IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay. The Shares offered by this Prospectus should be considered highly speculative.

PROSPECTUS

An offer of 25,000,000 Shares at an issue price of $0.20 each to raise a minimum of $5,000,000 with over subscriptions to raise up to a total of $6,000,000.
You should read the following terms and conditions carefully before reading or making any use of this Prospectus or any information contained in it. In receiving and reading this Prospectus, you are agreeing to be bound by the following terms and conditions, including any modifications to them. If you do not agree to this, you should immediately return this Prospectus to the Company.

Lodgement and Listing

This Prospectus is dated 26 April 2018 and was lodged with ASIC on that date. The Company will apply to ASX within seven days after the Prospectus Date for admission of the Company to the Official List and quotation of its Shares on ASX. None of ASIC, ASX and their respective officers take responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The fact that ASX may quote the Shares is not to be taken as an indication of the merits of the Company or the Shares being issued.

If the application for quotation of Shares is refused, no Shares will be issued, and all Application Monies will be refunded to Applicants as soon as practicable without interest. No Shares may be issued on the basis of this Prospectus later than 13 months after the date of the Original Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Note to Applicants

The information in this Prospectus does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety in order to make an informed assessment of the assets and liabilities, financial position, performance, potential profits and losses, and prospects of the Company and the risks and the rights attaching to the Shares offered in this Prospectus, before deciding whether to invest in the Company. In receiving and reading this Prospectus, you are agreeing to be bound by the following terms and conditions, including any modifications to them. If you do not agree to this, you should immediately return this Prospectus to the Company.

There are risks associated with any investment. You should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the Shares.

The key risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital, payment of dividends, future value of the Shares or any return on investment made pursuant to this Prospectus. The Shares carry no guarantee whatsoever with respect to the return on capital invested, payment of dividends or future value of the Shares. Once issued, the price of the Shares can rise and fall. Past performance is not a guide to future performance.

Exposure period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable its examination by market participants prior to the raising of funds. You should be aware that the examination may result in the identification of deficiencies in this Prospectus. If so, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.
No cooling off rights

There are no cooling off rights associated with an application to invest in Shares. This means that, in most
circumstances, you cannot withdraw your application once it has been made.

No offering where offering would be illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not
be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to
otherwise permit a public offering of the Shares in any jurisdiction outside Australia and New Zealand.

The distribution of this Prospectus outside Australia and New Zealand may be restricted by law and persons who come
into possession of this Prospectus outside Australia and New Zealand should seek advice on and observe any such
restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus has been prepared for publication in Australia and New Zealand and may not be released or distributed
in any other jurisdictions including the United States.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United
States. The Shares have not been, and will not be, registered under the US Securities Act 1933 or the securities laws
of any state of the United States, and may not be offered or sold in the United States, or to, or for the account or benefit
of a US person, except in a transaction exempt from the registration requirements of the US Securities Act 1933
and applicable United States state securities laws.

The Offer is not being extended to any investor outside Australia and New Zealand. This Prospectus does not constitute
an offer or invitation to potential investors to whom it would not be lawful to make such an offer or invitation.

Important notice to New Zealand Investors

This Offer to New Zealand investors is a regulated offer made under the mutual recognition provisions in Australian and
New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Cth) and regulations made under that Act.
In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 (NZ) and Part 9 of the Financial
Markets Conduct Regulations 2014 (NZ).

This Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the
main, the Corporations Act 2001 (Cth) and the regulations made under that Act set out how the Offer must be made.

There are differences in how securities and financial products are regulated under Australian law. For example, the
disclosure of fees for managed investment schemes is different under the Australian regime. The rights, remedies, and
compensation arrangements available to New Zealand investors in Australian financial products may differ from the
rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this
Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand
(http://www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products. If you are
uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified
financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The
value of the financial products will go up or down according to changes in the exchange rate between that currency and
New Zealand dollars. These changes may be significant. If you expect the financial products to pay any amounts in a
currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in
New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products
through that market, you will have to make arrangements for a participant in that market to sell the financial products on
your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the
regulation of participants in that market, and the information available to you about the financial products and trading may
differ from financial product markets that operate in New Zealand.

