits	64	108
Total non-current liabilities	**5,598**	**5,331**
Total liabilities	**8,801**	**10,407**
Net assets	**17,330**	**18,377**

Source: Angel annual and interim reports

We note the following in relation to Angel's financial position:

- Cash and cash equivalents decreased by c. 51.5% between 31 December 2020 and 31 December 2021 as a result of capital expenditure and investment in biological assets biomass to support growth initiatives.

- Biological assets represent oysters, which are measured at fair value less costs to sell. Biological assets increased to c. A$9.4 million as at 31 December 2021. This is driven by net improvement in the stock profile and the delay to sales caused by the closure of Coffin Bay due to the Vp outbreak.

- Property, plant, and equipment increased primarily due to the investment in FlipFarming infrastructure and supporting ancillary equipment and ongoing development and upgrades to cater for growth. The additional investment enabled production capacity to increase by c. 25% during CY21.

- Intangible assets of c. $7.5m as at 31 December 2021 include oyster leases owned by Angel and right-of-use assets in relation to sub-leases. We note, as at 31 December 2021, the right-of-use asset portion of intangible assets was c. A$2.6m (31 December 2020: c. A$2.5m). Oyster leases are considered to have an indefinite useful life based on a reasonable expectation that they can be renewed at the end of the last period for the foreseeable future.

- Angel has loan facilities with National Australia Bank which are secured liabilities and subjects Angel to loan covenants. As at 31 December 2021, Angel's current and non-current borrowings are made up of a bank loan balance of c. A$5.4m and lease liabilities and asset finance balance of c. A$3.1m.

- Net assets for Angel increased from c. A$17.3 million as at 31 December 2020 to c. A$18.4 million as at 31 December 2021, mainly due to an increase in the value of biological assets.

4.6 Cash flow statement

The table below illustrates the Company's audited consolidated statements of cash flows for CY21.

Consolidated statements of cash flow A$ '000	CY21 Audited
Cash flows from operating activities	
Receipts from customers	8,512
Payments to suppliers and employees	(9,537)
Government grants and incentives	419
Finance costs	(380)
Net cash inflow/(outflow) from operating activities	**(986)**
Cash flows from investing activities	
Payment for oyster lease	
Purchase of property, plant and equipment	(2,416)
Proceeds from disposal of property, plant and equipment	96
Net cash inflow/(outflow) from investing activities	**(2,320)**
Cash flow from financing activities	
Proceeds from issue of shares net of transaction costs	490
Proceeds from borrowings	2,000
Repayment of borrowings	(300)
Repayment of lease liabilities	(521)
Net cash (outflow)/inflow from financing activities	**1,669**
Net increase / (decrease) in cash and cash equivalents	**(1,637)**
Cash and cash equivalents at the beginning of the financial year	3,176
Cash and cash equivalents at year end	**1,539**

Sources: Angel annual and interim reports

We note the following in relation to Angel's cash flow:

- Angel has invested significant funds into the purchase of property, plant, and equipment in CY21, to carry out the Company's 3-pillar growth strategy announced in November 2020. This included the acquisition of an additional 10ha of undeveloped water in Haslam and rolling out 6ha of Flip-Farm technology.
- As at 31 December 2021, Angel had access to two undrawn revolving credit facilities with a total balance of A$1,052,069. The working capital facility has a limit of c. A$3 million, of which c. A$2 million was drawn down at year end. Additionally, as at 31 December 2021 the Company had drawn A$3,422,931 from the business expansion facility.
- The Company issued 6 million shares on the exercise of options in February 2021, resulting in receipt of A$0.5 million which was also used to fund growth opportunities.
- The Company had a total liquidity of A$2,591,503, being the total of Cash and cash equivalents and available facilities, as at 31 December 2021. As such, Angel is expected to have sufficient cash to settle debts as and when they fall due.
- The repayment of lease liabilities in CY21 resulted in the decrease of lease liabilities to A$3.1 million.

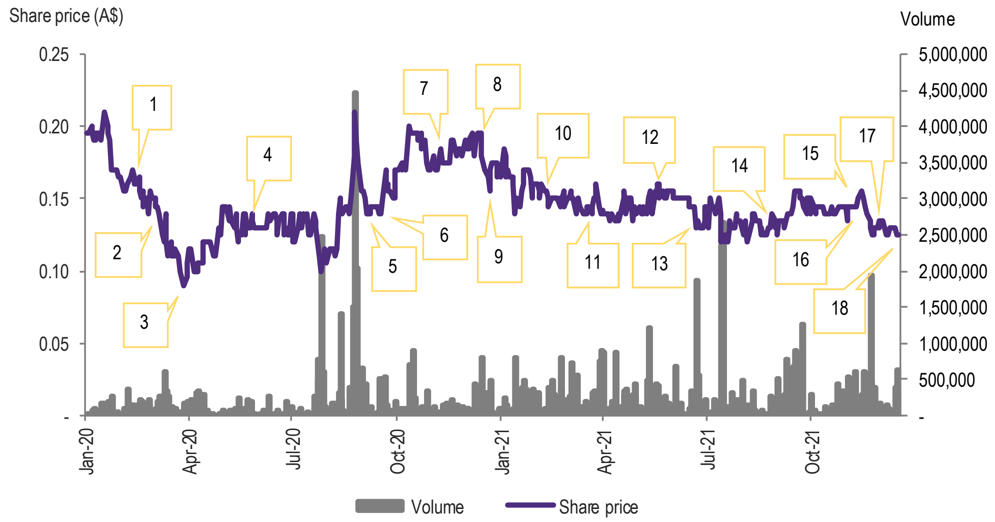
4.7 Capital structure

As at the date of this report, Angel has 161,574,854[28] ordinary shares on issue.

4.7.1 Share price movements

Our analysis of the daily movements in Angel's share price and volume for the period from 25 November 2019 to 17 December 2021 is set out below.

Angel – Historical share trading price and volumes



Sources: S&P Global and GTCF Analysis

The following table illustrates the key events from November 2019 to December 2021, which may have impacted the share price and volume movements shown above.

Event	Date	Comment
1	13-Feb-20	Release of the following securities from escrow occurred on 21 February 2020: - Fully paid ordinary shares – 43,854,356 - Performance shares – 1,000,000 - Options exercisable at $0.0833 expiring on 28 February 2021 – 6,000,000 - Options exercisable at $0.20 expiring on 21 February 2022 – 4,000,000 - Options exercisable at $0.40 expiring on 21 February 2022 – 2,000,000
2	26-Feb-20	Angel released its half yearly report for the period ended 30 December 2019: - Net profit from ordinary activities attributable to members was reported as A$412,036, up from the previous year's A$(968,370) loss. - Revenue from oyster sales for the half year was $2,481,894 from the sale of 3.3 million units, up 10% compared to the pcp. The strong growth exports attributed to this according to management.
3	25-Mar-20	In late February and into early March, the ASX decreased by over 30% due to investor panic surrounding the outbreak COVID-19. This event was felt at all levels of the economy and widespread mandatory isolation in Australia led to the first technical recession in over 30 years. - Whilst Angel's farming operations have been unaffected by COVID-19, government directives such as limited opening of restaurants and reduced foot traffic had an adverse impact on oyster sales
4	21-May-20	The Founder and CEO of Angel, Mr Zac Halman, sold 1.5 million shares at A$0.13 each to the Company's Chairman, Mr Tim Goldsmith. The price represented a premium to the 30-Day VWAP. Mr Halman remained as Angel's largest shareholder.
5	25-Aug-20	Trading in the securities of Angel was temporarily paused to allow ASX to investigate the following pricing queries:

[28] S&P Global Capital IQ.

Event	Date	Comment
		- Change in the price of Angel's securities from a low of A$0.14 to an intra-day high of A$0.26 on 25 August 2020. - Significant increase in the volume of Angel's securities traded from 24 August 2020 to 25 August 2020.
6	26-Aug-20	Angel released its preliminary annual report for the period ended 30 June 2020: - Full year sales of 6.6 million oysters, up 25% from FY19, attributable to increased water holdings and strong stock profile. - A$5 million in revenue achieved, up 16% from FY19, attributable to steady oyster prices. - Generated positive operating cash flow of A$528,000 for FY20. This included A$170,000 of COVID-19 government grants. - Improved financial position and liquidity.
7	18-Nov-20	Having achieved production capacity of over 10 million oysters per annum and a profitable operating base, Angel commenced its next phase of growth, the '3-pillar growth strategy', which includes: - Additional 6.25Ha of premium water, secured via lease agreements, to expand operations in Eyre Peninsula. - Trial of a new bio-dynamic oyster farming system, "FlipFarm", in Coffin Bay. - Focus on its premium brand positioning to improve its pricing.
8	2-Dec-20	Angel commenced a trial of 'summer oysters', allowing Angel to extend the oyster selling season and sell oysters through the peak summer demand period for the first time. The estimated outcome of this was an uplift in sales of 10-15%.
9	15-Dec-20	Successful placement raises $4 million to support Angel's '3-pillar growth strategy' and strengthen its financial position. The placement comprised an offer of 23.5 million fully paid ordinary shares in Angel at an issue price of A$0.17 per share.
10	23-Feb-21	Angel changed its financial reporting date from 30 June to 31 December, with effect from 1 July 2020. Angel released its Preliminary Financial Report for the transitional six-month financial period, 1 July 2020 to 31 December 2020: - Revenue of A$3.8 million, up 52% from pcp, driven by sales of 5.1 million oysters sold, up 55% from pcp. - 20% reduction in operating costs achieved through scale and productivity gains being realised. - Net Profit After Tax of A$719,000 and positive operating cash flow of A$175,000. Net assets of A$17.3 million as at 31 December 2020, up from A$12.8 million as at 30 June 2020.
11	24-Mar-21	Angel provided the following trading update: - Oyster sales have resumed following the spawning season and they were well positioned for the busy Easter trade period. - Strong demand of oysters from both restaurants and retailers. - Oyster stock remains healthy; Pacific Oyster Mortality Syndrome risk reduced with sea temperatures cooling.
12	17-Jun-21	Angel launched it direct-to-consumer offering, the 'Hālo Club' which is a subscription-based model that gives members direct access to Angel's oysters on a monthly basis, creating a potentially high-value and recurring income stream.
13	30-Jun-21	Angel secured Global Expansion Program funding: - Angel was selected to participate in the South Australian government-funded Global Expansion Program which focuses on growing export capability and capacity into new and existing markets. Angel will benefit from the initial funding of A$1 million.
14	27-Aug-21	Angel released their half yearly report for the period ended 30 June 2021: - Revenue of $3.6 million driven by strong domestic demand for oysters and increase size of business - EBITDA of A$1.3 million, up 166% on the pcp. - Net Profit After Tax of A$489,000, up from a A$(160,000) loss on the pcp. - Strong financial position with a cash balance of A$2.5 million and liquidity of A$4.1 million.
15	17-Nov-21	PIRSA places a temporary pause on the sale of all stock of South Australian oyster producers to investigate the cause of the increase in cases of Vp in South Australia, Western Australia and Victoria which have been linked to the consumption of South Australian oysters. Angel is liaising with PIRSA who conducting audits of the onsite oyster production and handling practices as well of those of supply chain and logistics providers.
16	22-Nov-21	On 19 November 2021, the South Australian Department of Health and Wellbeing ("DHW") ordered all oyster producers in the Coffin Bay region to cease harvesting and recall all fresh and frozen product that was sold, consigned, or distributed for sale from 4 September 2021 until 16 November 2021. - Angel believed that the majority of the 2.6 million units harvested and sold over the recall period have been consumed based on normal shelf life and will not be subject to the recall order. - Angel continued to sell oysters from bays outside of Coffin Bay.

Event	Date	Comment
17	3-Dec-21	Angel provided the following Vp Outbreak update: - There was a recall of approximately 40,000 dozen stock that was in the supply chain. This was on the lower end of expectations. - They were not aware of any Vp or adverse results from the tests PIRSA were conducting.
18	14-Dec-21	Angel was cleared by the DHW to recommence harvesting and sale of its oysters in Coffin May after no negative test results were recorded against Angel's oysters or production facilities. Production was increased to distribute stock to meet peak season demand.

Source: ASX announcements; GTCF research

The monthly share price performance of Angel since July 2020 and the weekly share price performance of Angel over the last 16 weeks before the Initial Announcement is summarised below.

Angel Seafood Limited	Share Price			Average weekly volume
	High $	Low $	Close $	000'
Month ended				
Dec 2020	0.195	0.155	0.165	866
Jan 2021	0.185	0.140	0.160	1,060
Feb 2021	0.165	0.145	0.145	1,049
Mar 2021	0.160	0.140	0.143	1,209
Apr 2021	0.155	0.135	0.140	996
May 2021	0.160	0.135	0.155	954
Jun 2021	0.160	0.130	0.145	1,075
Jul 2021	0.150	0.115	0.135	1,552
Aug 2021	0.140	0.120	0.130	439
Sep 2021	0.155	0.125	0.140	1,385
Oct 2021	0.150	0.135	0.145	488
Nov 2021	0.155	0.125	0.135	1,396
Week ended				
1 Oct 2021	0.150	0.140	0.150	380
8 Oct 2021	0.150	0.140	0.145	92
15 Oct 2021	0.145	0.140	0.140	203
22 Oct 2021	0.150	0.135	0.140	386
29 Oct 2021	0.150	0.140	0.145	1,073
5 Nov 2021	0.150	0.130	0.145	917
12 Nov 2021	0.150	0.145	0.150	668
19 Nov 2021	0.155	0.140	0.140	1,242
26 Nov 2021	0.140	0.125	0.130	3,193
3 Dec 2021	0.140	0.130	0.135	308
10 Dec 2021	0.130	0.125	0.130	308
17 Dec 2021	0.135	0.125	0.125	1,608

Source: CapitalIQ and GTCF calculations

4.7.2 Top shareholders

We have set out below the top 10 relevant shareholders of Angel as at 15 March 2022.

Number of ordinary shares as at 15 March 2022 '000	%	Number of shares
Laguna Bay Agricultural No1 Pt Ltd	19.9%	32,227,062
UBS Nominees Pty Ltd	15.8%	25,465,320
Angel Oysters Pty Ltd (Halman family)	13.9%	22,516,109
National Nominees Limited	5.7%	9,195,822
Mercantile General Pty Ltd	3.0%	4,805,000
Mr Michael Richard Porter & Mrs Patricia Mary Porter	2.6%	4,175,000
Citicorp Nominees Pty Ltd	2.2%	3,604,328
HSBC Custody Nominees (Australia) Limited	1.8%	2,914,728
Benvell Pty Ltd (Lake family)	1.6%	2,571,252
Mollygold Superannuation Pty Ltd	1.4%	2,300,000
Top 10 Shareholders	**67.9%**	**109,774,621**
Other shareholders	32.1%	51,800,233
Total number of ordinary outstanding shares	**100.0%**	**161,574,854**

Source: Angel Management

5 Valuation methodologies

5.1 Introduction

As discussed in Section 2, our fairness assessment involves comparing the Scheme Consideration with the fair market value of Angel on a control basis.

Grant Thornton Corporate Finance has assessed the value of Angel using the concept of fair market value. Fair market value is commonly defined as:

"the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length."

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers, and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets.
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets ("FME Method").
- Amount available for distribution to security holders in an orderly realisation of assets ("NAV Method").
- Quoted price for listed securities, when there is a liquid and active market ("Quoted Security Price Method").
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG 111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

5.3 Selected valuation methods

In our assessment of the fair value of Angel we have relied on the following valuation methodologies as outlined below:

- *Multiple approach* – Grant Thornton has selected the Revenue Multiple Method to assess the fair market value of Angel. Whilst revenue multiples are widely used to benchmark the value of high growth companies, we note that, generally, businesses are more often valued with reference to an earnings multiple, as earnings are considered the best proxy for measuring a company's underlying financial performance and can be readily benchmarked against other comparable companies. However, the following factors in our view make a revenue multiple approach the most appropriate to assess the fair market value of Angel:

  - Angel is still in its relative infancy and is anticipating high levels of future growth;

  - Angel displays high levels of re-investment in its inventory, PPE and sales in order to rapidly scale their business operations;

  - At an EBITDA level following the removal of the non-cash fair value adjustment of biological assets, Angel is either loss making or slightly profit making. Revenue multiples are typically used in situations where companies have limited history of profitability; and

  - Angel's primary peers, like the point above, are also generally loss or slightly profit making at the EBITDA level following the removal of the non-cash fair value adjustment of biological assets, hence they do not provide a reasonable base for an earnings comparison.

- Quoted Security Price Method – The Quoted Security Price Method is based on the Efficient Market Hypothesis, which assumes that the share price at any point in time reflects all publicly available information and will change when new information becomes publicly available. In the absence of a takeover or other share offers, the trading share price represents the value at which minority shareholders could realise their portfolio investment. When using this method, we have considered short term events which may have distorted the share price leading it to not be an appropriate reflection of the underlying value of the company on a minority basis.

- We have also cross checked our valuation assessment based on the following:

  - *DCF Method* – In cross checking the valuation assessment of Angel, we have undertaken a valuation assessment of Angel utilising the DCF Method. Grant Thornton Corporate Finance has built a valuation model based on the cash flow projections prepared by Management and benchmarked with publicly available information where possible. In assessing Management's Internal Projections, we have observed various assumptions which we have not been able to benchmark due to a lack of publicly available industry information, limited broker coverage, and the growing nature of the business. We note, majority of these assumptions also have a material bearing on the valuation output. We have highlighted the subjectivity of the output through a sensitivity analysis and are of the opinion no conclusions should be drawn from the DCF outputs.

6 Valuation assessment of Angel

6.1 Revenue Multiple

We have undertaken our valuation assessment having regard to Angel's actual FY21 normalised performance. Whilst investors place a greater reliance on forecast multiples and revenue growth rates, the lack of adequate forecast information and broker coverage, as well as the current volatile macroeconomic environment severely hinder the ability to rely on FY22 estimates. As a result, we have considered it appropriate to rely on FY21 actual results in our valuation assessment.

Our valuation assessment under the revenue multiple approach is summarised below.

Revenue multiples Method - Valuation Summary A$ '000	*Section Reference*	Low	High
Adopted revenue	*6.1.1*	9,600	9,600
Assessed revenue multiple - (control basis)	*6.1.2*	3.00x	4.00x
Enterprise value - (control basis)		**28,800**	**38,400**
Less: Net debt as at 31 December 2021	*6.1.3*	(6,984)	(6,984)
Equity value - (control basis)		**21,815**	**31,415**
Number of outstanding shares ('000s) (fully diluted)	*4.7*	161,575	161,575
Value per share (A$ per share) - (control basis)		**0.14**	**0.19**

Sources: GTCF Analysis

6.1.1 Revenue adopted for valuation purposes

For the purpose of our valuation assessment, we have had regard to the historical financial performance, year to date ("YTD") financial performance and forecast financial performance of Angel, each of which are discussed in more detail below.

Historical financial performance

As set out below, we have presented the historical revenue for Angel for the last three calendar years:

Revenue assessment A$ '000	*Notes*	CY19	CY20	CY21
Statutory revenue	*Note 1*	4,271	6,248	8,415
Normalisation	*Note 2*	-	-	1,200
Total revenue		**4,271**	**6,248**	**9,615**
Revenue growth		n/a	46%	54%

Sources: Angel publicly available information and GTCF Analysis

With regards to the above, we note the following:

Note 1 – Angel has been displaying considerable levels of growth over the last couple of years, in line with the aforementioned statement that the business is still heavily scaling up its operations. Angel has been acquisitive in recent years and has increased its potential finishing capacity to c. 15 million oysters per annum, reflective of the growth in demand. Angel's water leases provide the exclusive right to renew on an ongoing basis, therefore, excluding the sale of certain leases, the Company's future production capacity will always either remain constant or grow upon existing lease development / adoption of new best practice techniques. Angel expects that this will be supported through an increasing demand for domestic oysters.

Note 2 – Towards the end of CY21 Coffin Bay's oyster production zone was forced to halt sales given the rise in cases of Vp. As a result of this outbreak, Angel halted harvesting and sales of oysters for a c. 4-week period and recalled around 40,000 dozen units of stock that were still in the supply chain (equivalent to a week and a half of sales). On 28 February 2022 and accompanying Angel's CY21 results, the Company disclosed that this shutdown and stock recall led to an estimated c. A$1.2 million loss in total revenue. Note, this estimated c. A$1.2 million loss in revenue was only a deferral in sales for the period of time that sales were embargoed. Excluding the impact of the Vp outbreak, it's likely that Angel would have been able to fully realise this amount throughout the general course of business, therefore it has been added back to form a normalised view on the company's CY21 total revenue.

