

ANGEL

SEAFOOD

Angel Seafood receives indicative, non-binding and conditional proposal from Laguna Bay and grants exclusivity

20 December 2021 – Angel Seafood Holdings Ltd (ASX: AS1) (the "Company" or "Angel") has received an indicative, non-binding and conditional proposal from Laguna Bay Group Pty Ltd ("Laguna Bay") to purchase all of the shares in Angel (which entities associated with Laguna Bay do not already own)¹ by way of a scheme of arrangement at an indicative all cash consideration of \$0.20 per share (the "Indicative Proposal").

The indicative all cash consideration of \$0.20 per share represents:

- a 60% premium to Angel's closing share price on 17 December 2021 of \$0.125 per share; and
- a 50% premium to Angel's volume weighted average share price over the 30 day period prior to 17 December 2021 of \$0.133 per share.

Laguna Bay has indicated that the Indicative Proposal was formulated based on several key assumptions, including Laguna Bay's strong preference that Isaac Halman (being Angel's Founder, Chief Executive Officer and Director) and his associated entities retain a significant proportion of their shareholding in Angel – the form and extent of such retention (if any) sought by Laguna Bay has not been confirmed.

The Indicative Proposal is subject to several key conditions, including Laguna Bay conducting due diligence, Laguna Bay receiving all necessary approvals or regulatory waivers or relief, final approval by Laguna Bay's investment committee, recommendation by the Board of Angel, and the parties finalising the detailed structure and entering into a scheme implementation agreement.

Following careful consideration, and consultation with its advisers, the Board of Angel considers that it is in the best interests of Angel's shareholders to engage further with Laguna Bay on the Indicative Proposal. Accordingly, Angel has entered into an exclusivity deed and a cost letter with Laguna Bay to provide it with the opportunity to conduct due diligence on an exclusive basis to enable it to put forward a binding offer (the "Exclusivity Deed"). A copy of the Exclusivity Deed and cost letter are annexed to this announcement, the key terms of which include an exclusivity period expiring on 10 February 2022 (subject to a fiduciary carve out), a right for either party to terminate by giving notice, and an obligation for Angel to reimburse Laguna Bay for costs incurred during the exclusivity period (capped at \$200,000) in certain circumstances.

The Board of Angel notes that there is no certainty that the Indicative Proposal will result in a binding offer or result in the entry into a scheme implementation agreement.

Shareholders do not need to take any action in relation to the Indicative Proposal.

This announcement was approved for release by the Board.

¹ Laguna Bay and its associated entities already hold a relevant interest in 19.946% of the shares in Angel.

Further Information

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

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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.

Annexure – Exclusivity Deed and cost letter

See over page

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Laguna Bay Group Pty Ltd

Angel Seafood Holdings Limited

Exclusivity Deed

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Date 20 December 2021

Parties

Laguna Bay Group Pty Ltd ACN 629 388 076 of Level 1, 69 Robertson Street
Fortitude Valley QLD 4006 (**Laguna Bay**)

Angel Seafood Holdings Limited ACN 615 035 366 of 48 Proper Bay Road, Port
Lincoln SA 5606 (**Angel**)

Background

- A Laguna Bay has provided to Angel a non-binding and indicative proposal in respect of the Proposed Transaction (**Indicative Proposal**).
- B Subject to the terms and conditions of this deed, Angel has agreed to grant a period of exclusivity to Laguna Bay to facilitate Laguna Bay's confirmatory due diligence review.
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Agreed terms

1 Definitions

In this document these terms have the following meanings:

Affiliate	In respect of a person (Primary Person), a person: <ul style="list-style-type: none">(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 Board	The board of directors for the time being of Angel.
Angel Group	Angel and each of its Affiliates.
Associate	Has the meaning set out in Division 2 of Part 1.2 of the Corporations Act, as if section 12(1) of the Corporations Act included a reference to this deed and Angel was the designated body.