Website

No document or information included on our website is incorporated by reference into this Prospectus unless otherwise
stated.
Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’, ‘expects’, or ‘intends’ and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company’s actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5 of this Prospectus.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Defined Terms and Abbreviations

Defined and capitalised terms and abbreviations used in this Prospectus are explained in the Glossary at the end of this Prospectus. Unless otherwise stated or implied, references to times in this Prospectus are to AEST.

Privacy

By completing an Application Form, you are providing personal information to the Company and the share registry, which is contracted by the Company to manage Applications. The Company and the Share Registry on their behalf, collect, hold and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request or that are connected with your interest in the Shares, and carry out appropriate administration.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included in the Company’s public register.

The information must continue to be included in the Company’s public register if you cease to be a Shareholder. If you do not provide all the information requested, your Application Form may not be able to be processed, or the Company or the Share Registry may not be able to adequately service your needs as a Shareholder, provide facilities and services that you request or that are connected with your interest in the Shares, or carry out appropriate administration.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

• the Share Registry for ongoing administration of the Shareholder registers;
• the Lead Manager in order to assess your Application;
• printers and other companies for the purpose of preparation and distribution of documents and for handling mail;
• market research companies for the purpose of analysing the Company’s shareholder base and for product development and planning; and
• legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.
You may request access to your personal information held by or on behalf of the Company or obtain further information about the Company’s privacy practices by contacting the Share Registry or the Company. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change. The Company will not disclose your personal information to overseas recipients except where required to do so by applicable law, and only to the countries in which investors may be located. Further details of this are set out in the Company’s privacy policy (available on the Company’s website www.ocean-guardian.com), including how you may access your personal information that is held by the Company or the Share Registry, and seek correction of such information, how you may complain about a breach of the Australian Privacy Principles or a registered code that binds the Company, and how the Company will deal with such a complaint. In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company or any other person in connection with the Offer. You should rely only on information in this Prospectus.

The Company, the Lead Manager and the Share Registry disclaim all liability, whether in negligence or otherwise, to persons who trade Offer securities before receiving their holding statement.

This disclaimer does not purport to disclaim any warranties or liability which cannot be disclaimed by law.

Obtaining a copy of this Prospectus

Online

A copy of this Prospectus is available to Australian and New Zealand resident investors in its electronic form and can be downloaded from the website of the Company at www.ocean-guardian.com. The Offer constituted by this Prospectus in electronic form is only available to Australian or New Zealand residents accessing the website within Australian or New Zealand. It is not available to persons in other jurisdictions (including the United States). Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

Paper

You may obtain a paper copy of this Prospectus free of charge by contacting the Company on 1800 132 009 within Australian or +61 1800 132 009 outside Australia from 9:00am to 5:00pm AEST Monday to Friday during the Offer Period.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to, or accompanied by, a copy of this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered.

Other Documents

Copies of other documents incorporated by reference into this Prospectus can be obtained by contacting the Company.
This Prospectus relates to an initial public offering of 25,000,000 Shares at an Offer Price of $0.20 per Share to raise $5,000,000 before costs with the ability of the Company to accept oversubscriptions for a further 5,000,000 Shares to raise a further $1,000,000 before costs.

**Key Dates**

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prospectus Date – Lodgement of Prospectus with ASIC</td>
<td>26 April 2018</td>
</tr>
<tr>
<td>Opening Date for Applications (9:00am AEST)</td>
<td>10 May 2018</td>
</tr>
<tr>
<td>Closing Date for Applications (5:00 PM AEST)</td>
<td>7 June 2018</td>
</tr>
<tr>
<td>Issue and allotment of Shares</td>
<td>14 June 2018</td>
</tr>
<tr>
<td>Expected despatch of CHESS statements</td>
<td>21 June 2018</td>
</tr>
<tr>
<td>Expected date of quotation of Shares on the ASX</td>
<td>28 June 2018</td>
</tr>
</tbody>
</table>