YTD financial performance

As part of our procedures, we have reviewed the current YTD financial performance and we note that the business is performing above the same corresponding period of last year, as a result of the increased production capacity through acquisitions, the introduction of FlipFarms throughout CY21 and the recent resurgence of the food services industry following the country reopening. Further, part of the first quarter sales in 2022 are surplus stock held back in December due to the Vp outbreak, however these have already been factored into the FY21 revenue adjustment. Despite this, there has only been two full months of trade throughout CY22 and as a result, we cannot form any long-term views on the company's performance over the course of the year.

Forecast financial performance

We note that Angel is not covered by any brokers, therefore the only forecasts we have available are based on Management's Internal Projections. We have reviewed the reasonableness of the Internal Projections, and this is discussed in further detail in section 6.3. We note however, given the inability to benchmark against public information and historical trends, we have relied on these forecasts for directional guidance only.

Conclusion on the adopted revenue

Based off the aforementioned discussions, we have assessed the maintainable revenue to be A$9.6 million and adopted it for the purpose of our valuation. Given the lack of YTD financial information and absence of forecast financial performance, we have relied solely on the historical FY21 total revenue, normalised for the Vp outbreak.

6.1.2 Trading and transaction multiples

We have set out below our analysis of the trading revenue multiples of listed comparable companies as well as the implied revenue multiples based off historical transactions for similar businesses.

6.1.2.1 Trading multiples

In selecting and analysing Angel's listed comparable companies, we have considered the following:

- Companies in the ANZ region that operate within the wider aquaculture industry due to the similar economic, geopolitical, and regulatory environments.

- We have mainly relied on ASX listed mollusc farmers ("Tier 1") due to the minimal input feed costs as well as the similar infrastructure, sales channels, and target markets. The second basket ("Tier 2") consists of all other aquafarmers in the ANZ region that produce seafood products such as prawns, salmon, and other types of fish. Note, whilst these companies are slightly different to that of the Tier 1 peers, they share numerous similarities in terms of risks and revenue drivers.

- Some listed companies have differing year ends, which has been taken into account within the assessed multiple.

Based on the above and for the purpose of our valuation assessment, we have relied on the selected listed peers:

Comparable companies		Market	Enterprise	EV/Revenue Multiple				
		Cap	Value	CY21	CY22	CY23	CY24	CY25
Company	Year-end	A$ m	A$ m	Actual	Projected	Projected	Projected	Projected
Tier 1 - Australian mollusc farmers								
East 33 Limited	30-Jun	25	31	1.1x	1.2x	0.5x	0.5x	0.5x
Rare Foods Australia Limited[3]	30-Jun	12	10	2.8x	NA	NA	NA	NA
Median - Tier 1				**2.0x**	**1.2x**	**0.5x**	**0.5x**	**0.5x**
Average - Tier 1				**2.0x**	**1.2x**	**0.5x**	**0.5x**	**0.5x**
Tier 2 - ANZ aquafarmers								
Seafarms Group Limited	30-Jun	106	61	2.8x	NA	NA	NA	NA
Murray Cod Australia Limited	30-Jun	176	158	15.2x	7.8x	4.7x	3.0x	1.8x
Clean Seas Seafood Limited	30-Jun	101	89	1.6x	1.6x	1.4x	1.2x	NA
Tassal Group Limited	30-Jun	737	1,247	1.8x	1.9x	1.8x	1.7x	1.7x
New Zealand King Salmon Investments Limited	31-Jul	119	161	1.7x	0.9x	0.8x	0.8x	NA
Sanford Limited	30-Sep	408	991	2.0x	1.9x	1.8x	1.8x	NA
Median - Tier 2 (excluding outliers)				**1.8x**	**1.8x**	**1.8x**	**1.7x**	**1.7x**
Average - Tier 2 (excluding outliers)				**2.0x**	**1.6x**	**2.1x**	**1.7x**	**1.7x**

Sources: S&P Global and GTCF Analysis
Note (1): Enterprise value was calculated on a post AASB-16 basis.
Note (2): All values are calculated as at 23 March 2022.
Note (3): Rare Foods Australia Limited was previously known as Ocean Grown Abalone Limited
Note (4): Outliers exclude any values great than 5.0x.

A brief description of the companies listed in the table above is set out in Appendix C. We note the following in relation to the comparable companies:

- The revenue multiples of listed peers reflect the value of the underlying companies on a minority basis and do not include a premium for control.

- East 33 is a vertically integrated SRO producer and as discussed in detail below, is considered highly comparable to Angel.

- Rare Foods also appears relatively comparable to Angel in that it is a mollusc farmer that has minimal feed input costs, however the company's primary production relates to abalone rather than oysters. Additionally, Rare Foods's target market and overall sales mix is far more diversified, and export focussed relative to Angel. As such, we have placed limited reliance on Rare Foods for the purpose of our valuation assessment.

- The Tier 2 companies offer a combination of seafood-based products throughout Australia and overseas. The companies are significantly larger and more diversified than Angel with operations in different sectors and business models. As such, we do not consider them to be sufficiently comparable and we have not analysed or relied on them in our analysis.

In addition to the above, we also have set out below key performance indicators that provide further insight into each respective company:

Comparable companies	Revenue growth					Gross Margin
	CY21	CY22	CY23	CY24	CY25	CY21
Company	(3yr CAGR)	(F)	(F)	(F)	(F)	(3yr average)
Tier 1 - Australian mollusc farmers						
East 33 Limited	16.8%	(3.9%)	116.7%	13.3%	5.4%	48.0%
Rare Foods Australia Limited	6.0%	NA	NA	NA	NA	10.1%
Median - Tier 1	**11.4%**	**-3.9%**	**116.7%**	**13.3%**	**5.4%**	**29.1%**
Average - Tier 1	**11.4%**	**-3.9%**	**116.7%**	**13.3%**	**5.4%**	**29.1%**
Tier 2 - ANZ aquafarmers						
Seafarms Group Limited	(4.2%)	NA	NA	NA	NA	2.2%
Murray Cod Australia Limited	43.9%	94.6%	65.9%	57.6%	64.9%	75.1%
Clean Seas Seafood Limited	7.3%	(5.3%)	18.6%	13.5%	NA	(2.0%)
Tassal Group Limited	8.6%	(8.4%)	7.2%	3.0%	2.8%	49.5%
New Zealand King Salmon Investments Limited	0.7%	(1.6%)	16.1%	5.9%	NA	26.1%
Sanford Limited	(3.5%)	5.8%	5.0%	3.8%	NA	17.1%
Median - Tier 2 (excluding outliers)	**0.7%**	**(3.4%)**	**11.7%**	**4.9%**	**2.8%**	**17.1%**
Average - Tier 2 (excluding outliers)	**1.8%**	**(2.3%)**	**11.7%**	**6.6%**	**2.8%**	**37.0%**

Sources: S&P Global and GTCF Analysis

East 33 Ltd

East 33 is Australia's largest vertically integrated SRO producer, supplier, and exporter. The company was incorporated in 2019 to acquire and operate a portfolio of oyster businesses in a bid to consolidate the previously highly fragmented market. The Company's operations are focused in NSW, with the primary assets held in Tuncurry (Wallis Lake), Manning River, Camden, and Port Stephens. In addition to owning numerous hectares of aquaculture leases and operating SRO farms, East 33 also has in house upstream hatcheries and downstream distribution facilities. The hatcheries bring numerous benefits to East 33's operations, most notably being the non-reliance on wild caught spat, increased yields, lower mortalities and consistent volumes in known time frames. From a downstream perspective, in house distribution facilities enables access to third party suppliers, increased processing capabilities and a diversified client base. Below we present a selection of key performance indicators comparing East 33 with Angel:

Comparison of Angel and East 33 As at December 2021 (unless otherwise stated)	Units	Angel KPIs	East 33 KPIs
Market capitalisation	*A$m*	20.2	30.5
Enterprise value	*A$m*	27.2	36.8
Type of oyster	-	Pacific Oysters	Sydney Rock Oysters
Typical growth period until maturation	*Months*	15.0	24 - 42
Average price per oyster	*A$*	0.8	0.9
Total revenue	*A$*	8.4	15.1
Volume of oysters sold[2]	*million*	10.6	16.0
Production capacity	*million*	15.0	17.3
Collective size of leases	*ha*	c. 87	c. 204

Sources: Publicly available information; GTCF analysis.
Note (1): Enterprise value is calculated on a post AASB-16 basis. Values for Angel are calculated as at 17 December 2021, prior to the initial announcement of the transaction whereas values for East 33 are calculated as at 4 February 2022.
Note (2): Volume and oysters sold and production capacity for East 33 include both farmed oysters as well as other oysters purchased from their third-party supply chain system.

With relation to the above comparison, there are some important similarities that support the level of comparability amongst the companies. Both Angel and East 33 are similarly sized companies, with market capitalisations and enterprise values within c. A$7 million of one another. Both companies are also still scaling up their operations and experiencing continuing stages of rapid growth, supported by the aforementioned c. 25% revenue CAGR over the last three years for Angel and c. 17% for East 33. Note, Angel's three-year average gross profit margin of c. 76% is considerably larger than East 33's c. 48%, primarily due to the fact that Angel's cost of goods sold only includes cost of biological stock and excludes other direct costs such as freight in, packaging and supplies that East 33 accounts for.

Importantly however, there are also some key differences amongst Angel's and East 33's operations. Firstly, whilst the average price per oyster is higher for East 33's SROs, Angel's POs have a far quicker growth period, enabling a quicker turnover from spat to maturation at a lower overall cost per unit. Further, whilst East 33's current lease ownership is c. 107ha larger than Angel's, only 60% of the company's water is being utilised relative to Angel's c. 75% utilisation rate. Given the longer time spent growing from spat to maturity for SROs, it'll be some time until East 33 can realise the benefits from scaling up their utilisation rates to match that of Angel's. Despite this and as previously discussed, East 33 owns and operates numerous hatcheries upstream, thereby reducing the overall cost per unit of spat relative to Angel. Secondly, a large portion of East 33's total oyster sales come from the handling and processing of SROs from their third-party supply network. Of the c. 16 million oysters sold throughout CY21, only c. 7.0 million came from East 33's farms, with the remaining 56.3% being made up of external producers. Whilst this enables East 33 to process and distribute up to c. 25% of the total industry production of SROs[29], overall profit per oyster is lower when purchased from third parties relative to internally grown oysters (c. 9.7% opposed to c. 36.8%)[30], ultimately diminishing the company's gross margins.

Refer to the executive summary for an outline of the rolling LTM revenue multiples for both Angel and East 33 that illustrates the relative consistency of both companies up until December 2021. From December 2021 onwards, the East 33 share price experienced a period of considerable volatility. The initial downwards trend was primarily the result of a market wide correction following the release of unexpectedly high global quarterly inflation numbers and the US Federal Reserve signalling a potential March interest rate hike. Following this, on 1 February 2022 East 33 released their quarterly update report, disclosing that COVID-19 had impacted harvesting volumes and that revised earnings for FY22 would be provided soon. On 28 Feb 2022, East 33 announced their half year results highlighting the aforementioned COVID-19

[29] East 33 Prospectus – Page 62.
[30] East 33 Prospectus – Page 40.

impact, and issued a revised guidance including a c. A$18.4 million fall in forecast revenue for the period ending 30 June 2022. This drop was a by-product of COVID-19's impact on NSW throughout the six months up to December 2021, with the following factors having the largest influence:

- *Labour constraints:* Nationwide labour shortages reduced East 33's ability to harvest their maximum inventory available;

- *Lockdowns:* Prolonged lockdowns limited staff availability to process oysters during time sensitive weeks in the lead up to the holiday season, overall reducing total processing throughput during the year;

- *Restaurant closures:* Restaurant closures led to East 33 changing their sales channel mix towards retail, resulting in lower than anticipated average gross profit margins; and

- *Industry supply shortfall:* Unusually severe weather conditions negatively impacted the business' third-party supply chain.

Ultimately, the above factors led to a considerable decline in East 33's total production capabilities through restrictions on harvest volumes and a more negative outlook moving into the second half of the fiscal year. Conversely however, throughout the same period Angel's production volumes increased, largely due to South Australia remaining relatively untouched by COVID-19 related restrictions. For the first four months up until November, Angel's production output increased by a compound monthly growth rate of c. 12%, driven by strong demand within the retail sector. Notably however and as discussed in section 6.1.1, the Vp outbreak in November 2021 stalled Angel's production and lead to a contraction in total units distributed. Whilst this resulted in lost revenue amounting to c. A$1.2 million (recovered in FY22), Angel faired considerably better over the period relative to East 33, who reported revised FY22 guidance, with revenue c. A$18.4m below their initial prospectus. Note however, this proportionate strength in Angel's production volumes is not visible in the graph referred to above, given the noise accompanying the announcement of the Proposed Transaction.

Given the aforementioned discussions and having considered the overall differences amongst each company, we are of the opinion that there are specific factors currently impacting East 33 that explain the considerably lower FY21 revenue multiple relative to Angel as at 11 March 2022. We also note however that for the majority of the time that East 33 has been listed, it traded slightly below that of Angel at c. 2.0x – 2.5x. The lower range is indicative of the lower margin nature of East 33 due to a higher portion of oysters sold being from third-party growers, the risks associated with the numerous business acquisitions and associated integrations accompanying the IPO, and greater exposure to COVID-19 risks due to being located in NSW.

Rare Foods Australia Ltd

Rare Foods is the owner and operator of a sea ranching business that grows green lipped abalone out of Western Australia. Abalone is a high-value, low-volume highly sought-after delicacy, particularly in Asian markets. From a cost of biological stock perspective, Rare Foods has an agreement with 888 Abalone Pty Ltd to be supplied juvenile abalone on an exclusive basis. Much like oysters, during the grow-out stage abalone rely solely on the natural environment for nutrition, resulting in no input feed costs. Typically, Rare Foods's Abalone is harvested at a preferred size anywhere from 2 – 4 years after seeding takes place and is done so via scuba divers.

Throughout FY21 Rare Foods harvested c. 75.9 tonnes of green lipped abalone whilst selling c. 72.0 tonnes, a c. 38.8% and 48.8% increase respectively on the prior corresponding period. Similarly, Rare Foods's sales revenue for FY21 amounted to c. A$3.2 million, a c. 28% year on year increase to the prior corresponding period. This growth is broadly in line with Angel's 3-year historical CAGR of c. 25%, reflective of both companies being in similar growth phases. Notably however, Rare Foods's sales mix is heavily weighted towards international exports, with Asia accounting for c. 71.3% of total FY21 revenue, Australia accounting for c. 27.0% and Europe the remaining c. 1.7%, whereas Angel total exports amounted to c. 3% in CY19, c. 2% in CY20 and less than 1% in CY21.

Despite the fact that Rare Foods's market capitalisation is slightly below that of Angel's, it's reasonable to assume that the premium price and luxury nature of abalones, as well as strong import demand from China, constitute to a revenue multiple on par with Angel. Regardless, given that Rare Foods produce a slightly different product to that of Angel, and have a sales mix targeted towards international exports, we have placed somewhat limited reliance on Rare Foods for the purpose of our valuation assessment.

Tier 2 comparable companies

As previously discussed, the Tier 2 peers are significantly larger and more diversified than Angel with operations in numerous sectors and geographies outside that of Angel. These Tier 2 peers, with the exception of Murray Cod Australia Ltd, are forecasted to have low levels growth, indicative of them being well established within the marketplace and more mature relative to Angel. Additionally, given the considerable cost of sales expense of feed input costs, it's not unreasonable for these Tier 2 peers to have a historically lower gross margin than that of Angel. Given the increased size, different products offerings, maturity of the businesses and materially larger cost of sales, we would expect the Tier 2 peers to trade at a lower revenue multiple than that of Angel. Further, we have not relied on these revenue multiples for the purpose of our valuation assessment.

6.1.2.2 Transaction multiples

We have also set out below the transaction multiples observed in recent transactions within the aquaculture and oyster industries:

Date	Oyster / Aquaculture	Target Company	Country	Bidder Company	Stake (%)	Deal Value (A$m)	Revenue Multiple
01-Dec-21	Aquaculture	Huon Aquaculture Group	Australia	JBS S.A.	100%	425	1.0x
28-Jul-21	Oyster	Cameron of Tasmania Pty Ltd	Australia	Yumbah Aquaculture Ltd	100%	21	Nd
01-Jul-21	Oyster	CMB Seafoods Pty Ltd	Australia	East 33 Pty Ltd	100%	21	1.4x
05-Mar-20	Aquaculture	The Scottish Salmon Company	UK	P/F Bakkafrost	69%	946	3.0x
03-Jul-19	Aquaculture	Australis Seafoods S.A.	Chile	Joyvio Agriculture	95%	1,241	2.2x
08-May-19	Aquaculture	Mareterram Pty Ltd	Australia	Sea Harvest International	44%	39	3.0x
18-May-18	Aquaculture	Marine Produce Australia Ltd	Australia	Barramundi Asia Pty Ltd	100%	19	1.5x
11-Apr-18	Oysters	Australia's Oyster Coast	Australia	ROC Partners Pty Limited	100%	20	Nd
15-Jun-17	Aquaculture	Midt Norsk Havbruk AS	Norway	NTS ASA	100%	223	1.6x
Average							**1.9x**
Median							**1.6x**

Sources: S&P Global and GTCF Analysis
Note (1): "Nd" refers to not disclosed.

In relation to the above, we note the following:

- The implied transaction multiples may incorporate various levels of control premiums and special value paid for by the acquirers. In particular, the multiples may reflect synergies paid which are unique to the acquirers.
- The EV / Revenue multiples have been determined having regard to the historical (when available) financial performance.
- Many of the transactions took place prior to the introduction of COVID-19. As such, economic and market factors like competition dynamics, sales prices / mixtures and supply chain constraints may be materially different to those currently as at the date of valuation. These factors may influence the amounts paid by the acquirers of these businesses.
- A number of the transactions involved deal values that are materially in excess of the implied deal value of the Proposed Transaction. This is primarily due to the fact that these companies are likely far more entrenched within the market, have far larger operations and are at different stages in their growth cycle relative to Angel.
- A number of transactions occurred outside of Australia under different regulatory and economic environments as well as different industry growth prospects. Accordingly, we have placed no reliance on these comparable transactions.

Amongst the transactions, we have placed the greatest reliance relative to other transactions on the acquisition of CMB Seafoods Pty Ltd (“CMB Seafoods”).

CMB Seafoods Pty Ltd

CMB Seafoods was established in 2005 and is an established seafood trading company in Sydney as well as an important element in the supply chain of oysters from farm-to-plate. CMB Seafoods service many restaurants, wholesalers, distributors and retailers across NSW, and its operations included a large oyster processing facility in Bankstown. At the time of purchase, CMB Seafoods had a weekly active list of over 130 customers and handled c. 15 million SRO per annum. CMB Seafoods’ plant and equipment at the date of the transaction amounted to c. A$1.0 million including motor vehicles, office equipment and processing and cool room equipment. Further, CMB Seafoods also held a considerable interest in the Bankstown processing facility lease as well as existing oyster stock.

Note however, whilst CMB Seafoods is involved within the supply chain of oyster production, the business itself operates more as a distributor and doesn’t actually farm its own products. As previously discussed in section 6.1.2.1, oyster sales that are purchased and distributed from third party networks generate significantly smaller margins than those that are self-farmed. Additionally, prior to the acquisition CMB Seafoods handled c. 25% of the total SRO supply in NSW, therefore the potential for scaling up the business’ operations was severely limited. As a result of these factors, CMB Seafoods’ historical 3-year average gross profit margin was materially smaller than Angel’s c. 76.0% at c. 21.5%. Based on these discussions, it’s not unreasonable to assume that the transaction took place at a considerably lower revenue multiple than that of the Proposed Transaction. Accordingly, we have placed limited reliance on EE3’s acquisition of CMB Seafoods for the purpose of our valuation assessment.