Business Day	A day on which banks are open for general banking business in Melbourne, Victoria (not being a Saturday, Sunday or public holiday).
Competing Proposal	<p>Any offer, proposal, agreement, arrangement or transaction, whether existing before, on or after the date of this deed, which, if entered into or completed, could mean that a person other than Laguna Bay or its Affiliates (either alone or with any of its Associates) would:</p> <ul style="list-style-type: none">(a) directly or indirectly acquire Voting Power in, or have a right to acquire a legal, beneficial or economic interest in, or control of, 20% or more of the securities in any member of the Angel Group;(b) acquire Control of any member of the Angel Group;(c) directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire a legal, beneficial or economic interest in, or control of, all or substantially all or a material part of the business or assets of any member of the Angel Group; or(d) otherwise directly or indirectly acquire, be stapled with or merge with, Angel, <p>whether by way of a takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale, lease or purchase of shares, other securities or assets, assignment of assets or liabilities, joint venture, dual listed company (or other synthetic merger), deed of company arrangements, any debt for equity arrangement or other transaction or arrangement.</p>
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, solely for the purposes of this deed, 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 <i>Corporations Act 2001</i> (Cth).
Exclusivity Period	<p>The period from and including the date of this deed and ending on the earlier of:</p> <ul style="list-style-type: none">(a) 10 February 2022, or such later date as the parties may from time to time agree in writing; and

- (b) the termination of this deed under **clause 3**.
- Implementation Agreement** An implementation agreement or deed to be entered into by Angel and Laguna Bay or its nominee for the purposes of the Proposed Transaction, which agreement or deed will reflect any agreed terms and assumptions as at the date of that agreement or deed.
- Proposed Transaction** The proposal by Laguna Bay for an Affiliate or nominee of Laguna Bay to acquire all of the shares in Angel, which Affiliates of Laguna Bay do not already own and, subject to further discussions, potentially excluding certain shares owned by Isaac Halman and his associated shareholding entities, for \$0.20 per share.
- Representative** In relation to a person, means:
- (a) an Affiliate of the person;
 - (b) an officer, employee, agent or contractor of the person or an Affiliate of the person; and
 - (c) a financial, tax, accounting, legal or other professional adviser or other adviser to the person or an Affiliate of the person.
- Superior Proposal** A bona fide Competing Proposal which the Angel Board, acting in good faith in the interests of Angel and its shareholders, and after taking advice from its 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's shareholders than the latest proposal provided by Laguna Bay to Angel in relation to the Proposed Transaction, taking into account all aspects of the Competing Proposal and the latest proposal provided by Laguna Bay 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.

Subsidiary	Of an entity means another entity which is a subsidiary of the first entity within the meaning of the Corporations Act.
Third Party	A person other than Laguna Bay and its Affiliates.
Voting Power	Has the meaning it is given in section 610 of the Corporations Act.

2 Exclusivity

2.1 No current discussions regarding a Competing Proposal

Angel represents and warrants that, as at the date of this deed, it is not in any negotiations or discussions, and has ceased any existing negotiations or discussions, with any person in respect of any actual, proposed or potential Competing Proposal.

2.2 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.

2.3 No talk

Subject to **clause 2.4**, during the Exclusivity Period, Angel must not and must ensure that none of its Representatives:

- (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 of this **clause 2.3**,

provided that nothing in this **clause 2** prevents or restricts Angel or any of its Representatives and Affiliates or the Representatives of those Affiliates 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 this **clause 2** and is only able to engage in negotiations, discussions or other communications if the fiduciary exception set out in **clause 2.4** applies.

2.4 Fiduciary carve out

Clause 2.3 (no talk) does not apply to the extent that it restricts Angel or the Angel Board 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 2.2**) provided that:

- (a) the Competing Proposal is bona fide and is made by or on behalf of a person that the Angel Board considers is of sufficient commercial standing; and
- (b) the Angel Board 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 its external legal advisers (who must be reputable advisers experienced in transactions of this nature), compliance with **clause 2.3** (as applicable) would, or would be reasonably likely to constitute a breach of the Angel Board's fiduciary or statutory duties.