6.1.2.3 Conclusion on the selected revenue multiple

In summary, we have adopted a revenue multiple on a control basis of between 3.0x – 4.0x the purpose of our valuation assessment based on the following:

- At the low end of the range, on a minority basis the revenue multiple is slightly above that of the average of the Tier 1 peers. We consider this reasonable as prior to its FY22 profit guidance downgrade, East 33's multiple traded within a tight band of between c. 2.0x – 2.5x, which in our opinion, constitutes a reasonable discount given the lower margins and higher risk profile of the business.

- At the high end of the range the revenue multiple is substantially in line with the FY21 multiple of Rare Foods (on a control basis), one of Angel's Tier 1 peers. This increased multiple also reflects the future growth prospects for Angel, namely being the increased adoption of the more efficient FlipFarms, scalability in finishing capacity through lease development and forecasted declining spat mortality rates that will result in increased output.

- The adopted range on a minority basis is substantially larger than the listed transaction multiples. This is not unreasonable given that the majority of other transactions were for more mature and larger companies, companies that operate outside of Australia and other supply chain / distribution-based businesses. It's expected that Angel will be able to command a higher multiple than these precedent transactions given its revenue growth prospects, higher margins and ability to scale up its future production capacity.

6.1.3 Net Debt

As at 31 December 2021, Angel had a cash balance of c. A$1.5 million and outstanding borrowings of c. A$8.5 million. Net Debt on a post AASB-16 basis as at 31 December 2021 is as follows:

Angel Net Debt	
A$ '000	31-Dec
Add: Current borrowings	3,301.1
Add: Non-current borrowings	5,222.8
Less: Cash and cash equivalents	(1,539.4)
Total Net Debt	**6,984.5**

Sources: Angel annual reports; Management

Note (1): We have not considered transaction costs or any cash paid to option holders in our net debt assessment as these have not been finalised as at the time of preparing the report. Any value included for these would serve to lower our valuation assessment.

6.2 Quoted Security Pricing Method

In our assessment of the fair market value of Angel's shares, we have also had regard to the trading price of the listed securities on the ASX in the period prior up to 17 December 2021, the last trading day prior to when the Company announced to the market its plan to enter into the SIA. Set out below is a summary of our assessed valuation range.

Quoted Security Price Method A$ per share	*Section Reference*	Low	High
Selected value per share based on trading price (on a minority basis)	*6.2.3*	0.14	0.16
Control premium	*6.2.4*	30.0%	30.0%
Value per share (on a control basis)		**0.18**	**0.21**

Sources: S&P Global and GTCF Analysis

The assessed value per share based on the trading price is an exercise in professional judgement that takes into consideration the depth of the market for listed securities, the volatility of the trading price, and whether or not the trading price is likely to represent the underlying value of Angel.

6.2.1 Liquidity analysis

In accordance with the requirements of RG 111, we have analysed the liquidity of Angel Shares before relying on them for the purpose of our valuation assessment. We have set out below the trading volume from December 2020 to November 2021 as a percentage of the total shares outstanding as well as free float shares outstanding.

Month end	Volume traded ('000)	Monthly VWAP ($)	Total value of shares traded ($'000)	Volume traded as % of total shares	Cumulative Volume traded as % of total shares	Volume traded as % of free float shares	Cumulative Volume traded as % of free float shares
Dec 2020	3,983	0.1750	697	3.0%	3.0%	6.2%	6.2%
Jan 2021	4,241	0.1585	672	2.7%	5.7%	5.6%	11.9%
Feb 2021	4,196	0.1516	636	2.7%	8.4%	5.6%	17.4%
Mar 2021	5,562	0.1461	813	3.4%	11.9%	7.1%	24.5%
Apr 2021	4,382	0.1414	620	2.7%	14.6%	5.6%	30.1%
May 2021	4,006	0.1497	600	2.5%	17.1%	5.1%	35.3%
Jun 2021	4,729	0.1407	665	2.9%	20.0%	6.0%	41.3%
Jul 2021	6,829	0.1268	866	4.2%	24.2%	8.7%	50.0%
Aug 2021	1,930	0.1334	257	1.2%	25.4%	2.5%	52.5%
Sep 2021	6,096	0.1415	863	3.8%	29.2%	7.8%	60.3%
Oct 2021	2,048	0.1435	294	1.3%	30.5%	2.6%	62.9%
Nov 2021	6,143	0.1388	853	3.8%	34.3%	7.8%	70.7%
Min				**1.19%**		**2.47%**	
Average				**2.86%**		**5.90%**	
Median				**2.83%**		**5.84%**	
Max				**4.23%**		**8.73%**	

Sources: S&P Global and GTCF Analysis

With regard to the above analysis, we note that:

- During the 12-month period from December 2020 to November 2021, c. 70.7% of the free float shares were traded on an average monthly volume of 5.90% of the total free float shares.
- A relatively higher level of trading occurred in conjunction with the dates of progress announcements of strong financial performance and increases in production / finishing capacities.
- In the absence of a takeover or alternative transactions, the trading price represents the value at which minority shareholders could realise their investment.
- Angel complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of Angel. Angel provides updates to the market on a regular basis with information regarding the investment strategy and performance. As a result, there is extensive analysis provided to the market not only about Angel's performance and market standing, but also regarding industry trends.

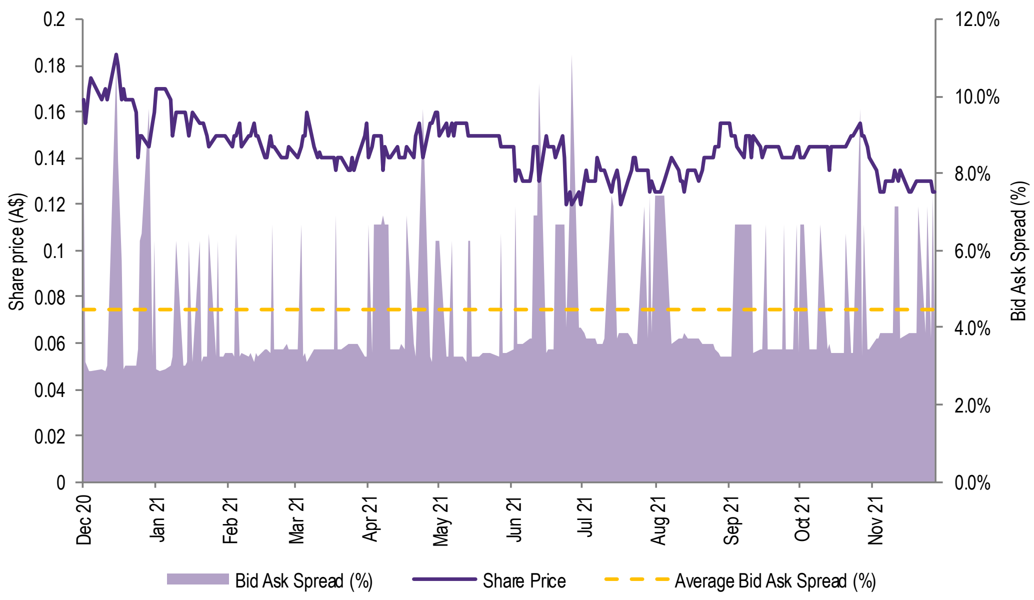
As set out below, the level of free float of Angel Shares and average monthly volume traded as a percentage of free float shares is higher than most of the listed peers.

Liquidity analysis Company	Country	Free float (%)	Average volume traded as a % of total shares	Average volume traded as a % of free float shares	Cumulative volume traded as a % of total shares	Cumulative volume traded as a % of free float shares
Angel Seafood Holdings Limited	Australia	48.4%	2.9%	5.9%	34.3%	70.7%
Tier 1 Comparables						
East 33 Limited	Australia	63.0%	1.8%	2.8%	7.0%	11.1%
Rare Foods Australia Limited	Australia	47.6%	0.6%	1.3%	7.6%	15.9%
Low - Tier 1		**47.6%**	**0.6%**	**1.3%**	**7.0%**	**11.1%**
Average - Tier 1		**55.3%**	**1.2%**	**2.1%**	**7.3%**	**13.5%**
Median - Tier 1		**55.3%**	**1.2%**	**2.1%**	**7.3%**	**13.5%**
High - Tier 1		**63.0%**	**1.8%**	**2.8%**	**7.6%**	**15.9%**
Tier 2 Comparables						
Seafarms Group Limited	Australia	56.5%	1.5%	2.6%	17.5%	30.9%
Murray Cod Australia Limited	Australia	47.9%	0.9%	1.8%	10.3%	21.6%
Clean Seas Seafood Limited	Australia	81.59%	1.87%	2.29%	22.5%	27.5%
Tassal Group Limited	Australia	93.54%	8.13%	8.69%	97.6%	104.3%
Limited	New Zealand	41.41%	0.84%	2.04%	10.1%	24.4%
Sanford Limited	New Zealand	51.62%	2.92%	5.66%	35.1%	68.0%
Low - Tier 2		**41.4%**	**0.8%**	**1.8%**	**10.1%**	**21.6%**
Average - Tier 2		**62.1%**	**2.7%**	**3.8%**	**32.2%**	**46.1%**
Median - Tier 2		**54.1%**	**1.7%**	**2.4%**	**20.0%**	**29.2%**
High - Tier 2		**93.5%**	**8.1%**	**8.7%**	**97.6%**	**104.3%**

Sources: S&P Global and GTCF Analysis
Note (1): East 33 listed on the ASX in July 2021 and hence the cumulative volume reflects only c. 4 months of trading.

In addition to the above, where a company's stock is not heavily traded or is relatively illiquid, the market typically observes a difference between the 'bid' and 'ask' price for the stock as there may be a difference in opinion between the buyer and seller on the value of the stock. We have set out below the bid and ask spread since December 2020.

Angel – Bid/Ask Spread since 20 December 2020 to 17 December 2021



Sources: S&P Global and GTCF Analysis

As set out in the graph above, we note that the historical average and median bid-ask spread has been moderate at 4.5% and 3.6% respectively with spikes above 10% in conjunction with large movements in the trading price.

Additionally and as can be observed from the following table, Angel's twelve-month bid-ask spread is in line with the average of the other listed peers:

Liquidity analysis			
Company	Country	Market Cap (A$m)	Bid-Ask Spread
Angel Seafood Holdings Limited	Australia	20.2	4.5%
Tier 1 Comparables			
East 33 Limited	Australia	37.5	7.5%
Rare Foods Australia Limited	Australia	14.7	4.8%
Tier 2 Comparables			
Seafarms Group Limited	Australia	159.6	2.5%
Murray Cod Australia Limited	Australia	227.7	2.7%
Clean Seas Seafood Limited	Australia	97.6	2.3%
Tassal Group Limited	Australia	756.2	0.4%
New Zealand King Salmon Investments Limited	New Zealand	132.1	12.4%
Sanford Limited	New Zealand	400.8	1.3%
Average			**4.2%**
Median			**2.6%**

Sources: S&P Global and GTCF Analysis

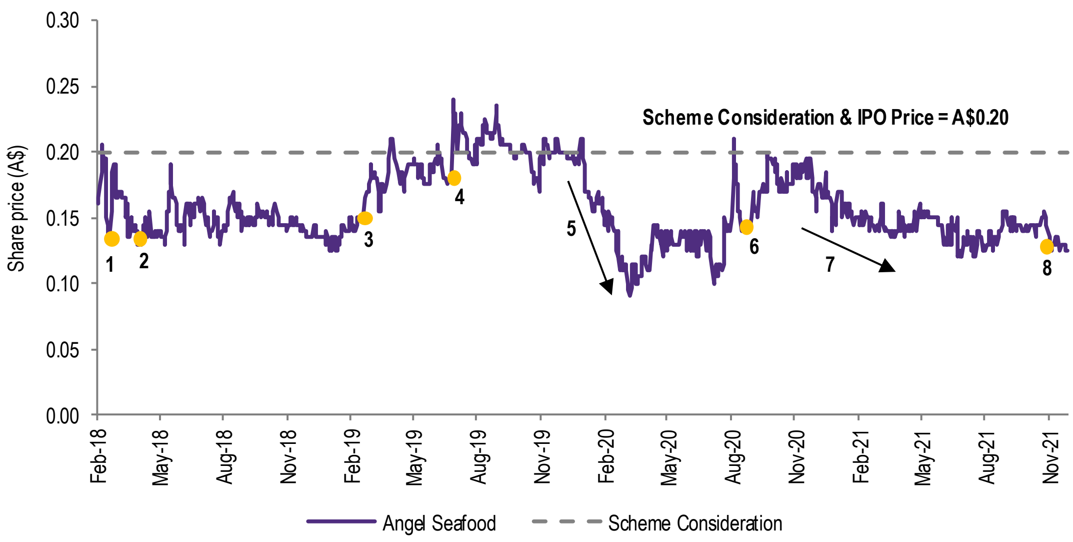
Based on the analysis above, we conclude that there is sufficient liquidity in Angel's trading price for utilisation of the Quoted Security Price Method to value the Company. Accordingly and for the purpose of our valuation assessment, in the sections below we have provided some commercial observations in relation to the Company's performance since IPO as well as historical comparison with both the listed peers and the Scheme Consideration.

6.2.2 Analysis of the trading price

Whilst the Scheme Consideration is at a significant c. 60% premium to the trading price prior to the Initial Announcement, it represents a nil premium to the Company's IPO price in February 2018. Further, prior to the Initial Announcement, Angel was still trading at a considerable discount to the trading prices immediately prior to the COVID-19 outbreak when the stock traded above the Scheme Consideration. Accordingly, we are of the opinion that it is fundamental to undertake our analysis of the trading price over a longer period of time (across the cycle) as the industry and Company are both prone to volatility due to exogenous factors.

We have analysed below the market conditions, key events and performance of the Angel's share price over the period from 21 February 2018 to 17 December 2021 compared with the Scheme Consideration and the IPO price:

Angel – Historical share trading price relative to Scheme Consideration and IPO price



Sources: S&P Global and GTCF Analysis
Note (1): The abnormal increase seen in the graph just after August 2020 was an unexplained intraday swing in price from a low c. A$0.14 to a high of c. A$0.26. The ASX investigated this discrepancy and found no issues.

We note that Angel Shares have been relatively volatile since inception as demonstrated in the above chart. Below we provide further insights into Angel's share price since listing including the following key price sensitive events:

- *Note 1* – On 21 February 2018 Angel, via EverBlu Capital Pty Ltd ("EverBlu"), listed on the ASX seeking to raise c. A$8.0 million via the issuance of c. 40 million shares at an offer price of A$0.20 per share. On the first day of trade Angel closed at A$0.16, a c. 20% drop. This was followed by a two-week period of extreme volatility where the share price eventually settled at c. A$0.14 per share, a c. 30% fall from the initial IPO price. Throughout this period, the broker that facilitated the IPO, EverBlu, was coming under intense scrutiny and had been labelled as a firm that had facilitated high volume / backdoor listings for low-revenue and pre-profit companies. It's quite likely that the spotlight placed on

EverBlu and their practices throughout this period constituted to a sharp contraction in Angel's share price given the relative infancy of the business and investor uncertainty.

- *Note 2* – On 5 March 2018 Angel went into a trading halt following PIRSA confirming the detection of POMS in the Port River, Adelaide. Whilst the company confirmed that their existing mature stock on hand had no evidence of POMS, a 2016 POMS outbreak in Tasmania caused significant spat supply constraints. Most pertinently, the average size of spat shrunk to c. 2mm per unit, ultimately increasing mortality rates amongst the juveniles and severely hindering production output for the Company. This exogenous shock had an industry wide impact and led to a period of continued underperformance for many. In turn, the report of POMS in South Australia likely led to investors fearing a similar outcome should Angel's stock be infected.

- *Note 3* & 4 – Angel Shares were at their highest between February 2019 and December 2019, with the Company primarily trading above the Scheme Consideration and IPO price of A$0.20. This sustained increase in price was attributable to a slew of positive ASX announcements and record financial results. Initially, on 27 February 2019 Angel announced their half yearly results that detailed a c. 184% increase in revenue on the pcp as well as a growing stock base due to increased accessibility to high quality spat through the establishment of four new spat producers on the Eyre Peninsula. In the six month that followed, Angel disclosed a considerable amount of other positive announcements, including a bank facility extension, the acquisition of numerous new leases on the Eyre Peninsula and the Company's acceptance into an R&D tax incentive refund scheme. This period of growth was further bolstered on 30 August 2019 when the company announced their annual results for the period ending 30 June 2019, with revenue increasing by c. 192% on the pcp, holding capacity increasing to over 20 million oysters per annum, the re-commencement of export sales and lastly planned lease infrastructure investments in the near future. Angel also disclosed that forecasted oyster sales in FY20 would be in the range of c. 8 – 10 million, a considerable jump from the c. 5.3 million sold throughout FY19.

- *Note 5* – In late February and earlier March 2020, the ASX 200 decreased by over 30% due to the outbreak of COVID-19. Throughout this period the company released two separate announcements, the first on 12 March 2020 that disclosed that Angel was now tracking towards the lower end of the c. 8 – 10 million oyster sales and the second, on 25 March 2020, that fully withdrew FY20 guidance due to the impact of government introduced restrictions.

- *Note 6* – The period between August 2020 and December 2020 saw a rebound in Angel's share price, primarily driven by the announcement of another record year of sales (c. 16% increase in revenue on the pcp) as well c. 20 million health graded oysters in stock amongst its leases. Whilst the company chose to not disclose any FY21 guidance given the ongoing uncertainty surrounding the pandemic, it did announce the previously discussed 3-pillar growth strategy and its associated targets.

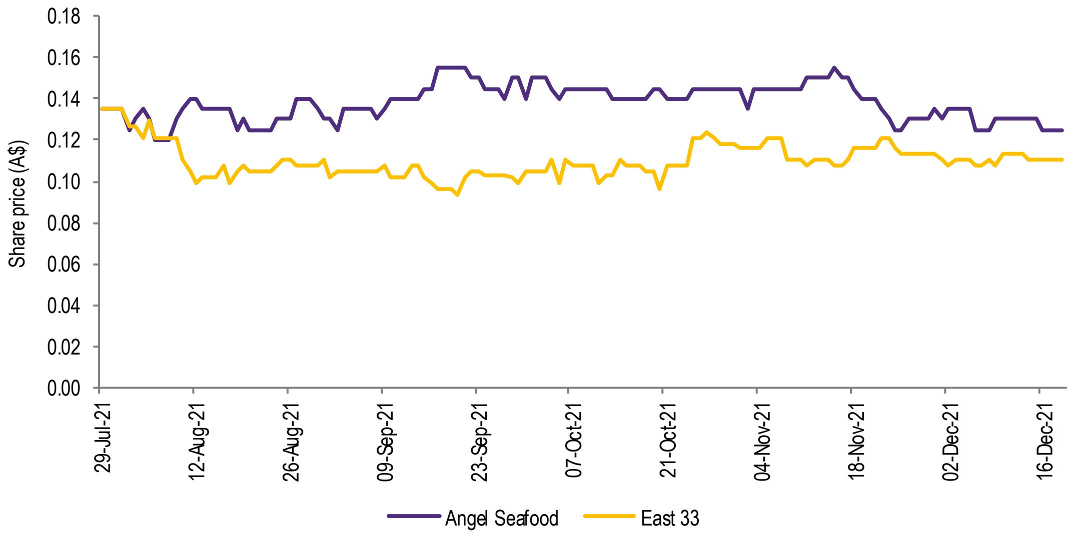
- *Note 7* – Despite a period of sustained growth and positive sentiment moving forward, on 23 December 2020 Bonafide Wealth Management AG ("Bonafide"), one of Angel's largest external shareholders, sold c. 2.0% of its shares unannounced at a material discount (c. A$0.165 on a blended average price) to the prevailing price (c. A$0.20). This was followed up by two separate sales, firstly on 7 April 2021 where Bonafide again offloaded c. 2.0% of its outstanding shares and secondly where IFM Independent Fund Management, as trustee for Bonafide, ceased to be a substantial shareholder entirely. Finally, on 11 May 2021 Bonafide also ceased to be substantial shareholder, selling down its c. 18.3 million outstanding shares on issue to Laguna Bay for a blended average price of c. A$0.135 per share. In the absence of any material adverse changes announced by the Company, it's not unreasonable to assume that one of Angel's largest shareholders unexpectedly selling down their entire stake in the business would create a degree of uncertainty amongst other market participants, especially when initially done at a material discount. In turn, the lack of transparency from Bonafide likely contributed to a sustained period of decline in Angel's share price.