2.5 Exceptions to the exclusivity arrangement

Nothing in this **clause 2** prevents Angel from:

- (a) engaging with its shareholders (in their capacity as a shareholder of Angel) in relation to the Angel Group, provided that such engagement does not relate to Angel soliciting, inviting or initiating an actual, proposed or potential Competing Proposal;
- (b) continuing to make presentations to, and to respond to enquiries from, brokers, portfolio investors, analysts and institutional lenders in the ordinary course in relation to its business generally;
- (c) instructing or receiving advice from its Representatives; or
- (d) fulfilling its continuous disclosure requirements.

2.6 Angel legal advice

Angel acknowledges and agrees that it has received legal advice on this deed and the operation of this **clause 2**.

3 Term and Termination

This deed, and the parties' obligations under it, will terminate and be of no further force or effect on the earliest of the following to occur:

- (a) the expiry of the Exclusivity Period;
- (b) either party giving written notice to the other party that it terminates this deed, which may be given at any time;
- (c) Angel's directors publicly recommending a Competing Proposal; and
- (d) the execution by the parties of an Implementation Agreement in respect of the Proposed Transaction.

4 Other Acknowledgments

4.1 Proposed Transaction

Each party agrees that:

- (a) this deed is not intended to constitute, and does not constitute, an offer capable of acceptance or to otherwise give rise to a binding contract to proceed with the Proposed Transaction;
- (b) there is no certainty that the Proposed Transaction will proceed; and
- (c) this deed does not constitute a proposal to make a takeover bid for the purposes of section 631 of the Corporations Act.

5 General

5.1 Governing law and jurisdiction

- (a) This deed is governed by the law in force in Victoria, Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Victoria, Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

5.2 Counterparts

This deed may be executed in any number of counterparts.

5.3 Interpretation

In this deed, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this deed, and a reference to this deed includes any schedule or annexure;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to **A\$, \$A, dollar** or **\$** is to Australian currency;
- (f) a reference to time is to Melbourne, Australia time;
- (g) a reference to a party is to a party to this deed, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (i) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (j) a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act;
- (k) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (l) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this deed or any part of it; and
- (m) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

5.4 Headings

Headings are for ease of reference only and do not affect interpretation.

Execution

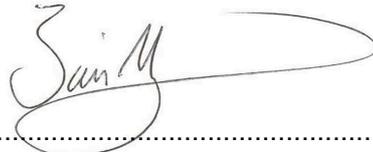
Executed as a deed.

Executed by Laguna Bay Group Pty Ltd)



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Company Secretary

.....
Samantha Bryce
Name of Company Secretary (print)



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Director

.....
Timothy McGavin
Name of Director (print)

Executed by Angel Seafood Holdings Limited)



.....
Company Secretary/Director

.....
Christine Manuel
Name of Company Secretary/Director
(print)



.....
Director

.....
Tim Goldsmith
Name of Director (print)

19 December 2021

CONFIDENTIAL

Mr Tim Goldsmith
Chairman
Angel Seafood Holdings Limited

Dear Tim

Project Underground – Exclusivity Deed – Cost Letter

We refer to the Exclusivity Deed dated on or about the date of this letter between Angel Seafood Holdings Limited (**Angel**) and Laguna Bay Group Pty Ltd (**Laguna Bay**).

Capitalised terms used in this letter have the same meaning given to them in the Exclusivity Deed.

The purpose of this letter is to set out the agreement of Angel to reimburse Laguna Bay part of Laguna Bay's costs associated with conducting due diligence and progressing the Proposed Transaction in certain circumstances.