- *Note 8* – As discussed thoroughly throughout the report, in November 2021 Angel experienced a Vp outbreak that led to the closure of bays for c. 4 weeks and a recall of c. 40,000 dozen oysters within the supply chain. This invariably had a negative impact on Angel's operations and led a decline in the share price.

As illustrated in the discussion above, Angel has going through a relatively volatile period since listing on the ASX. In the absence of COVID-19, all other notable price sensitive changes have been largely driven by company specific events. Accordingly, we have placed greater reliance on the trading price of Angel over a longer period of time and we are of the opinion that the discount to both the Scheme Consideration and IPO price is not unreasonable.

Additionally, in order to assist in drawing conclusions from the previous share price analysis it is also relevant to present the trading prices of Angel relative to East 33 which, as discussed in the previous section, is the Company's major competitor in the Australian market. The following graph shows the share price of East 33 rebased to Angel since its inception on the ASX on 29 July 2021:

Angel and East33 historical share trading price (rebased to Angel) until 17 December 2021



Sources: S&P Global and GTCF Analysis

As set out in the graph above, the performance of Angel appears to be quite correlated with the performance of East 33 which is highly leveraged to the Australian oyster market. Both companies are exposed to many of the same key business risks, including but not limited to operational inefficiencies through labour shortages, geopolitical and export market risks, production growth and carrying capacity shrinkages, disease, environmental changes and finally the ongoing effect of COVID-19. Note, the decline in price for Angel from mid-November onwards is a function of the Vp outbreak in SA, an exogenous shock that didn't affect East 33. As previously discussed, this Vp outbreak was only a deferral in sales for the period of time that Angel's sales were embargoed.

Whilst the time frame for analysis is relatively short, the period above includes both the extended NSW and VIC lockdowns (the largest markets for both companies) as well as the more recent Omicron variant outbreak. Given all of the presented information, the relative stability of both companies to one another over the period further supports the notion that movements in the share price over the six months prior to the Initial Announcement came from company specific events rather than market specific.

6.2.3 Conclusion on the selected valuation range

Set out below is a summary of the VWAP of Angel Shares over the last nine months.

VWAP	Low	High	VWAP
Up to 19 Dec 2021			
1 day	0.125	0.130	0.126
5 day	0.125	0.135	0.129
10 day	0.125	0.135	0.129
1 month	0.125	0.145	0.131
2 month	0.125	0.155	0.137
3 month	0.125	0.155	0.139
4 month	0.125	0.155	0.139
5 month	0.120	0.155	0.138
6 month	0.115	0.155	0.135
9 month	0.115	0.160	0.139

Source: S&P Global, GTCF analysis

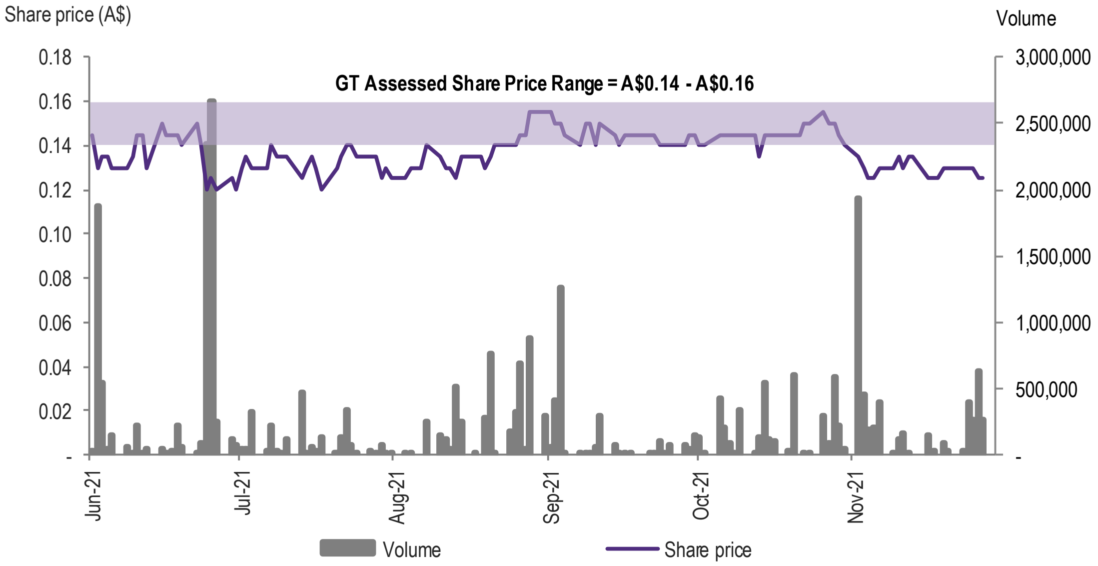
In addition to the table above, we note the following:

- The share price has traded substantially sideways over the last nine months, despite the impact of the Vp outbreak on the share price in the immediate weeks prior to the Initial Announcement.
- Angel announced its half-yearly results for FY21 on 27 August 2021, however decided to not disclose FY22 guidance given the ongoing impact of COVID-19.

Based on the above discussions and analysis, we have assessed the fair market value of Angel shares based on the trading price between A$0.14 and A$0.16 based on the 3-month VWAP and 9 month high respectively.

We have set out below the historical share price of Angel Shares over the past six months compared with our assessed trading price range.

Closing share price of Angel (last 6 months)



Source: S&P Global, GTCF analysis

6.2.4 Premium for control

The trading prices presented above reflect the value of Angel on a minority basis and thus do not include a premium for control. Evidence from studies suggests that successful takeovers in Australia have completed based on premium for control in the range of 20% to 40%. Refer to Appendix E for an overview of this control premium study. Given the distribution of the control premium in the Australian market in general, in our valuation assessment we have applied a control premium of 30%.

6.3 DCF Method

For the purpose of our cross-check valuation assessment of Angel using the DCF Method, Grant Thornton Corporate Finance was provided with Management's internal projections up to FY26, which sets out the Company's pathway to achieving production of 20 million oysters per annum. We have utilised the Internal Projections in preparing our valuation model. Prior to using the Internal Projections for the purpose of our valuation assessment cross-check, Grant Thornton Corporate Finance has undertaken a critical review and consideration of the following:

- Historical financial performance of Angel.
- Key performance indicators of comparable listed peers that operate in a similar segment to Angel, in particular East33. We note however that there is limited publicly available information given East33's listing in July 2021 and no or limited analyst coverage for either Angel or East33.
- Key industry risks, growth prospects and general economic outlook.

Whilst Grant Thornton Corporate Finance believes that the assumptions underlying the GT Model are appropriate to be adopted for the purposes of our cross check, we have not disclosed forecast assumptions in our IER as they contain commercially sensitive information and they do not meet the requirements for presentation of prospective financial information as set out in ASIC Regulatory Guide 170 "Prospective Financial Information".

In accordance with the requirements of RG 111, we have undertaken a critical analysis of the Internal Projections before integrating them into the GT Model and relying on them for the purpose of our valuation cross-check. Specifically, we have performed the following analysis:

- Conducted high level checks, including limited procedures in relation to the mathematical accuracy of the Internal Projections.
- Performed a broad review, critical analysis and benchmarking against the historical performance of Angel and current trends in the industry.
- Held discussions and interviews with Management of the Company and its advisors to discuss the Internal Projections and the key underlying assumptions.
- Reviewed and benchmarked revenue growth rates, expenses and earnings margins with listed peers where possible.

The assumptions adopted by us do not represent projections by Grant Thornton Corporate Finance, but are intended to reflect the assumptions that could reasonably be adopted by industry participants in their pricing of similar businesses. We note that the assumptions are inherently subject to considerable uncertainty and that there is significant scope for differences of opinion, such that the value of Angel could vary materially based on changes to certain key assumptions. Accordingly, we are of the opinion that the DCF method should be used only to indicate a range of potential values, and no conclusions should be drawn from the valuation output.

In our assessment of Angel based on the DCF, we have considered alternative assumptions that may be applied in respect of some aspects of the cash flows which have been discussed below.

6.3.1 Key valuation assumptions

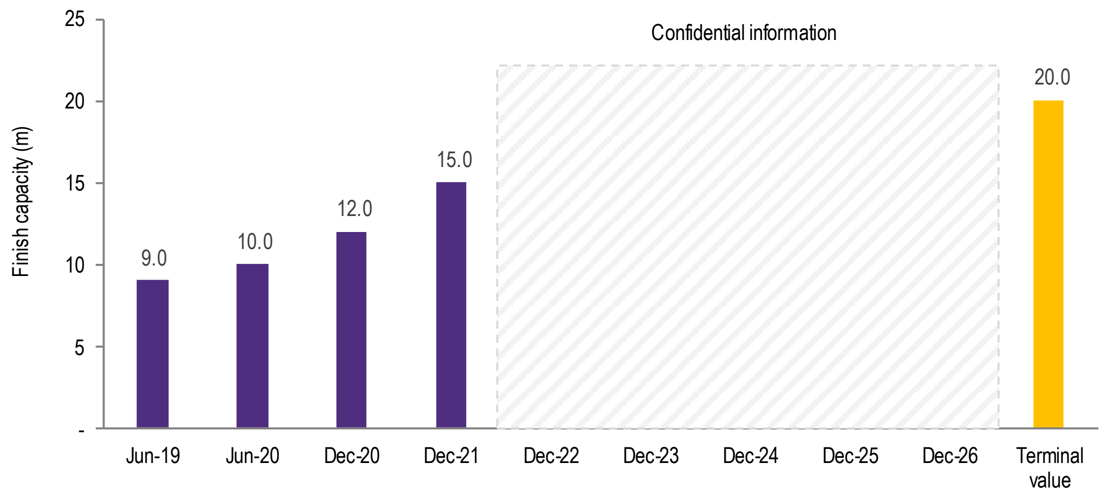
Production

As outlined in the Company's 3-Pillar strategy, Angel has been working towards a c. 20 million per annum oyster finishing capacity. As at the time of preparing their 2021 Annual Report, Angel's finishing capacity was c. 15 million per annum and is expected to steadily ramp up as underdeveloped leases are developed, and new leases are acquired. We also note that this will be further supported by their 'Summer Oysters' initiative and FlipFarming technology. We consider the production forecasts in the Internal Projections to be reasonable on the following basis:

- Domestic per capita oyster consumption is expected to continue to grow and support demand;
- The Company currently has 34ha of underdeveloped leases and various new lease acquisitions earmarked;
- The Company has been successful to date in their 'Summer Oysters' initiative and FlipFarm trials which are both expected to improve production;
- Growth in the domestic retail market is expected to continue; and,
- Revenue growth is broadly in line with broker expectations for East 33's growth. We note this is with the exception of FY22 as East 33 are facing company specific COVID-19 challenges, which are not anticipated to impact Angel's production and sales. As mentioned earlier, both companies are in a similar position of their growth cycle and are expecting strong growth in finishing capacity and revenue.

Below we present the historical production and our forecast terminal year assumption.

Angel historical production capacity



Source: GTCF Analysis, Angel annual reports

In our assessment of the level of production in the terminal value to be maintained in perpetuity, we have normalised production at around 20 million oysters per annum to take into account the following:

- Based on discussions with Management and per their published 3-pillar strategy, we understand that Angel are working towards a finishing capacity of 20 million oysters per annum and anticipate they will achieve this prior to the terminal year;

- Per the 2021 Annual Report, we understand that Angel has the ability to potentially increase current capacity above the targeted 20 million oysters through development their existing undeveloped water leases, adoption of additional FlipFarms throughout the leases and growth within the 'Summer Oysters' initiative.

- Based on discussions with Management, we understand that to achieve growth materially above 20m Angel would require additional capital which hasn't been factored into our GT Model.

- History demonstrates that events outside the control of the Company may occur periodically, and these events have the ability to materially affect or delay production and sales (e.g. POMs and Vp).

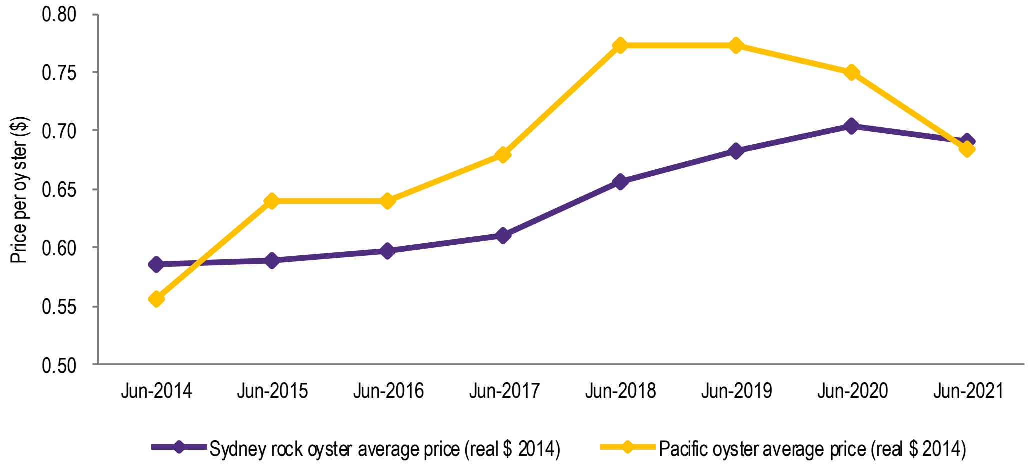
- The Australian domestic oyster market has a preference for fresh, local oysters, and is therefore somewhat insulated from the threat of imports eroding market share.

Sales channels and sale price

Management have made the following assumptions detailed below in relation to price and the sales channel mix. We have considered alternative price and channel mix outcomes in our scenario analysis.

- *Real price growth* – For the Internal Projections, Management have forecast CY22 prices broadly in line with CY21, assuming real price growth in oyster prices across the forecast period. The forecast growth is broadly in line with the growth per oyster between CY20 and CY21 which is the most relevant comparison period due the absence of significant external shocks impacting the price (i.e. POMS). Additionally, the price appreciation is broadly in line with the historical price appreciation of oysters. The chart below details the real 2014 price of oysters between 2014 and 2021 for both Pacific oysters and Sydney rock oysters. We note, across this period the CAGR for Pacific and Sydney rock oysters was 3.0% and 2.4% respectively, with greater volatility in prices observed for Pacific oysters, likely due to the 2016 POMS outbreak.

Historical real average price of SRO and PO



Source: GTCF Analysis, Aquaculture production reports (Department of primary industries NSW)

- *Increased foodservice volumes* – In line with the easing of COVID-19 restrictions, the Internal Projections have forecast an increase in foodservice sales volume compared with CY21. We note, whilst the volumes sold through this channel are expected to be greater than pre-pandemic levels, the portion of revenue is expected to remain below historical levels. As Plate and Standard oysters typically command a higher price, this has resulted in the weighted average price per oyster increasing across the period.

- *Increased export volumes* – As a result of improving export techniques increasing the shelf life of oysters as well as improving export conditions, the Internal Projections assume a ramp-up in export sales. Whilst this is consistent with expectations of other oyster exporters such as East 33, this is a material deviation from the current sales channel mix and hence cannot be benchmarked against historical information. We note due to the nature of the industry, Angel do not currently have any contracts in place underpinning the forecast export volume. We have considered the volume of export oysters in our scenario analysis.

- *Value added revenue stream* – the Internal Projections include a value-added revenue stream which has not yet been disclosed to the market as concepts are still under development. In reviewing the reasonableness of this, we have sighted communications with retailers and confirmed assumed pricing is consistent. Given that this is a new product and no contracts have been signed, we have considered the risk of this revenue stream not eventuating in our scenario analysis.

The weighted average price per oyster adopted in the terminal year of the GT model reflects a c. 30% increase over CY22F. We have adopted this assumption considering the following:

- The sales price was typically lower in years where the sales channel mix included a large proportion of retail, as seen between CY19 and CY21. The forecast CY26 sales channel mix is expected to be more diversified with a significantly higher level of exports and a lower proportion of retail sales.

- From discussions with Management, we understand that they expect to be able to achieve year-on-year real price growth as they command more market power through producing a higher portion of Coffin Bay oysters, thus building greater brand awareness. As discussed above, the growth rate assumed is broadly in line with that achieved from CY20 to CY21 and consistent with the long-term real price growth of both Pacific and Sydney rock oysters.

We note, similarly to the forecast period, we have considered alternative price and channel mix outcomes in our sensitivity analysis.

Cost of biological stock

Cost of biological stock includes the cost of spat sold and cost of mortality. On average, from CY19 to CY21, cost of spat has comprised c. 25% of Revenue. The Internal Projections have made the following assumptions in relation to the forecast cost of biological stock:

- *Cost per unit* – As discussed in section 4.2.3, the cost of spat has historically ranged between $0.03 and $0.04, with supply constraints being passed on through size of spat, as opposed to price increases. Management have forecast the cost of spat to be in line with historical prices in real terms.

- *Mortalities / stock loss* – As discussed previously, during the POMS outbreak, mortalities reached an all-time high due to spat purchased being more juvenile and hence more susceptible to mortality. As the size of spat has begun to return to normal levels, mortality has been improving, however, is still around 50%. Angel expect that going forward, mortality rates will improve as new spat becomes accustomed to South Australian conditions, and Angel roll out innovative best practice farming techniques. We note, as supply constraints and market shocks are typically reflected in mortality rates as opposed to the cost per unit, and have historically been relatively frequent and unpredictable, we have considered alternative mortality outcomes in our scenario analysis.

Other expenses

Other expenses include employee benefits, product recall costs and other expenses, and from CY19 to CY21, have comprised between 77% and 78% of total expenses (excl. fair value adjustment of biological assets). For their forecasts, Management have adopted the following assumptions:

- *Employee benefits* – Labour costs have historically been Angel's largest expense due to the labour-intensive process of growing oysters. We have observed that between CY19 and CY21, labour costs have comprised between 41% and 47% of total expenses, and between 48% and 57% of revenue. Management anticipates that going forward, employee expenses will reduce as a portion of total expenses and revenue as they continue to rollout the more labour efficient FlipFarm technology. In considering the reasonableness, we have benchmarked employee expenses against East 33 as a percentage of revenue and note that it is broadly in line with 1H 2021 and FY22 based on their prospectus[31]. Given that FlipFarms are a new oyster farming technology and have not been rolled out to the same extent by East 33, we have considered alternative labour cost outcomes through our scenario analysis.

- *Product recall costs* – In CY21, Angel suffered an outbreak of Vp which required c. $540k worth of stock to be recalled. Whilst this is considered to be an isolated event and hence has not been

[31] Whilst we acknowledge there has been a material downgrade in earnings guidance, this has been attributed to temporary COVID-19 conditions and hence, we still consider the East 33 prospectus to be the best available public information to benchmark forecast costs as a percentage of revenue.

forecast in future cash flows, we have considered alternative sales outcomes in our sensitivity analysis to reflect the potential impact of future disease and virus outbreaks.

- *Other operating expenses* - These include marketing, other selling costs, and general and admin expenses which we have assumed broadly in line with historical figures. It has been assumed these will gradually increase across the period to reflect higher selling costs as a result of higher volumes. Given that we have valued the business on a 100% control basis, we have accordingly allowed for certain cost synergies that would be available to a pool of potential purchasers of Angel. Our selected level of synergies are associated with ASX and other listing compliance costs.

Other assumptions

- *Tax rate* – We have assumed a 25% corporate tax rate as the business is currently, and is forecast to remain, a base rate entity for tax purposes. The Company has c. $12.1 million of accumulated tax losses as of 31 December 2021. We have reflected the benefits of the tax losses as a surplus asset which has been discussed later in this section.

- *Capital expenditure* – The GT Model reflects Management's forecast capex in relation to additional water leases, machinery and equipment for undeveloped leases and on-going maintenance capex. In the terminal year, we have assumed capex in line with depreciation as a proxy for future maintenance and replacement capex. We note Angel has historically had difficulty raising debt and at the pre-offer price, were hesitant to raise additional equity. As such, we have considered the current cash balance and undrawn facility limit and confirmed that in the absence of transaction costs, it is sufficient to fund forecast capex.

- *Working capital* – We have forecast working capital based on 90% of revenue. In arriving at this assumption, we considered the historical level of working capital as a percentage of revenue for Angel and other comparators. In the terminal year, we have allowed for a normalised level of working capital reflecting the future working capital required as the Company reaches steady state production of 20m oysters.

- *Terminal growth rate* – We have adopted a terminal growth rate of 2.5% in line with the midpoint of the RBA's long term inflation target.

- *Discount rate* – We have assessed the discount rate between 11.5% and 12.5% based on the WACC. Refer to Appendix B for details.

- *Net Debt and Surplus assets* - As at 31 December 2021, Angel had a cash balance of c. A$1.5 million and outstanding borrowings of c. A$8.5 million. Additionally, as part of our DCF valuation cross-check, we have considered Angel's tax losses to be a surplus asset and have determined the value to be c. $1.8m. In deriving the value of these, we note the following:

  - As at 31 December 2021, Angel had c. $12.1m (gross) in tax losses available.

  - The value represents the present value of forecast tax losses utilised, discounted at a cost of equity. We have assessed the cost of equity between 13.0% and 14.5% based on the WACC calculation. Refer to Appendix B for details.

  - The tax loss utilisation profile has been forecast based on the GT model.

- Due to the uncertainty associated with the ability of a pool of potential purchases to fully realise the associated benefits, we have assumed a 75% utilisation rate.

6.3.2 Sensitivity analysis and conclusion

As noted previously, various key assumptions which have a material bearing on value are unable to be benchmarked due to the lack of available public information, and the growing nature of Angel. Accordingly, we have considered various scenarios to highlight the possible range of values of Angel's equity under the DCF method. Due to the broad range of valuation outcomes and significant uncertainty underpinning the Base Case, we are of the opinion that no conclusions should be drawn from our DCF analysis.

An overview of each scenario has been provided below:

- *Scenario 2 (Higher mortality)* – Management's Internal Projections have forecast mortality to decrease across the period below historical levels due to spat size increasing following POMS, spat becoming more accustomed to South Australian conditions following the establishment of South Australian hatcheries and Angel processes becoming more efficient. To consider a scenario where these improvements are not realised, we have held mortality rates at historical levels of around 50%.

- *Scenario 3 (Limited export sales)* – Following the easing of COVID-19 restrictions and in turn improved global mobility and freighting, Management's Internal Projections have forecast a significant increase in the percentage of sales being derived from international exports. We have considered a scenario where export sales are limited to just above historical levels as a percentage of revenue and additional sales not exported are sold through domestic channels instead.

- *Scenario 4 (No value-added revenue stream)* – As noted above, Angel are exploring value added and packaged products that can be sold at a premium to other retail products. Given that this is a new, unproven revenue stream and the Company does not have an existing track record, we have considered a scenario where this stream is not launched, and the units are sold through the traditional retail stream.

- *Scenario 5 (No real price appreciation)* – Whilst Management's Internal Projections forecast real price appreciation in line with the historical appreciation since 2014 (c. 2.4% for SRO and c. 3.0% for PO), we note that the price for POs has been volatile and hence may not be reflective of future price appreciation. As such, we have considered a scenario where prices are limited to CPI increases only over the forecast period.

- *Scenario 6 (Higher sales volume)* – In their FY21 annual report, Angel noted that due to the successful trials FlipFarms and their 'Summer Oysters' initiative, they have the potential to increase production above the targeted 20m oysters per annum. As such, we have considered a scenario where production is increased by 5% each year to reflect the potential upside. We note, in reality this scenario may require additional capital, which has not been considered in this scenario.

- *Scenario 7 (Lower expenses)* – Whilst Management's Internal Projections forecast decreasing expenses as a percentage of revenue across the forecast period, they broadly remain above East

33's FY22 forecast in their initial prospectus. To consider the potential upside of outperforming cost forecasts, we have considered a scenario where expenses are 10% lower than forecast.

The chart below details Angel's equity value range under each of the scenarios detailed above.

GT Assessed DCF output range

Source: GTCF analysis

The above analysis highlights the significant sensitivity of the DCF Method to various assumptions, in particular sales volume and price. Whilst we believe the assumptions adopted for the Base Case are reasonable, due to the lack of available benchmarking information to support these assumptions, we are of the opinion any of the above outcomes could reasonably be expected. As such, we are of the opinion our DCF analysis should only be used to highlight the range of possible outcomes.

7 Sources of information, disclaimer and consents

7.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Annual reports/consolidated accounts of Angel for FY17, FY18, FY19, FY20, and 1H21 and FY21.
- Angel IPO Prospectus
- Scheme Booklet
- Management presentations and CFO reports.
- Management Internal Projections FY22 to FY26
- Minutes of Board meetings.
- Access to other relevant documents in the Data Room.
- Transaction databases such as S&P Global Capital IQ and Mergermarket
- IBISWorld
- Other industry reports provided by the Company.
- Various broker reports for the Company and for the listed peers.
- Other publicly available information.

In preparing this report, Grant Thornton Corporate Finance has also held discussions with, and obtained information from, Management of Angel and its advisers.

7.2 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by the Company, and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by the Company through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of the Company.

This Report has been prepared to assist the Directors of Angel in advising the Company's shareholders in relation to the Proposed Transaction. This Report should not be used for any other purpose. In particular, it is not intended that this Report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion in relation to the Proposed Transaction.

Angel has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by the Company, which the Company knew or should have known to be false and/or reliance on information, which was material information the Company had in its possession and which the Company knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. The Company will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

7.3 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Scheme Booklet to be sent to Angel shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and context in which it appears.

Grant Thornton

Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses. This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model. Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which the realisable value of surplus assets is added. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction. Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

Appendix B – Discount rate

Introduction

The cash flow assumptions underlying the DCF approach are on a nominal, ungeared and post-tax basis. Accordingly, we have assessed a range of nominal post-tax discount rates for the purpose of calculating the net present value of the cash flows.

The discount rates were determined using the WACC formula. The WACC represents the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt and equity capital provided. However, we note that the selection of an appropriate discount rate is ultimately a matter of professional judgment.

Under a classical tax system, the nominal WACC is calculated as follows:

$$\text{WACC} = R_d \times \frac{D}{D+E} \times (1-t) + R_e \times \frac{E}{D+E}$$

Where:

- Re = the required rate of return on equity capital;
- E = the market value of equity capital;
- D = the market value of debt capital;
- Rd = the required rate of return on debt capital; and
- t = the statutory corporate tax rate.

Required rate of return on equity capital

We have used the CAPM, which is commonly used by practitioners, to calculate the required return on equity capital.

The CAPM assumes that an investor holds a large portfolio comprising risk-free and risky investments. The total risk of an investment comprises systematic risk and unsystematic risk. Systematic risk is the variability in an investment's expected return that relates to general movements in capital markets (such as the share market) while unsystematic risk is the variability that relates to matters that are unsystematic to the investment being valued.

The CAPM assumes that unsystematic risk can be avoided by holding investments as part of a large and well-diversified portfolio and that the investor will only require a rate of return sufficient to compensate for the additional, non-diversifiable systematic risk that the investment brings to the portfolio. Diversification cannot eliminate the systematic risk due to economy-wide factors that are assumed to affect all securities in a similar fashion.

Accordingly, whilst investors can eliminate unsystematic risk by diversifying their portfolio, they will seek to be compensated for the non-diversifiable systematic risk by way of a risk premium on the expected return. The extent of this compensation depends on the extent to which the company's returns are correlated with the market as a whole. The greater the systematic risk faced by investors, the larger the required return on capital will be demanded by investors.

The systematic risk is measured by the investment's beta. The beta is a measure of the co-variance of the expected returns of the investment with the expected returns on a hypothetical portfolio comprising all investments in the market - it is a measure of the investment's relative risk.

A risk-free investment has a beta of zero and the market portfolio has a beta of one. The greater the systematic risk of an investment the higher the beta of the investment.

The CAPM assumes that the return required by an investor in respect of an investment will be a combination of the risk-free rate of return and a premium for systematic risk, which is measured by multiplying the beta of the investment by the return earned on the market portfolio in excess of the risk-free rate.

Under the CAPM, the required nominal rate of return on equity (Re) is estimated as follows:

$$R_e = R_f + \beta_e(R_m - R_f)$$

Where:

- Rf = risk free rate
- βe = expected equity beta of the investment
- (Rm – Rf) = market risk premium

Risk-free rate – 3.0%

In the absence of an official risk-free rate, the yield on government bonds (in an appropriate jurisdiction) is commonly used as a proxy. Accordingly, we have we have observed the yield on the 10-year Australian Government bond over several intervals from a period of 5 trading days to 15 trading years. The following table sets out the average yield on 10-year Australian Government Bond over the last 15 years.

Australia Government Debt - 10 Year as at 31 January 2022	Range			Daily average Nominal
Previous 5 trading days	1.89%	-	2.01%	1.94%
Previous 10 trading days	1.89%	-	2.01%	1.94%
Previous 20 trading days	1.74%	-	2.01%	1.89%
Previous 30 trading days	1.54%	-	2.01%	1.80%
Previous 60 trading days	1.54%	-	2.01%	1.76%
Previous 1 year trading	1.05%	-	2.10%	1.55%
Previous 2 years trading	0.60%	-	2.10%	1.23%
Previous 3 years trading	0.60%	-	2.25%	1.29%
Previous 5 years trading	0.60%	-	2.99%	1.84%
Previous 10 years trading	0.60%	-	4.44%	2.49%
Previous 15 years trading	0.60%	-	6.79%	3.42%

Source: S&P Global

Given the current volatility in the global financial markets in conjunction with COVID-19, quantitative easing by central banks, as well as the longer investment period for aquaculture investments, we have placed more emphasis on the average risk-free rate observed over a longer period of time. Accordingly, our adopted risk-free rate of 3.0% is based on the long-term real yield on Australian 10-year government bonds.

Market risk premium – 6.0%

The market risk premium represents the additional return an investor expects to receive to compensate for additional risk associated with investing in equities as opposed to assets on which a risk-free rate of return is earned. However, given the inherent high volatility of realised rates of return, especially for equities, the market risk premium can only be meaningfully estimated over long periods of time. In this regard, Grant Thornton studies of the historical risk premium over periods of 20 to 80 years suggest a risk premium between 5.5% and 6.0% for the Australia markets.

For the purpose of the WACC assessment, Grant Thornton Corporate Finance has adopted a market risk premium of 6.0%.

Equity beta – 1.0 to 1.1

The beta measures the expected relative risk of the equity in a company. The choice of the beta requires judgement and necessarily involves subjective assessment as it is subject to measurement issues and a high degree of variation.

An equity beta includes the effect of gearing on equity returns and reflects the riskiness of returns to equity holders. However, an asset beta excludes the impact of gearing and reflects the riskiness of returns on the asset, rather than returns to equity holders. Asset betas can be compared across asset classes independent of the impact of the financial structure adopted by the owners of the business.

Equity betas are typically calculated from historical data. These are then used as a proxy for the future which assumes that the relative risk of the past will continue into the future. Therefore, there is no right equity beta, and it is important not to simply apply historical equity betas when calculating the cost of equity. For the purpose of the report, we would normally have regard to the observed betas (equity betas) of listed companies operating in the aquaculture industry.

			2 years weekly betas				5 years monthly betas			
Beta analysis Company	Country	Market cap A$m	Equity Beta	R squared	Gearing Ratio	Regeared Beta	Equity Beta	R squared	Gearing Ratio	Regeared Beta
Angel Seafood Holdings Limited	Australia	30	0.15	0.00	19.8%	0.16	1.27	0.17	21.1%	1.31
East 33 Limited	Australia	58	1.06	0.03	26.0%	1.06	(2.35)	0.12	26.0%	(2.36)
Rare Foods Australia Limited	Australia	15	1.05	0.13	(12.6%)	1.25	0.80	0.15	(18.0%)	0.95
Seafarms Group Limited	Australia	160	0.55	0.02	(5.4%)	0.65	1.31	0.08	6.7%	1.49
Murray Cod Australia Limited	Australia	203	0.64	0.06	(3.9%)	0.76	0.44	0.01	(4.1%)	0.53
Clean Seas Seafood Limited	Australia	98	1.18	0.25	(3.0%)	1.40	0.88	0.09	(1.0%)	1.05
Tassal Group Limited	Australia	745	1.02	0.48	67.6%	0.82	0.69	0.20	39.0%	0.64
New Zealand King Salmon Investments Limited	New Zealand	130	0.62	0.10	22.5%	0.64	1.26	0.22	11.7%	1.38
Sanford Limited	New Zealand	427	0.68	0.28	45.5%	0.61	0.43	0.08	33.5%	0.42
Low						**0.16**				**(2.36)**
Median						**0.76**				**0.95**
Average						**0.82**				**0.60**
High						**1.40**				**1.49**

Source: S&P Global and GTCF calculations
Note (1): Equity betas are calculated using data provided by S&P Global as at 31 December 2021. The betas are based on a two-year and five-year period with monthly observations based on the local index. Betas have been ungeared based on the average gearing ratio (i.e. net debt divided by shareholders' equity based on market values). Betas have been regeared based on the assumed regearing ratio of 25%.

It should be noted that the above betas are drawn from the actual and observed historical relationship between risk and returns. From these actual results, the expected relationship is estimated generally on the basis of extrapolating past results. Despite the arbitrary nature of the calculations, it is important to assess their commercial reasonableness. That is to assess how closely the observed relationship is likely to deviate from the expected relationship.

Consequently, while measured equity betas of the listed comparable companies provide useful benchmarks against which the equity beta used in estimating the cost of equity for the predevelopment assets, the selection of an unsystematic equity beta requires a level of judgement.

The asset betas of the selected companies are calculated by adjusting the equity betas for the effect of gearing to obtain an estimate of the business risk of the comparable companies, a process commonly referred as de-gearing. We have then recalculated the equity beta based on an assumed ‘optimal’ capital structure deemed appropriate for the business (regearing). This is a subjective exercise, which carries a significant possibility of estimation error.

We note that in computing the gearing for the purpose of de-gearing and re-gearing the selected equity betas we have excluded any lease liabilities from the net debt computation of Angel and of its peers.

We used the following formula to undertake the de-gearing and regearing exercise:

$$\beta_e = \beta_a \left[1 + \frac{D}{E} \times (1 - t) \right]$$

Where:

- βe = Equity beta
- βa = Asset beta
- t = corporate tax rate

The betas are de-geared using the average historical gearing levels of those respective companies over several years. We note that most comparable companies had net cash positions. We then re-geared based on a gearing ratio of 20% debt (see Capital Structure Section below for further discussions).

Among the peers, we have mainly relied on the beta of Rare Foods being a Tier 1 comparable company, listed for the whole 2-year period and majority of the 5-year period. We have also had limited regard to East 33's 2-year weekly beta, noting that it has only being listed for 7 months at the time of our analysis. Due to a number of comparators not being listed for the full 5-year period[32], we have had more regard to the 2-year weekly data.

As a result, for the purposes of our valuation, we have selected a beta range of between 1.0 and 1.1 to calculate the required rate of return on equity capital.

Specific risk premium – 4.0% to 5.0%

The specific risk premium represents the additional return an investor expects to receive to compensate for country, size and project related risk not reflected in the beta of observed comparable companies. When applying the specific risk premium of 4.0% to 5.0%, we have considered the risk associated with the following factors:

- Angel have forecast strong growth in their Internal Projections which are in part dependent on growing unproven product lines and materially expanding markets for the Company such as international exports.

- Angel is expecting strong price appreciation across the period with forecasts real price growth, which while consistent with historical growth, presents a risk as the historical period under review has featured market volatility as a result of COVID-19, POMS and Vp.

- Angel have faced, and are expecting to continue to face, significant funding difficulties which may slow or limit growth, as discussed in our executive summary.

- Angel is a microcap business and hence have a higher embedded risk than other more established aquaculture businesses.

We note that the selection of the specific risk premium involves a certain level of professional judgement and as a result, the total specific risk premium is not fully quantifiable with analytical data.

Cost of debt – 6.0%

For the purpose of estimating the cost of debt applicable to Angel, Grant Thornton Corporate Finance has considered the following:

- The weighted average interest rate on credit outstanding for large businesses over the last one to five years as published by the Reserve Bank of Australia.

- The historical and current cost of debt for Angel and the comparable companies.

[32] Rare Foods, Murray Cod, East 33 and Angel were not listed for the full 5-year period.

- Expectations of the yield curve.

Based on the above, Grant Thornton Corporate Finance has adopted a cost of debt of 6.0% on a pre-tax basis.

Capital Structure

The appropriate level of gearing that is utilised in determining WACC for a particular company should be the “target” gearing ratio, rather than the actual level of gearing, which may fluctuate over the life of a company. The target or optimal gearing level can therefore be derived based on the trade-off theory which stipulates that the target level of gearing for a project is one at which the present value of the tax benefits from the deductibility of interest are offset by present value of costs of financial distress. In practice, the target level of gearing is evaluated based on the quality and variability of cash flows. These are determined by:

- the quality and life cycle of a company;
- the quality and variability of earnings and cash flows;
- working capital;
- level of capital expenditure; and
- the risk profile of the assets.

For the purpose of the valuation, Grant Thornton Corporate Finance has adopted a capital structure based on 20% debt and 80% equity. In determining the appropriate capital structure, we have had regard to the current capital structure of Angel but also having regard to the comparable companies such as East 33 and Tassal.

Tax rate – 25%

For the purpose of our valuation assessment, we have assumed the Australian corporate tax rate for a base rate entity of 25%.

Discount rate summary

WACC calculation	Low	High
Cost of equity		
Risk free rate	3.0%	3.0%
Beta	1.00	1.10
Market risk premium	6.0%	6.0%
Specific risk premium	4.0%	5.0%
Cost of equity	**13.0%**	**14.6%**
Cost of debt		
Cost of debt (pre tax)	6.0%	6.0%
Tax	25.0%	25.0%
Cost of debt (post tax)	**4.5%**	**4.5%**
Capital structure		
Proportion of debt (D/EV)	20%	20%
Proportion of equity	80%	80%
	100%	100%
WACC (post tax)	**11.3%**	**12.6%**

Source: GTCF Analysis

Appendix C – Comparable company descriptions

Company	Description
East 33 Limited	East 33 Limited produces, processes, and supplies rock oysters in Australia. The company operates through, Oyster Farming and Sundry Units segments. It also engages in the selling of liquor to retail customers; provision of restaurant services; and online sales of oysters and complimentary products. East 33 Limited was formerly known as East 33 Pty Ltd. The company was incorporated in 2019 and is based in Tuncurry, Australia.
Rare Foods Australia Limited	Rare Foods Australia Limited owns and operates an abalone sea ranching business in Australia, Asia, Europe, and North America. It develops its sea ranching for aquaculture. The company produces wild, ocean grown, and green lip abalones. The company was formerly known as Ocean Grown Abalone Limited and changed its name to Rare Foods Australia Limited in November 2021. Rare Foods Australia Limited was incorporated in 2011 and is based in Fremantle, Australia.
Seafarms Group Limited	Seafarms Group Limited operates as an aquaculture company in Australia. It is involved in operating, marketing, and selling of fresh and frozen farmed prawns under the Crystal Bay Prawns and Crystal Bay Tiger Prawns brand; and the development of land-based aquaculture projects. It also exports its products. The company was formerly known as Commodities Group Limited and changed its name to Seafarms Group Limited in March 2015. Seafarms Group Limited was incorporated in 1988 and is based in Darwin, Australia.
Murray Cod Australia Limited	Murray Cod Australia Limited, together with its subsidiaries, engages in the breeding, growing, and marketing of Murray Cod fish in Australia. It also involved in the breeding and selling of Murray Cod, Golden Perch and Silver Perch as fingerlings. In addition, the company constructs and sells aquaculture equipment. It serves restaurants, wholesalers, and Asian export markets. Murray Cod Australia Limited was incorporated in 2001 and is headquartered in Griffith, Australia.
Clean Seas Seafood Limited	Clean Seas Seafood Limited, together with its subsidiaries, operates in the aquaculture industry in Australia, Europe, and internationally. The company operates in two segments, Finfish Sales and Tuna Operations. It engages in the propagation, harvesting, growing, and selling of Spencer Gulf Hiramasa yellowtail kingfish; and production and sale of fingerlings. The company is also involved in the research and development activities for the aquaculture production of southern Bluefin tuna. It serves seafood distributors, wholesalers, and retailers. Clean Seas Seafood Limited was incorporated in 2000 and is based in Royal Park, Australia.
Tassal Group Limited	Tassal Group Limited, together with its subsidiaries, engages in the hatching, farming, processing, marketing, and sale of Atlantic salmon and tiger prawns in Australia. It offers fresh, smoked, canned, and frozen salmon; and Australian black tiger prawns. The company also procures, processes, markets, and sells salmon, prawns, and other seafood species. It provides its products under the Tassal, Tropic Co, Superior Gold, Tasmanian Smokehouse, and De Costi Seafoods brands through retail and wholesale channels. The company also exports its products. Tassal Group Limited was founded in 1986 and is headquartered in Hobart, Australia.
New Zealand King Salmon Investments Limited	New Zealand King Salmon Investments Limited, together with its subsidiaries, engages in the farming, processing, and sale of premium salmon products in New Zealand, China, North America, Australia, Japan, Europe, and internationally. It offers whole fish, fillets, steaks, portions, wood roasted, cold smoked, and other products. The company sells its products to chefs, consumers, retailers, and wholesalers under the Ora King, Regal, Southern Ocean, Big Catch Salmon Burley, and Omega Plus brands, as well as the New Zealand King Salmon label. New Zealand King Salmon Investments Limited was incorporated in 2008 and is headquartered in Nelson, New Zealand.
Sanford Limited	Sanford Limited engages in farming, harvesting, processing, storing, and marketing of seafood products. It operates through Wildcatch and Aquaculture segments. The company catches and processes inshore and deepwater fish species, as well as farms, harvests, and processes mussels and salmon. Its seafood products include antarctic toothfish, arrow squid, barracouta, blue mackerel, gemfish, ghost shark, greenshell mussels, hake, hapuku, hoki, jack mackerel, john dory, kahawai, king salmon, lemon sole, ling, monkfish, New Zealand sole, orange roughy, patagonian toothfish, red cod, scampi, silver warehou, smooth oreo dory, snapper, southern blue whiting, trevally, and yellowbelly flounder. It operates in New Zealand, Australia, North America, Europe, China, the rest of Asia, Japan, South Korea, Hong Kong, the Middle East, Africa, the Pacific, and internationally. Sanford Limited was founded in 1881 and is headquartered in Auckland, New Zealand.