It is agreed that:

1. Angel must reimburse Laguna Bay an amount equal to all external, actual third party out of pocket costs, fees and expenses which have been or will be incurred by or on behalf of Laguna Bay in connection with the Proposed Transaction during the Exclusivity Period, up to a total limit of A\$200,000 (ex-GST) (**Cost Reimbursement Amount**), if:
 - (a) Angel is not willing to enter into an Implementation Agreement on customary terms consistent with the Indicative Proposal by 28 February 2022:
 - (i) including the indicative offer price; and
 - (ii) attaching an agreed form of Angel's ASX announcement which includes a statement of intention to vote in favour of the Proposed Transaction from Thorney Opportunities Ltd and its associated entities subject only to the qualifications that no superior proposal for Angel emerges and that an independent expert determines that the Proposed Transaction is fair and reasonable;
 - (b) Angel terminates discussions regarding the Proposed Transaction or negotiations of the Implementation Agreement at any time during the Exclusivity Period;
 - (c) Angel announces a Superior Proposal is being pursued by Angel with a Third Party at any time during the three months after the date of this letter;
 - (d) Angel terminates the Exclusivity Deed;
 - (e) during the Exclusivity Period, unless otherwise agreed in writing by Laguna Bay (acting reasonably):
 - (i) Angel borrows, or agrees to borrow, an amount of more than A\$1 million from a third party; or



- (ii) any of the occurrences listed in section 652C(1) or (2) of the Corporations Act happen in relation to Angel (other than the issue of shares by Angel due to the exercise or conversion of convertible securities issued before the date of this letter the existence of which has been fairly disclosed to ASX); or

- (f) Angel breaches its obligations under the Exclusivity Deed,

except to the extent any of the events above have been caused by Laguna Bay first ceasing to continue to participate in good faith in negotiations on the Implementation Agreement on the basis set out in the Indicative Proposal (including, for the avoidance of doubt, the indicative offer price) for reasons unrelated to any of the above matters and provided that at all times Laguna Bay has diligently pursued the Proposed Transaction up to the point that the event in paragraph 1 has occurred.

2. If the Cost Reimbursement Amount becomes payable to Laguna Bay, Angel must pay the amount within five Business Days of receiving a written notice from Laguna Bay setting out the relevant circumstances accompanied by reasonable evidence of the costs incurred giving rise to the obligation to pay and a valid tax invoice if any GST is to be charged or reimbursed. Such written notice may only be given by Laguna Bay after an event in paragraph 1 has occurred.
3. The Cost Reimbursement Amount is only payable once and will not be payable if an Implementation Agreement is entered into (and if it has been paid and an Implementation Agreement is entered into it must be returned immediately).
4. Angel acknowledges that:
 - (a) Laguna Bay has requested that provision be made for the reimbursement of these costs in the circumstances contemplated above, without which Laguna Bay would not have entered into the Exclusivity Deed or continued to pursue the Proposed Transaction;
 - (b) the Cost Reimbursement Amount is reasonable having regard to the significant costs, fees and expenses Laguna Bay will incur by pursuing the Proposed Transaction, including (without limitation) the costs of conducting due diligence.
5. Angel acknowledges that it has obtained independent legal advice in relation to the obligations in this document.

By executing and returning this letter, each of Angel and Laguna Bay agree and acknowledge that this letter takes effect as a binding agreement. This letter agreement may be executed in counterparts which, when taken together, will constitute one document. Clause 5 of the Exclusivity Deed applies to this letter as if it were set out in full and references to "this deed" were references to "this letter".

Your sincerely

Laguna Bay



Executed as a deed.

Executed by Laguna Bay Group Pty Ltd

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Company Secretary

Samantha Bryce

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Name of Company Secretary (print)

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Director

Timothy McGavin

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Name of Director (print)

Executed by Angel Seafood Holdings Limited

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Company Secretary/Director

Christine Manuel

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Name of Company Secretary/Director (print)

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Director

Tim Goldsmith

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Name of Director (print)