Source: S&P Global

Appendix D – Comparable transaction targets descriptions

Target Company	Description
Huon Aquaculture Group Ltd	Huon Aquaculture Group Limited, together with its subsidiaries, engages in the hatching, farming, processing, marketing, and selling of Atlantic salmon and ocean trout in Australia. The company also exports its products. The company was founded in 1986 and is headquartered in Dover, Australia. As of November 3, 2021, Huon Aquaculture Group Limited operates as a subsidiary of JBS Australia Pty Limited.
Cameron of Tasmania Pty Ltd	Cameron of Tasmania are a Tasmanian oyster supplier, founded in 1971. They are currently operating as a vertically integrated oyster farm, producing products between 3mm spat and Jumbo live oysters.
CMB Seafoods Pty Ltd	CMB Seafoods Pty Ltd engages in the purchase, processing, and sale of oysters and seafood. The company was formerly known as Sydney City Oysters and changed its name to CMB Seafoods Pty Ltd in May 2018. CMB Seafoods Pty Ltd incorporated in 2005 and is based in Matraville, Australia.
The Scottish Salmon Company Ltd	The Scottish Salmon Company PLC produces, processes, markets, and sells Scottish seafood products primarily in Scotland. The company provides Scottish Salmon. It offers its products under the Native Hebridean Salmon, Tartan Salmon Label Rouge, and Lochlander Salmon brand names. The company also exports its products to 26 countries. The Scottish Salmon Company PLC was incorporated in 2009 and is headquartered in Edinburgh, the United Kingdom.
Australis Seafoods S.A	Australis Seafoods S.A., through its subsidiaries, produces, markets, and sells salmon in Chile and internationally. Its products include a range of Atlantic salmon – salar, Pacific salmon – coho, and trout products. Australis Seafoods S.A. was incorporated in 2007 and is based in Las Condes, Chile. As of July 1, 2019, Australis Seafoods S.A. operates as a subsidiary of Beijing Joyvio Zhencheng Technology Co., Ltd.
Mareterram Pty Ltd	Mareterram Pty Ltd was incorporated in 2015 and is based in Mount Pleasant, Australia. The company operates as a subsidiary of Style Limited.
Marine Produce Australia Ltd	Marine Produce Australia Limited, together with its subsidiaries, operates in the seafood and aquaculture industry in Australia. It engages in the farming of fin fish in sea cages. The company develops and operates its Barramundi sea cage farm that covers 1,340 hectares in the ocean waters of Cone Bay in the Kimberley. Marine Produce Australia Limited is headquartered in Subiaco, Australia. As of August 8, 2018, Marine Produce Australia Limited operates as a subsidiary of Barramundi Group Ltd.
Australia's Oyster Coast Ltd	Australia's Oyster Coast Ltd produces, markets, and exports oysters. It produces three varieties of oysters, including the Sydney rock Oyster, a native oyster, sought by high-end restaurants; the Angasi flat oyster, a rare flat oyster of Australia farmed for outlets across Australia and Asia; and the Pacific Oyster grown under carefully managed environmental conditions to five different export sizes. The company operates eight oyster-growing estuaries under environmental management systems along the coastline, south of Sydney, Australia. The company also provides quality checks and audits. Further, the company offers marketing, promotion, and other support services. The company exports to partner outlets and restaurants. The company was founded in 2013 and is headquartered in Deakin, Australia.
Midt Norsk Havbruk AS	Midt-Norsk Havbruk AS engages in smolt production and salmon farming. The company was incorporated in 1992 and is based in Rørvik, Norway. Midt-Norsk Havbruk AS operates as a subsidiary of NTS ASA.

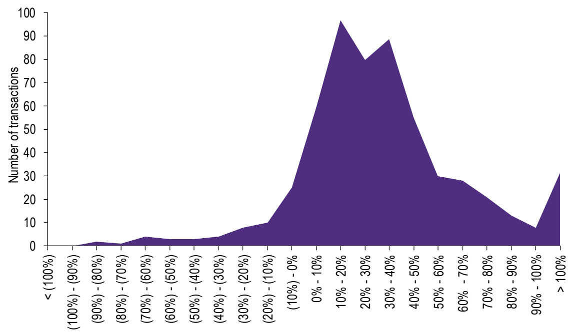
Source: S&P Global

Appendix E – Control Premium study

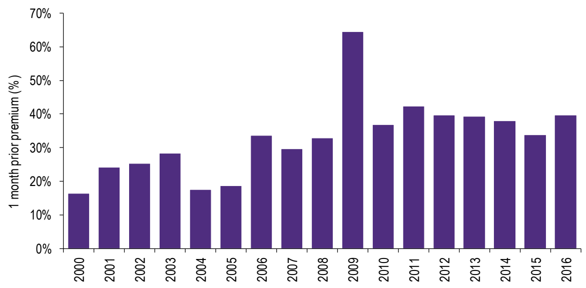
Appendix E – Control Premium study

Evidence from studies indicates that the premium for control on successful takeovers has frequently been in the range of 20% to 40% in Australia, and that the premium can vary significantly for each transaction.

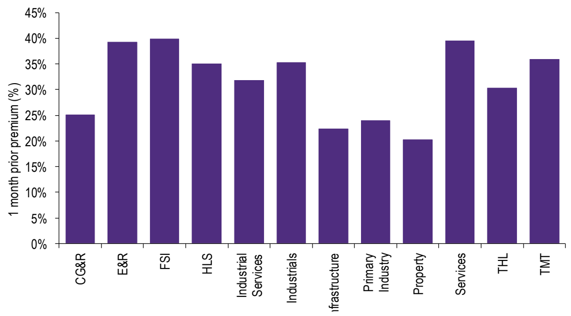
1 Month Prior Control Premium



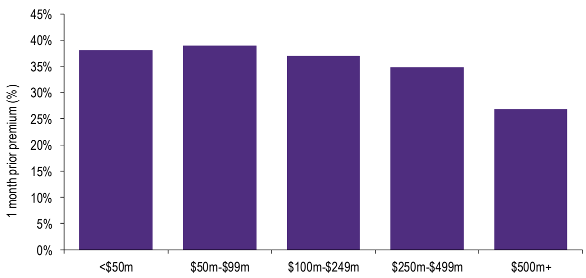
Control premium per completion date



Control premium per industry



Control premium and size



	Control premium
Average	34.33%
Median	29.34%

Source: GTCF Analysis

Grant Thornton

Appendix F – Glossary

$ or A$	Australian Dollar
ALL	Adjustable Long Line
Angel Shares, or Shares	The issued shares of Angel Seafood Holdings Ltd
Angel, or the Company	Angel Seafood Holdings Ltd
APES 225	Accounting Professional and Ethical Standard 225 "Valuation Services"
AQIS	the Australian Quality Inspection Service
ASIC	Australian Securities Investments Commission
ASX	Australian Securities Exchange
Base Case	The central case used in the valuation cross-check of Angel based on the DCF Method
BidCo Company	Valley Seas BidCo Pty Ltd
Bonafide	Bonafide Wealth Management AG
c.	Circa
CAGR	Compound annual growth rate
Cancellation Deed	Cancellation deed to cancel all outstanding Angel options
Capex	Capital expenditure
CEO	Chief Executive Officer
CMB Seafoods	CMB Seafoods Pty Ltd
Corporations Act	Corporations Act 2001
Corporations Regulations	Corporations Regulations 2001
CY	Calendar year (ending 31 December)
DCF	Discounted cash flow
DCF Method	Discounted cash flow and the estimated realisable value of any surplus assets
DHW	Department of Health and Wellbeing
Directors	The Directors of Angel
ESG	Environmental, Social, and Governance
EverBlu	EverBlu Capital Pty Ltd
FAO	The Food and Agricultural Organisation
FIRB	Foreign Investment Review Board
FME Method	Future Maintainable Earnings Methodology
FSG	Financial Services Guide
FY	Financial year for the company referenced (either ending 30 June or 31 December)
GT Model	Grant Thornton Corporate Finance Valuation Model
GTCF, Grant Thornton, or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987)
IBC	Angel's Independent Board Committee
IER	Independent Expert's Report
Initial Announcement	Announcement on 20 December 2021 that Angel had received a non-binding and conditional proposal from Laguna Bay to acquire all shares not currently owned by Laguna Bay
Internal Projections	Angel management forecast up to 31 December 2026
IPO	Initial Public Offering
Laguna Bay	Laguna Bay Agricultural No1 Pty Ltd
NAB	National Australia Bank
NASAA	National Association for Sustainable Agriculture, Australia
NAV Method	Net Asset Value Method
pcp	Prior corresponding period
PIRSA	Primary Industries and Regions South Australia
PO	Pacific oyster

POMS	Pacific Oyster Mortality Syndrome
Quoted Security Price Method	Quoted Security Price Method
Rare Foods	Rare Foods Australia Ltd
Revenue Multiple Method	Enterprise value divided by total forecasted revenue
RG 111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG 112	ASIC Regulatory Guide 112 "Independence of experts"
RG60	ASIC Regulatory Guide 60 "Scheme of Arrangement"
Scheme Consideration	The consideration of A$0.20 per share
Scheme or Proposed Transaction	Scheme of Arrangement in relation to the Initial Announcement
Shareholders	Angel shareholders
SIA	Scheme Implementation Agreement
SRO	Sydney rock oyster
SU	Seafood Unlimited
Tier 1	ASX listed mollusc farmers
Tier 2	Other aquafarmers in Australia and New Zealand
Trading Multiples	Current trading multiples of comparable companies
UN	United Nations
Vp	Vibrio Parahaemolyticus
YTD	Year to date as at 28 February 2022

Annexure B

Scheme of Arrangement

See over page.

Angel Seafood Holdings Ltd

Scheme Participants

Scheme of Arrangement

Contents

Parties

Angel Seafood Holdings Ltd (ACN 615 035 366) of 48 Proper Bay Road, Port Lincoln SA 5606 **(Target)**

Each Scheme Participant

Background

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth) between the parties.

Agreed terms

1 Definitions and interpretation

1.1 Definitions

In this Scheme, these terms have the following meanings:

ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691, or as the context requires or permits, the market operated by it.
ATO	the Australian Taxation Office.
Bidder	**Valley Seas BidCo Pty Ltd** ACN 657 211 606.
Bidder's Guarantor	**Laguna Bay Agricultural No 1 Pty Ltd** ACN 608 464 624 of Level 1, 69 Robertson Street Fortitude Valley QLD 4006
Bidder Group	Bidder and each of its Related Entities.
Business Day	the meaning given in the ASX Listing Rules.
CHESS	the clearing house electronic subregister system of share transfers operated by ASX Settlement Pty Limited ABN 49 008 504 532.
Control	the meaning given to that term in the Corporations Act and, solely for the purposes of this document, a fund advised or managed directly or indirectly by or forming a stapled entity or group with a person will also be deemed to be Controlled by such person.

Corporations Act	the *Corporations Act 2001* (Cth).
Court	the Federal Court of Australia (Victoria Registry) or such other court of competent jurisdiction under the Corporations Act agreed between Target and Bidder's Guarantor.
Cut Off Time	8.00 am on the Second Court Date.
Deed Poll	the deed poll dated 14 April 2022 executed by Bidder and Bidder's Guarantor under which each of Bidder and Bidder's Guarantor covenants in favour of the Scheme Participants to perform the actions attributed to it under this Scheme, and to provide the Scheme Consideration in accordance with this Scheme.
Effective	the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
End Date	the date which is five months after the date of the Scheme Implementation Agreement or such later date as Bidder and Target agree in writing.
Excluded Shares	the following Target Shares: (a) all Target Shares registered in the name of the Bidder; (b) all Target Shares registered in the name of a Related Entity of Bidder; (c) 1,000,002 Target Shares to be registered in the name of Isaac Lee Halman on the Effective Date; (d) 13,174,826 Target Shares to be registered in the name of Angel Oysters Australia Pty Ltd ACN 615 037 815 as trustee for the Halman Family Trust ABN 93 200 641 811 on the Effective Date; and (e) 2,004,099 Target Shares to be registered in the name of Isaac Lee Halman and Kady Jennifer Huxley as trustee for the Halman Super Fund ABN 95 319 001 493 on the Effective Date.
Implementation Date	the fifth Business Day following the Record Date, or such other date after the Record Date as ordered by the Court or agreed to in writing between Target and Bidder.
Listing Rules	the official listing rules of ASX as amended from time to time.

Record Date	7.00pm on the fourth Business Day after the Effective Date or such other time and date agreed to in writing between Target and Bidder.
Register	the register of members of Target maintained by or on behalf of Target in accordance with the Corporations Act.
Related Body Corporate	the meaning given to that term in the Corporations Act.
Related Entities	of a party means another entity which: (a) is a Related Body Corporate of the first entity; (b) is in any consolidated entity (as defined in section 9 of the Corporations Act) which contains the party; or (c) the party Controls.
Registered Address	in relation to an Target Shareholder, the address shown in the Register as at the Record Date.
Relevant Amount	the meaning given in **clause 5.4(a).**
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between Target and the Scheme Participants, subject to any alterations or conditions agreed in writing between Target and Bidder and approved by the Court or any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed in writing by Target and Bidder.
Scheme Consideration	in respect of each Scheme Share held by a Scheme Participant, a cash amount equal to $0.20.
Scheme Implementation Agreement	the scheme implementation agreement dated 10 February 2022 between Target, Bidder and Bidder's Guarantor.
Scheme Meeting	the meeting of Target Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Share	the Target Shares other than any Excluded Shares.
Scheme Participant	each holder of Scheme Shares as at the Record Date.
Second Court Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving this Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, means

	the date on which the adjourned application is heard or scheduled to be heard.
Settlement Rules	the ASX Settlement Operating Rules.
Subsidiary	the meaning given to that term in section 46 of the Corporations Act.
Target Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277 or any replacement provider of share registry services to Target.
Target Share	an issued fully paid ordinary share in the capital of Target.
Target Shareholder	each person who is registered in the Register as the holder of Target Shares.
Trust Account	an Australian dollar denominated trust account with an authorised deposit-taking institution (as defined in the *Banking Act 1959* (Cth)) operated by Target as trustee for the benefit of Scheme Participants, as nominated by Target and notified to Bidder at least 5 Business Days prior to the Implementation Date, being the account into which Bidder will deposit the Scheme Consideration in accordance with **clause 5.2(a)**.
Unclaimed Consideration	has the meaning given in **clause 5.6.**

2 Preliminary

2.1 Target

(a) Target is a public company limited by shares, registered in South Australia and admitted to the official list of ASX.

(b) The Target Shares are officially quoted on ASX.

(c) As at 28 April 2022 2022, Target's issued securities were as follows:

(i) 161,574,854 Target Shares;

(ii) 4,700,000 options;

(iii) 1,000,000 performance shares; and

(iv) 1,000,000 performance rights.

2.2 Bidder and Bidder's Guarantor

(a) Bidder is a company incorporated in Queensland, Australia and is a company limited by shares.

(b) Bidder's Guarantor is a company incorporated in Victoria, Australia and is a company limited by shares.

2.3 General

(a) Target, Bidder and Bidder's Guarantor have agreed by executing the Scheme Implementation Agreement to implement this Scheme.

(b) This Scheme attributes actions to Bidder and Bidder's Guarantor but does not itself impose an obligation on it to perform those actions, as Bidder and Bidder's Guarantor are not parties to this Scheme. Bidder and Bidder's Guarantor have agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including the provision of the Scheme Consideration in accordance with **clause 5.2(a)** of this Scheme.

2.4 Consequences of this Scheme becoming Effective

If this Scheme becomes Effective:

(a) Bidder will provide, and Bidder's Guarantor will procure that Bidder provides, the Scheme Consideration in accordance with **clause 5.2(a)** of this Scheme; and

(b) on the Implementation Date, subject to the matters in **clause 2.4(a)** being satisfied and subject to payment of the Scheme Consideration by Target to the Scheme Participants in the manner contemplated by **clauses 5.2(b) and 5.2(c)**, all the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares, will be transferred to Bidder, and Target will enter Bidder in the Register as the holder of the Scheme Shares.

3 Conditions

3.1 Scheme conditions

(a) This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

(i) all the conditions precedent in clauses 3.1 of the Scheme Implementation Agreement (other than the condition in clause 3.1 (k) of the Scheme Implementation Agreement (Court approval)) having been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement by no later than the Cut Off Time;

(ii) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act as are accepted in writing by Target and Bidder;

(iii) such other conditions imposed by the Court under section 411(6) of the Corporations Act, as are accepted by Target and Bidder in writing, having been satisfied; and

(iv) the orders of the Court made under section 411(4)(b) (and if applicable section 411(6)) of the Corporations Act approving the Scheme coming into effect, pursuant to section 411(10) of the Corporations Act, on or before the End Date (or any later date Target and Bidder agree in writing).

(b) The satisfaction of the conditions referred to in **clause 3.1** of this document is a condition precedent to the operation of **clauses 4.2 and 5**.

3.2 Certificate in relation to conditions precedent

(a) On the Second Court Date:

(i) Target must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not as at the Cut Off Time the conditions set out in clause 3.1 of the Scheme Implementation Agreement (other than clause 3.1(k) of the Scheme Implementation Agreement) have been satisfied or waived in accordance with the Scheme Implementation Agreement; and

(ii) Bidder must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not as at the Cut Off Time the conditions set out in clause 3.1 of the Scheme Implementation Agreement (other than clause 3.1(k) of the Scheme Implementation Agreement) have been satisfied or waived in accordance with the Scheme Implementation Agreement.

(b) The certificates referred to in **clause 3.2(a)** will constitute conclusive evidence of whether the conditions precedent referred to in **clause 3.1(a)(i)** of this Scheme have been satisfied or waived as at the Cut Off Time.

3.3 Termination of Scheme Implementation Agreement

Without limiting rights under the Scheme Implementation Agreement if the Scheme Implementation Agreement is terminated in accordance with its terms before the Cut Off Time, Target, Bidder and Bidder's Guarantor are each released from:

(a) any further obligation to take steps to implement the Scheme; and

(b) any liability with respect to the Scheme.

3.4 End dates

The Scheme will lapse and be of no further force or effect if the Scheme has not become Effective on or before the End Date.

4 Implementation

4.1 Lodgement of Court orders

Target must lodge with ASIC under section 411(10) of the Corporations Act office copies of any Court orders under section 411(4)(b) (and if applicable section 411(6)) of the Corporations Act approving this Scheme as soon as possible and in any event no later than by 5.00pm on the first Business Day after the Court approves this Scheme.

4.2 Transfer of Scheme Shares

On the Implementation Date:

(a) subject to the matters in **clause 2.4(a)** being satisfied and subject to the payment by Target of the Scheme Consideration in the manner contemplated by **clauses 5.2(b) and 5.2(c)**, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to Bidder, without the need for any further act by any Scheme Participant (other than acts performed by Target or its officers as agent and attorney of the Scheme Participants under **clause 8.6** or otherwise), by:

(i) Target delivering to Bidder a duly completed and executed share transfer form to transfer all the Scheme Shares to Bidder, executed on behalf of the Scheme Participants by Target, for registration; and

(ii) Bidder duly executing such transfer form and delivering it to Target for registration; and

(b) immediately after receipt of the transfer form in accordance with **clause 4.2(a)(ii)** Target must enter, or procure the entry of, the name of Bidder in the Register in respect of the Scheme Shares transferred to Bidder in accordance with this Scheme.

5 Scheme Consideration

5.1 Amount of Scheme Consideration

Each Scheme Participant is entitled to receive the Scheme Consideration.

5.2 Payment of Scheme Consideration

(a) Bidder must, and Bidder's Guarantor must procure that Bidder does, by no later than the Business Day before the Implementation Date, deposit in cleared funds into the Trust Account an amount equal to the aggregate amount of the total Scheme Consideration payable to all Scheme Participants, such amount to be held by Target on trust for the Scheme Participants and for the purpose of sending the aggregate Scheme Consideration to the Scheme Participants (except that any interest, net of bank fees and other charges, on the amount will be for the account of Bidder).

(b) Subject to **clause 5.2(c)**, on the Implementation Date and subject to funds having been deposited in accordance with **clause 5.2(a)**, Target must pay or procure the payment of the Scheme Consideration to each Scheme Participant from the Trust Account by doing any of the following at its election:

(i) sending (or procuring the Target Registry to send) it to the Scheme Participant's Registered Address by cheque in Australian currency drawn out of the Trust Account; or

(ii) depositing (or procuring the Target Registry to deposit) it by electronic funds transfer into an account with any Australian ADI (as defined in the Corporations Act) notified to Target (or the Target Registry) by an appropriate authority from the Scheme Participants (which will include a current authority to pay dividends).

(c) The obligation referred to in **clause 5.2(b)** will be satisfied:

(i) in respect of any Scheme Participant to which Target has provided an employee loan for the purpose of their acquisition of Scheme Shares, by paying:

(A) to Target the portion of the Scheme Consideration in respect of each Scheme Share held by that Scheme Participant equal to the amount of the loan which Target is entitled to recover from that Scheme Participant in relation to that Scheme Share; and

(B) as to the balance (if any) of the Scheme Consideration due to that Scheme Participant, to that Scheme Participant in accordance with the Scheme; and

(ii) in any other case, by paying the aggregate amount of the Scheme Consideration due to that Scheme Participant in accordance with the Scheme;

(d) To the extent that, following satisfaction of Target's obligations under **clause 5.2(b)**, and completion of the process in **clause 5.6**, there is a surplus in the amount held in the Trust Account, that surplus may be paid by Target to Bidder.

5.3 Joint holders

In the case of Scheme Shares held in joint names:

(a) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent at the sole discretion of Target, either to the holder whose name appears first in the Register as at the Record Date or to the joint holders; and

(b) any other document required to be sent under this Scheme, will be forwarded, at the sole discretion of Target, either to the holder whose name appears first in the Register as at the Record Date or to the joint holders.

5.4 Withholding

(a) If Bidder is liable to pay an amount to the Commissioner of Taxation under Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953 (Cth)* (**Subdivision 14-D**) in respect of the acquisition of Scheme Shares from a Target Shareholder (being the **Relevant Amount**), then Bidder is entitled to withhold the Relevant Amount before making the payment to the Target Shareholder and payment of the reduced amount and payment of the Relevant Amount to the relevant taxation authority pursuant to **clause 5.4(b)** will be taken to be full payment of the Relevant Amount for the purposes of this Scheme.

(b) Bidder must pay any Relevant Amount so withheld to the ATO within the time permitted by law, and, if requested in writing by the relevant Target Shareholder, provide a receipt or other appropriate evidence (or procure the provision of such receipt or other evidence) of such payment to the relevant Target Shareholder.

5.5 Fractional entitlements

Where the calculation of the Scheme Consideration to be paid to a Scheme Participant would result in the Scheme Participant becoming entitled to a fraction of a cent, that fractional entitlement will be rounded down to the nearest whole cent.

5.6 Unclaimed monies

To the extent that a cheque or electronic funds transfer issued under this **clause 5** is returned to Target as undelivered, or the cheque is not presented by a Scheme Participant earlier than six months after the Implementation Date (**Unclaimed Consideration**):

(a) Target may cancel the cheque or electronic funds transfer issued in respect of the Unclaimed Consideration;

(b) during the period of one year commencing on the Implementation Date, on request from a Scheme Participant, Target must reissue a cheque or electronic funds transfer that was previously cancelled under this **clause 5.6**; and

(c) The *Unclaimed Money Act 2008* (Vic) will apply in relation to any Scheme Consideration which becomes ‘unclaimed money’ (as defined in section 3 of the *Unclaimed Money Act 2008* (Vic)).

5.7 Order of a court

If:

(a) written notice is given to Target (or the Target Registry) of an order or direction made by a court of competent jurisdiction that requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant by Target in accordance with this **clause 5**, then Target may procure that payment is made in accordance with that order or direction; or

(b) written notice is given to Target (or the Target Registry) of an order or direction made by a court of competent jurisdiction that prevents Target from making a payment to any particular Scheme Participant in accordance with **clause 5.2(b)**, or such payment is otherwise prohibited by applicable law, Target may retain an amount equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Scheme Consideration until such time as payment in accordance with this **clause 5** is permitted by that order or direction or otherwise by law,

and the payment or retention by Target (or the Target Registry) will constitute the full discharge of Target's obligations under **clause 5.2(b)** with respect of the amount so paid or retained until, in the case of **clause 5.7(b)**, it is no longer required to be retained.

5.8 Definition of 'sending'

For the purposes of **clause 5**, the expression **sending** means, in relation to each Scheme Participant:

(a) sending by ordinary pre-paid post or courier to the Registered Address of that Scheme Participant as at the Record Date; or

(b) delivery to the Registered Address of that Scheme Participant as at the Record Date by any other means at no cost to the recipient.

6 Dealings in Target Shares

6.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Target Shares or other alterations to the Register will only be recognised if:

(a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Target Shares on or before the Record Date; and

(b) in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before the Record Date at the place where the Register is kept,

and Target will not accept for registration, nor recognise for any purpose (except a transfer to Bidder under this Scheme and any subsequent transfer by Bidder or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

(a) (**Registration of transfers**) Target must register registrable transmission applications or transfers of the kind referred to in **clause 6.1(b)** by or as soon as reasonably practicable after the Record Date (provided that for the avoidance of doubt nothing in this **clause 6.2** requires Target to register a transfer that would result in a Target Shareholder holding a parcel of Target Shares that is less than a 'marketable parcel' (as defined in the Settlement Rules)).

(b) (**No registration after Record Date**) Target will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Target Shares received after the Record Date, other than to Bidder in accordance with this Scheme and any subsequent transfer by Bidder or its successors in title.

(c) (**Maintenance of Register**) For the purpose of determining entitlements to the Scheme Consideration, Target must maintain the Register in accordance with the provisions of this clause until the Scheme Consideration has been delivered to the Scheme Participants. The Register in this form will solely determine entitlements to the Scheme Consideration.

(d) (**No disposal after Record Date**) From the Record Date until registration of Bidder in respect of all Scheme Shares under **clause 4.2(b)**, no Target Shareholder may dispose or otherwise deal with Target Shares in any way except as set out in this Scheme and any attempt to do so will have no effect and Target shall be entitled to disregard any such disposal or dealing.

(e) (**Statements of holding from Record Date**) All statements of holding for Target Shares will cease to have effect from the Record Date as documents of title in respect of those shares. As from the Record Date, each entry current at that date on the Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Target Shares relating to that entry.

(f) (**Provision of Scheme Participant details**) As soon as practicable after the Record Date and in any event within one Business Day after the Record Date, Target will ensure that details of the names, Registered Addresses and holdings of Target Shares for each Scheme Participant are available to Bidder in the form Bidder reasonably requires.

7 Quotation of Target Shares

(a) Target will apply to ASX to suspend trading on the ASX in Target Shares with effect from the close of trading on the Effective Date.

(b) On a date after the Implementation Date to be determined by Bidder, and only after the transfer of the Scheme Shares has been registered in accordance with **clause 4.2(b)**, Target will apply:

(i) for termination of the official quotation of Target Shares on ASX; and

(ii) to have itself removed from the official list of ASX.

8 General Scheme Provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

(a) Target may, by its counsel or solicitors, consent on behalf of all persons concerned to those alterations or conditions to which Bidder has consented in writing; and

(b) each Scheme Participant agrees to any such alterations or conditions to which counsel for Target has consented.

8.2 Binding effect of Scheme

This Scheme binds Target and all Scheme Participants (including those who did not attend the Scheme Meeting, those who did not vote at that meeting, or voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the constitution of Target.

8.3 Scheme Participants' agreements and acknowledgment

Each Scheme Participant:

(a) agrees to the transfer of their Scheme Shares together with all rights and entitlements attaching to those Target Shares in accordance with this Scheme;

(b) agrees to any variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme;

(c) agrees to, on the direction of Bidder, destroy any share certificates relating to their Scheme Shares; and

(d) acknowledges and agrees that this Scheme binds Target and all Scheme Participants (including those who did not attend the Scheme Meeting or did not vote at that meeting or voted against this Scheme at that meeting).

8.4 Warranties by Scheme Participants

(a) Each Scheme Participant is deemed to have warranted to Target, in its own right and for the benefit of Bidder and Bidder’s Guarantor, that as at the Implementation Date:

(i) all of its Scheme Shares which are transferred to Bidder under this Scheme, including any rights and entitlements attaching to those Scheme Shares, will, at the date of transfer, be free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any “security interests” within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind (but acknowledging that a security interest holder may potentially have an interest in the Scheme Consideration in accordance with the terms of such security interest);

(ii) all of its Scheme Shares which are transferred to Bidder under this Scheme will, on the date on which they are transferred to Bidder, be fully paid;

(iii) it has full power and capacity to transfer its Scheme Shares to Bidder together with any rights attaching to those shares; and

(iv) it has no existing right to be issued any Target Shares, Target options, Target performance rights, Target performance shares, Target convertible notes or any other Target securities.

(b) Target hereby provides the warranties in **clause 8.4(a)** to Bidder and Bidder’s Guarantor as agent and attorney of each Scheme Participant.

8.5 Title to and rights in Scheme Shares

(a) To the extent permitted by law, the Scheme Shares transferred under this Scheme will be transferred free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any “security interests” within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.

(b) On and from the Implementation Date, immediately after the payment by Target of the Scheme Consideration in the manner contemplated by **clauses 5.2(b) and 5.2(c)**, Bidder will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Target of Bidder in the Register as the holder of the Scheme Shares.

8.6 Authority given to Target

(a) On this Scheme becoming Effective, Scheme Participants will be deemed to have authorised Target to do and execute all acts, matters, things and documents on the part of each Scheme Participant necessary for or incidental to the implementation of this Scheme, including executing, as agent and attorney of each Scheme Participant, a share transfer or transfers in relation to Scheme Shares as contemplated by **clause 4.2**.

(b) On this Scheme becoming Effective, each Scheme Participant, without the need for any further act, irrevocably appoints Target and all of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purposes of:

(i) executing any document necessary to give effect to this Scheme including, a proper instrument of transfer of its Scheme Shares for the purposes of section 1071B of the Corporations Act which may be a master transfer of all the Scheme Shares; and

(ii) enforcing the Deed Poll against the Bidder and Bidder Guarantor,

and Target accepts such appointment.

8.7 Appointment of sole proxy

Subject to this Scheme becoming Effective, immediately after the payment by Target of the Scheme Consideration in the manner contemplated by **clauses 5.2(b) and 5.2(c)**, and until Target registers Bidder as the holder of all Scheme Shares in the Register, each Scheme Participant:

(a) is deemed to have irrevocably appointed Bidder as its attorney and agent (and directed Bidder in such capacity) to appoint an officer or agent nominated by Bidder as its sole proxy and, where applicable, corporate representative to attend shareholders' meetings of Target, exercise the votes attaching to the Scheme Shares registered in its name and sign any shareholders' resolution;

(b) undertakes not to otherwise attend shareholders' meetings, exercise the votes attaching to Scheme Shares registered in their names or sign or vote on any resolutions (whether in person, by proxy or by corporate representative) other than as under **clause 8.7(a)**;

(c) must take all other actions in the capacity of a registered holder of Scheme Shares as Bidder reasonably directs; and

(d) acknowledges and agrees that in exercising the powers referred to in **clause 8.7(a)**, Bidder and any officer or agent nominated by Bidder under **clause 8.7(a)** may act in the best interests of Bidder as the intended registered holder of the Scheme Shares.

8.8 Instructions and elections

If not prohibited by law, all instructions, notifications or elections by a Scheme Participant to Target binding or deemed binding between the Scheme Participant and Target relating to Target or Target Shares (including any email addresses, instructions relating to communications from Target, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications from Target) will be deemed from the Implementation Date (except to the extent determined otherwise by Bidder in its sole discretion), by reason of this Scheme, to be made by the Scheme Participant to Bidder until that instruction, notification or election is revoked or amended in writing addressed to Bidder at its registry.

9 General

9.1 Stamp duty

Bidder must pay, and Bidder’s Guarantor must procure that Bidder pays, all stamp duty payable in connection with the transfer of the Scheme Shares to Bidder.

9.2 Notices

(a) If a notice, transfer, transmission application, direction or other communication referred to in this document is sent by post to Target, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Target's registered office or at the office of the Target Registry.

(b) The accidental omission to give notice of the Scheme Meeting or the non- receipt of such a notice by any Shareholder may not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.3 Further assurances

(a) Target must do anything necessary (including executing agreements and documents) or incidental to give full effect to this Scheme and the transactions contemplated by it.

(b) Each Scheme Participant consents to Target doing all things necessary or incidental to give full effect to this Scheme and the transactions contemplated by it.

9.4 Governing law and jurisdiction

(a) This Scheme is governed by the laws of Victoria, Australia.

(b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Victoria and courts which have jurisdiction to hear appeals from any of them in respect of any proceedings arising out of or in connection with this Scheme.

9.5 Listing requirements included in law

A listing rule or business rule of a financial market will be regarded as a law, and a reference to such a rule is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

9.6 Construction

Unless expressed to the contrary, in this Scheme:

(a) words in the singular include the plural and vice versa;

(b) if a word or phrase is defined its other grammatical forms have corresponding meanings;

(c) ‘includes’ means includes without limitation;

(d) no rule of construction will apply to a clause to the disadvantage of a party merely because that party put forward the clause or would otherwise benefit from it;

(e) words and phrases have the same meaning (if any) given to them in the Corporations Act;

(f) a reference to:

(i) a holder includes a joint holder;

(ii) a person includes a partnership, joint venture, unincorporated association, corporation and a government or statutory body or authority;

(iii) a person includes the person’s legal personal representatives, successors, assigns and persons substituted by novation;

(iv) any legislation includes subordinate legislation under it and includes that legislation and subordinate legislation as modified or replaced;

(v) an obligation includes a warranty or representation and a reference to a failure to comply with an obligation includes a breach of warranty or representation;

(vi) a right includes a benefit, remedy, discretion or power;

(vii) time is to local time in Melbourne, Australia;

(viii) ‘$’ or ‘dollars’ is a reference to Australian currency;

(ix) this or any other document includes the document as novated, varied or replaced and despite any change in the identity of the parties;

(x) writing includes any mode of representing or reproducing words in tangible and permanently visible form, and includes fax or email transmissions; and

(xi) a clause or schedule is a reference to a clause or schedule of this Scheme;

(g) if the date on or by which any act must be done under this Scheme is not a Business Day, the act must be done on or by the next Business Day; and

(h) where time is to be calculated by reference to a day or event, that day or the day of that event is excluded.

9.7 Headings

Headings do not affect the interpretation of this document.

Annexure C

Deed Poll

See over page.

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Sydney
Melbourne
Brisbane
Perth
Port Moresby

Valley Seas BidCo Pty Ltd

Laguna Bay Agricultural No 1 Pty Ltd

Deed Poll

3437-6827-3176v9

Contents

Date 14 April 2022

By

Laguna Bay Agricultural No 1 Pty Ltd (ACN 608 464 624) of Level 1, 69 Robertson Street Fortitude Valley QLD 4006 (**Bidder's Guarantor**); and

Valley Seas BidCo Pty Ltd (ACN 657 211 606) of Level 1, 69 Robertson Street Fortitude Valley QLD 4006 (**Bidder**).

in favour of each Scheme Participant.

Background

A Bidder, Bidder's Guarantor and **Target** have entered into the Scheme Implementation Agreement under which Target agreed, subject to the satisfaction or waiver of certain conditions, to propose the Scheme to Scheme Participants.

B Bidder's Guarantor is the holding company of Bidder.

C Under the Scheme Implementation Agreement, Bidder agreed, subject to the satisfaction or waiver of certain conditions, to do all things within its power necessary or desirable on its part to implement the Scheme, including providing the Scheme Consideration. Bidder's Guarantor agreed to act as guarantor in relation to the obligations of Bidder under the Scheme Implementation Agreement.

D Bidder and Bidder's Guarantor are entering into this document for the purpose of covenanting in favour of Scheme Participants to:

(a) comply with all of their obligations under the Scheme Implementation Agreement;

(b) perform the actions attributed to Bidder under the Scheme;

(c) perform the actions attributed to Bidder Guarantor under the Scheme; and

(d) provide the Scheme Consideration in accordance with the Scheme.

Declarations

1 Definitions

(a) In this document these terms have the following meanings:

Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Target and the Scheme Participants the form of which is attached to the Scheme Implementation Agreement, or as otherwise agreed by Target and Bidder, subject to any alterations or conditions agreed in writing between Target and Bidder and approved by the Court or made or required by the Court pursuant to section 411(6) of the Corporations Act and agreed in writing by Target and Bidder.
Scheme Implementation Agreement	the scheme implementation agreement dated 10 February 2022 and entered into between Target, Bidder and Bidder's Guarantor.
Target	Angel Seafood Holdings Ltd (ACN 615 035 366).
Trust Account	an Australian dollar denominated trust account with an authorised deposit-taking institution (as defined in the *Banking Act 1959* (Cth)) operated by Target as trustee for the benefit of Scheme Participants, as nominated by Target and notified to Bidder at least 5 Business Days prior to the Implementation Date, being the account into which Bidder will deposit the Scheme Consideration.

(b) Words and phrases defined in the Scheme Implementation Agreement have the same meaning in this document unless the context requires otherwise.

2 Nature of this deed poll

Bidder and Bidder's Guarantor each acknowledges that:

(a) this document may be relied on and enforced by any Scheme Participant in accordance with its terms, even though the Scheme Participants are not party to it; and

(b) under the Scheme, each Scheme Participant irrevocably appoints Target and all of its directors, secretaries and officers (jointly and each of them severally) as its attorney and agent, inter alia, to enforce this document against Bidder and Bidder's Guarantor.

3 Conditions precedent and termination

3.1 Conditions precedent

The obligations of Bidder and Bidder’s Guarantor in respect of the Scheme pursuant to this document are subject to the Scheme becoming Effective.

3.2 Termination

If:

(a) the Scheme Implementation Agreement is terminated in accordance with its terms before the Scheme becomes Effective; or

(b) the Scheme does not become Effective on or before the End Date,

the obligations of Bidder and Bidder’s Guarantor under this document will automatically terminate.

3.3 Consequences of termination

If this document is terminated under **clause 3.2** then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

(a) Bidder and Bidder’s Guarantor are each released from its obligations to further perform this document, except those obligations contained in **clause 6** and any other obligations which by their nature survive termination; and

(b) each Scheme Participant retains any rights, power or remedies it has against Bidder or Bidder’s Guarantor in respect of any breach of this document by Bidder or Bidder’s Guarantor which occurred before termination of this document.

4 Scheme Consideration

4.1 Performance of obligations generally

Subject to **clause 3**:

(a) Bidder undertakes in favour of each Scheme Participant to perform the actions attributed to it under the Scheme as if it were a party to the Scheme; and

(b) Bidder’s Guarantor undertakes in favour of each Scheme Participant to:

(i) procure that Bidder complies with **clause 4.1(a)**; and

(ii) perform the actions attributed to Bidder’s Guarantor under the Scheme as if it were a party to the Scheme.

4.2 Provision of Scheme Consideration

Subject to **clause 3**:

(a) Bidder undertakes in favour of each Scheme Participant to deposit the Scheme Consideration into the Trust Account in accordance with the terms of the Scheme; and

(b) Bidder's Guarantor undertakes in favour of each Scheme Participant to procure that Bidder complies with **clause 4.2(a)**.

5 Representations and warranties

Each of Bidder and Bidder's Guarantor represents and warrants in favour of each Scheme Participant that:

(a) it is a company duly incorporated and validly existing under the laws of the place of its incorporation;

(b) it has the power to enter into and perform its obligations under this document and to carry out the transactions contemplated by this document;

(c) it has taken all necessary corporate action to authorise the entry into and performance of this document and to carry out the transactions contemplated by this document;

(d) this document is a valid and binding obligation on it and is enforceable in accordance with its terms;

(e) the execution and performance by it of this document and each transaction contemplated by this document did not and will not violate in any respect:

(i) any provision of its constitution; or

(ii) any writ, order or injunction, judgement, law, rule or regulation to which it is subject or by which it is bound;

(f) it is not otherwise bound by any agreement that would prevent, restrain or restrict it from entering into or performing any of its obligations or undertakings contained in this document; and

(g) it is solvent and no resolutions have been passed nor has any other step been taken or legal action or proceedings commenced or threatened against it for its winding up, deregistration or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets.

6 Continuing obligations

This document is irrevocable and, subject to **clause 3**, remains in full force and effect until:

(a) each of Bidder and Bidder's Guarantor have completely performed their obligations under this document; or

(b) this document is terminated in accordance with **clause 3**,

whichever comes first.

7 Notices

7.1 General

Any notice, transfer, transmission, application, direction, demand, consent or other communication (**Notice**) given or made to Bidder or Bidder's Guarantor under this document must be in writing in English and signed by the sender or a person duly authorised by the sender.

7.2 How to give a Notice

(a) A Notice must be given to Bidder by being:

(i) personally delivered;

(ii) left at Bidder's current delivery address for notices;

(iii) sent to Bidder's current delivery address for notices or current registered office by pre-paid ordinary mail; or

(iv) sent by email to the Bidder's current email delivery address for notices.

(b) A Notice must be given to Bidder's Guarantor by being:

(i) personally delivered;

(ii) left at Bidder's Guarantor's current delivery address for notices;

(iii) sent to Bidder's Guarantor's current delivery address for notices or current registered office by pre-paid ordinary mail; or

(iv) sent by email to the Bidder's Guarantor's current email delivery address for notices.

7.3 Particulars for delivery of notices

(a) The particulars for delivery of Notices to Bidder are:

Attention:	Samantha Bryce and Samuel Denman
Delivery address:	PO Box 2007, New Farm, QLD 4005
Email:	notices@lagunabay.com.au

(b) The particulars for delivery of Notices to Bidder's Guarantor are:

Attention:	Samantha Bryce and Samuel Denman
Delivery address:	PO Box 2007, New Farm, QLD 4005
Email:	notices@lagunabay.com.au

7.4 Communications

Subject to **clause 7.5**, a Notice is given:

(a) if delivered, at the time of delivery;

(b) if posted within Australia to an Australian postal address, three Business Days after posting; or

(c) if posted outside of Australia to an Australian postal address or within Australia to an address outside of Australia, seven Business Days after posting;

(d) if sent by email, the time at which that email is sent, unless the sender receives a non-delivery reply.

7.5 After hours communications

If a Notice is given:

(a) after 5.00 pm in the place of receipt; or

(b) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt,

it is taken as having been given at 9.00 am on the next day which is not a Saturday, Sunday or bank or public holiday in that place.

7.6 Process service

Any process or other document relating to litigation, administrative or arbitral proceedings relating to this document may be served by any method contemplated by this **clause 7** or in accordance with any applicable law.

8 General

8.1 Stamp duty

Bidder must pay, and Bidder's Guarantor must procure that Bidder pays, all stamp duties and any related fines, interest and penalties, in respect of or in connection with this document, the performance of this document and each transaction effected by or made or any instrument executed under this document or the Scheme, including the transfer of Scheme Shares under the Scheme.

8.2 Waiver

Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this document by any person will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other rights, power or remedy provided by law or under this document. A waiver is not valid or binding on the person granting that waiver unless made in writing.

8.3 Cumulative rights

The rights, powers and remedies of Bidder and Bidder's Guarantor and of each Scheme Participant under this document are cumulative with and do not exclude any other rights, powers or remedies provided by law or equity independently of this document.

8.4 Amendment

A provision of this document may not be varied unless:

(a) before the Second Court Date, the variation is agreed to in writing by Target, Bidder and Bidder's Guarantor; or

(b) on or after the Second Court Date, the variation is agreed to in writing by Target, Bidder and Bidder's Guarantor and is approved by the Court,

in which event Bidder and Bidder's Guarantor must enter into a further deed poll in favour of the Scheme Participants giving effect to that amendment.

8.5 Assignment

The rights and obligations of Bidder and Bidder's Guarantor and of each Scheme Participant under this document are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity and no person may attempt, or purport, to do so without the prior written consent of Bidder, Bidder's Guarantor and Target. Any purported dealing in contravention of this **clause 8.5** is invalid.

8.6 Severability

If the whole or any part of a provision of this document is void, unenforceable or illegal in a jurisdiction, it is severed for that jurisdiction, the remainder of this document has full force and effect, and the validity or enforceability of that provision in any other jurisdiction is not affected. This **clause 8.6** has no effect if the severance alters the basic nature of this document or is contrary to public policy.

8.7 Further assurances

Bidder and Bidder's Guarantor will each execute and deliver all documents and do all acts and things necessary or desirable to give full effect to this document and the transactions contemplated by it.

8.8 Governing law and jurisdiction

(a) This document is governed by and is to be construed in accordance with the laws applicable in the State of Victoria, Australia.

(b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in the State of Victoria, Australia, and any courts which have jurisdiction to hear appeals from any of those courts, and waives any right to object to any proceedings being brought in those courts.

8.9 Construction

The rules specified in clause 19.17 of the Scheme Implementation Agreement form part of this document as if set out in full in this document.

8.10 Headings

Headings do not affect the interpretation of this document.

Execution

Executed as a deed poll in the State of Queensland, Australia.

Executed by Valley Seas BidCo Pty Ltd ACN 657 211 606 in accordance with section 127 of the Corporations Act)

....
Company Secretary/Director

Leyya Taylor
....
Name of Company Secretary/Director (print)

....
Director

Benjamin Trickett
....
Name of Director (print)

Executed by **Laguna Bay Agricultural No 1 Pty Ltd** ACN 608 464 624 in accordance with section 127 of the Corporations Act)

....
Company Secretary/Director

Leyya Taylor
....
Name of Company Secretary/Director (print)

....
Director

Benjamin Trickett
....
Name of Director (print)

Annexure D

Notice of Scheme Meeting

Angel Seafood Holdings Ltd
ACN 615 035 366

Notice of Scheme Meeting

Notice is hereby given, that by order of the Court made on Friday, 6 May 2022 pursuant to section 411(1) of the Corporations Act, a meeting of Angel Shareholders (other than Excluded Shareholders) will be held at 3.00pm (Melbourne time) on Friday, 10 June 2022 in-person at Thomson Geer office, Level 23, Rialto South Tower, 525 Collins Street, Melbourne VIC 3000 and virtually via an online platform at https://meetnow.global/MRPMYTN (this is the **Scheme Meeting**).

Angel Shareholders and their authorised proxies, attorneys and corporate representatives may participate in the Scheme Meeting in-person or via the online platform. Angel Shareholders who participate in the Scheme Meeting via the online platform will be able to listen to the Scheme Meeting, cast an online vote and ask questions both online and orally through the online platform at https://meetnow.global/MRPMYTN. The virtual Meeting Guide on how to attend the Meeting is available at www.computershare.com.au/virtualmeetingguide.

Purpose of Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without any alterations or conditions agreed to in writing between Angel and BidCo or any alterations or conditions required by the Court to which Angel and BidCo agree) proposed to be made between Angel and Angel Shareholders.

To enable you to make an informed voting decision, further information about the Scheme is set out in the accompanying explanatory statement (for the purposes of section 412(1) of the Corporations Act) which, together with this Notice of Scheme Meeting, forms part of this Scheme Booklet.

Capitalised terms used in this Notice of Scheme Meeting but not defined in it (including the term "Excluded Shareholders") have the same meeting as set out in the Glossary in Section 9 of the Scheme Booklet.

Scheme Resolution

To consider and if thought fit, to pass the following Scheme Resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

> *'That pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth) the Scheme, the terms of which are contained in and more particularly described in the Scheme Booklet (of which this Notice of Scheme Meeting forms part) is agreed to (with or without any alterations or conditions agreed to in writing between Angel and BidCo or any alterations or conditions required by the Court to which Angel and BidCo agree), and subject to approval of the Scheme by the Court, the directors of Angel are authorised to implement the Scheme with any such alterations or conditions.'*

Chairman

The Court has directed that Mr Tim Goldsmith is to act as Chairman of the Scheme Meeting (and that, if he is unable or unwilling to attend, Mr Michael Porter is to act as Chairman).

Dated: Wednesday, 11 May 2022

By Order of the Angel IBC

Tim Goldsmith
Chairman

Explanatory Notes for the Scheme Meeting

This Notice of Scheme Meeting relates to the Scheme and should be read in conjunction with the balance of the Scheme Booklet. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution, including the information prescribed by the Corporations Act and the Corporations Regulations. A copy of the Scheme is set out in Annexure B of the Scheme Booklet.

1. Requisite Majorities

The Scheme can only proceed if, at the Scheme Meeting, the Scheme Resolution is passed. For this to occur, the Scheme Resolution must be approved by:

(a) unless the Court orders otherwise, a majority in number of Angel Shareholders who are present at the Scheme Meeting and vote on the Scheme Resolution, either in person or by proxy, attorney or representative; and

(b) at least 75% of the votes cast at the Scheme Meeting by Angel Shareholders on the Scheme Resolution, either in person or by proxy, attorney or representative.

2. Court Approvals

If the Scheme Resolution (set out in this Notice of Scheme Meeting) is approved by the Requisite Majorities, the implementation of the Scheme will be subject, among other things, to the subsequent approval of the Court. If the Scheme Resolution is passed by the Requisite Majorities, and the other conditions precedent to the Scheme (other than approval by the Court and lodgement of the Scheme Court order with ASIC) are satisfied or (if permitted) waived by the time required under the Scheme, Angel will apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

3. Entitlement to vote

The Court has ordered that, for the purposes of the Scheme Meeting, each Angel Shareholder (other than Excluded Shareholders) who is registered on the Register at 7.00pm (Melbourne time) on Wednesday, 8 June 2022 is entitled to attend in-person or virtually and vote at the Scheme Meeting.

BidCo has agreed to acquire all of the Shares of Angel, other than the Excluded Shares. As such, the Excluded Shareholders will not vote on the Scheme at the Scheme Meeting.

The Angel Shares held by Laguna Bay Group and its associates (presently 32,227,062 Angel Shares) are excluded from the Scheme Meeting, and accordingly Laguna Bay Group will not participate nor vote in the Scheme Meeting.

Mr Halman and his affiliated entities presently hold 24,770,210 Angel Shares, and 16,178,927 of these are excluded from the Scheme and will be retained by Halman and his affiliated entities. As such Mr Halman (in respect of the 16,178,927 Angel Shares) is excluded from the Scheme Meeting and will not participate nor vote in the Scheme.

Further, given that the proposal from Laguna Bay Group provided for Mr Halman to continue to hold Angel Shares post-Implementation of the Scheme, Mr Halman will not be voting his 8,591,283 Scheme Shares.

Angel will disregard any votes cast in favour of the resolution by or on behalf of:

(a) the named person or class of persons excluded from voting; or

(b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

(b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

(ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4. Participation in the Scheme Meeting

Angel Shareholders and their authorised proxies, attorneys and corporate representatives can participate in and vote at the Scheme Meeting in-person at Thomson Geer office, Level 23, Rialto South Tower, 525 Collins Street, Melbourne VIC 3000 or via the online platform at https://meetnow.global/MRPMYTN.

4.1 In-person

The Scheme Meeting will be held in-person at Thomson Geer office, Level 23, Rialto South Tower, 525 Collins Street, Melbourne VIC 3000.

Given current uncertainty and to minimise health risks created by the COVID-19 pandemic, Angel strongly encourages Scheme Shareholders to consider lodging a directed proxy or attending the meeting virtually, rather than attending the physical meeting in person.

Scheme Shareholders who wish to attend the physical meeting in person should note that the protocols for attendance in person at the Scheme Meeting may change at short notice in response to lockdowns or border closures that may from time to time be imposed in response to the COVID-19 global pandemic.

Please monitor Angel's website and ASX announcements, where updates will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the Scheme Meeting.

4.2 Online

The online platform may be accessed via a computer or mobile or tablet device with internet access. The online platform will allow Angel Shareholders and their authorised proxies, attorneys and corporate representatives to listen to the Scheme Meeting, cast an online vote and ask questions both online and orally through the online platform at https://meetnow.global/MRPMYTN.

To participate and vote online, Angel Shareholders will need their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of their holding statement or Proxy Form), and their postcode (or country code if outside Australia). Attorneys and corporate representatives can log in to the online platform using the SRN/HIN of the relevant Angel Shareholder.

It is recommended that Angel Shareholders login to the online platform at least 15 minutes prior to the scheduled start time for the Scheme Meeting. The Scheme Meeting Online Guide provides details about how to ensure your browser is compatible with the online platform as well as a step-by-step guide to successfully log in and navigate the site. The Scheme Meeting Online Guide will be available at Angel's website at www.angelseafood.com.au/investors or by logging into www.computershare.com.au/virtualmeetingguide.

Please monitor Angel's website and ASX announcements, where updates will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the Scheme Meeting.

5. Voting at the Scheme Meeting

5.1 How to vote

Voting will be conducted by a poll. Angel Shareholders who are entitled to vote at the Scheme Meeting, may vote on the Scheme Resolution:

(a) in person at Thomson Geer office, Level 23, Rialto South Tower, 525 Collins Street, Melbourne VIC 3000;

(b) online, by participating and voting via the online platform at https://meetnow.global/MRPMYTN; or

(c) by proxy, attorney or, in the case of a body corporate which is an Angel Shareholder, corporate representative appointed in accordance with the Corporations Act.

Details in respect of each of these methods is set out below

5.2 Voting online

To vote online, you must participate in the Scheme Meeting via the online platform at https://meetnow.global/MRPMYTN.

Online voting will be open between the start of the Scheme Meeting and the closing of voting as announced by the chairperson during the Scheme Meeting.

5.3 Voting by proxy

To vote by proxy, you must complete and return your personalised proxy form by no later than 48 hours before the Scheme Meeting, in accordance with the instructions on the form. A proxy need not be an Angel Shareholder.

You may appoint an individual or body corporate as your proxy. If you appoint a body corporate as your proxy, that body corporate must ensure that it appoints a corporate representative to exercise its powers as proxy at the Scheme Meeting (see below).

An Angel Shareholder entitled to cast two or more votes at the Scheme Meeting may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but, where the proportion or number is not specified, each proxy may exercise half of the votes. The appointment may specify the proportion or number of votes that the proxy may exercise.

You can direct your proxy how to vote by following the instructions on the proxy form. If you do not direct your proxy how to vote, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the Angel Shares the subject of the proxy appointment will not be counted in computing the Requisite Majorities.

If you return your proxy form:

(a) without identifying a proxy on it, you will be taken to have appointed the Chairman of the meeting as your proxy to vote on your behalf; or

(b) with a proxy identified on it but your proxy does not attend the meeting, the Chairman of the meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The Chairman of the meeting intends to vote all available proxies which appoint (or are taken to appoint) the Chairman in favour of the Scheme Resolution (in the absence of a Superior

Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Angel Shareholders).

Your appointment of a proxy does not preclude you from attending the Scheme Meeting personally. The appointment of your proxy is not suspended merely by attending the Scheme Meeting, but if you vote on a resolution, the proxy is not entitled to vote, and must not vote, as your proxy on that resolution.

5.4 Voting by attorney

To vote by attorney, you must deliver to the Share Registry a duly executed power of attorney, specifying your name, the attorney, the meetings at which the appointment may be used and that the power of attorney applies in relation to Angel, by no later than 48 hours before the Scheme Meeting. The appointment may be a standing one and the attorney need not be an Angel Shareholder.

The power of attorney appointing the attorney to attend and vote at the meeting must be duly executed by you in the presence of at least one witnesses and specify the name of the Angel Shareholder, the company (that is, Angel) and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

The original power of attorney or a certified copy of the power of attorney, must be received by the Share Registry by 3.00pm (Melbourne time) on Wednesday, 8 June 2022 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

(a) **Online:** By visiting www.investorvote.com.au and follow the instructions

(b) **Post:** By post to the Share Registry at the following address:

GPO Box 1282
Melbourne VIC 3001

(c) **Fax:** By fax to the Share Registry on:

1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Attorneys of eligible Angel Shareholders will only be able to attend the meeting if you have delivered to the Share Registry a duly executed power of attorney, specifying your name, the attorney, the meetings at which the appointment may be used and that the power of attorney applies in relation to Angel, by no later than 48 hours before the Scheme Meeting.

5.5 Voting by corporate representative

For a body corporate to vote by corporate representative, the representative must have a duly executed appointment which complies with the requirements of the Corporations Act. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution. The representative must have evidence of their appointment to the Scheme Meeting, including any authority under which it is signed, unless it has previously been given to Angel.

5.6 Lodgement of proxies, authorities and powers of attorney

To be effective, completed proxy forms, any authorities under which proxy forms are signed and powers of attorney must be received by the Share Registry by no later than 3.00pm (Melbourne time) on Wednesday, 8 June 2022) or any adjourned meeting (or such lesser period as the Angel IBC may permit):

(a) **Post:** By post to Computershare Investor Services:

GPO Box 1282
Melbourne VIC 3001;

(b) **Online:** By going to the Computershare website www.investorvote.com.au and log in using the control number found on your proxy form, or scan the QR code on your proxy form with your mobile device and follow the instructions on the secure website to vote;

(c) **Fax:** By fax to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or

(d) Custodian voting for intermediary online subscribers only at www.intermediaryonline.com.

6. Jointly held securities

In the case of jointly held Angel Shares, only one of the joint Angel Shareholders is entitled to vote. If more than one Angel Shareholder votes in respect of jointly held Angel Shares, only the vote of the Angel Shareholder whose name appears first in the Angel Share Register will be counted.

Corporate Directory

Directors

Mr Isaac Halman – Executive Director, Chief Executive Officer and Founder
Mr Michael Porter – Non-Executive Director
Mr Tim Goldsmith – Non-Executive Chairman

Registered office

Angel Seafood Holdings Ltd
48 Proper Bay Road
Port Lincoln SA 5606

Angel Shareholder Information Line

1300 556 161 (within Australia)
+61 3 9415 4000 (from outside Australia) Monday to Friday between 9.00am and 5.00pm (Melbourne time)

Share Registry

Computershare Investor Services Pty Limited
Level 5
115 Greenfell Street
Adelaide SA 5000

Auditor

William Buck Chartered Accountants
Level 6
211 Victoria Square
Adelaide SA 5000

Website

www.angelseafood.com.au

Legal advisors

Thomson Geer
Level 23, Rialto South Tower
525 Collins Street
Melbourne VIC 3000

Independent Expert

Grant Thornton Corporate Finance Pty Ltd
Level 22, Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008