**Key Offer Statistics**

<table>
<thead>
<tr>
<th>Key Offer Statistics</th>
<th>Minimum Subscription</th>
<th>Maximum Over Subscription</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Shares on issue</td>
<td>45,046,750</td>
<td>45,046,750</td>
</tr>
<tr>
<td>Offer Price per Share</td>
<td>$0.20</td>
<td>$0.20</td>
</tr>
<tr>
<td>Total number of Shares available under the Offer</td>
<td>25,000,000</td>
<td>30,000,000</td>
</tr>
<tr>
<td>Shares, issued upon conversion of convertible notes</td>
<td>7,866,668</td>
<td>7,866,668</td>
</tr>
<tr>
<td>Gross proceeds from the Offer</td>
<td>$5,000,000</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>Total number of Shares on issue on completion of the Offer</td>
<td>77,913,418</td>
<td>82,913,418</td>
</tr>
<tr>
<td>Indicative market capitalisation on completion of the Offer</td>
<td>$15,582,683</td>
<td>$16,582,683</td>
</tr>
</tbody>
</table>

**NOTE:** This timetable is indicative only. Unless otherwise indicated, all times are in AEST. The Company, in conjunction with the Lead Manager, reserves the right to vary the dates and times of the Offer, including to close the Offer early or to accept late Applications, either generally or in particular cases without notification. Investors are encouraged to submit their Applications as soon as possible.
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMPORTANT NOTICES</td>
<td>1</td>
</tr>
<tr>
<td>KEY OFFER INFORMATION</td>
<td>5</td>
</tr>
<tr>
<td>LETTER FROM THE CHAIRMAN</td>
<td>7</td>
</tr>
<tr>
<td>1. INVESTMENT OVERVIEW</td>
<td>8</td>
</tr>
<tr>
<td>2. DETAILS OF THE OFFER</td>
<td>19</td>
</tr>
<tr>
<td>3. INDUSTRY OVERVIEW</td>
<td>25</td>
</tr>
<tr>
<td>4. COMPANY OVERVIEW</td>
<td>30</td>
</tr>
<tr>
<td>5. RISK FACTORS</td>
<td>39</td>
</tr>
<tr>
<td>6. FINANCIAL INFORMATION</td>
<td>44</td>
</tr>
<tr>
<td>7. INVESTIGATING ACCOUNTANT'S REPORT</td>
<td>45</td>
</tr>
<tr>
<td>8. KEY PEOPLE, INTERESTS AND BENEFITS</td>
<td>59</td>
</tr>
<tr>
<td>9. CORPORATE GOVERNANCE</td>
<td>64</td>
</tr>
<tr>
<td>10. IP REPORT</td>
<td>73</td>
</tr>
<tr>
<td>11. ADDITIONAL INFORMATION</td>
<td>80</td>
</tr>
<tr>
<td>Annexure A – Ocean Guardian Holdings Limited - Performance Shares</td>
<td>92</td>
</tr>
<tr>
<td>Annexure B – Terms and Conditions of Options</td>
<td>95</td>
</tr>
<tr>
<td>CORPORATE DIRECTORY</td>
<td>97</td>
</tr>
<tr>
<td>GLOSSARY</td>
<td>98</td>
</tr>
</tbody>
</table>
Dear Investor,

It is with pleasure that we present this Prospectus to you, as an existing Ocean Guardian Holdings Limited (Ocean Guardian) Shareholder or as a potential new Shareholder.

Established in 1999 Ocean Guardian is an Australian technology company previously operating under the name of SeaChange Technology Holdings Pty Ltd and its wholly owned trading company Shark Shield Pty Ltd.

Shark Shield is a world leading brand in the product category of electrical shark deterrents and is the only electrical shark deterrent Technology in the world with product efficacy supported by peer reviewed published research papers. Shark Shield Technology efficacy is further supported by the FREEDOM7 product being the only electrical shark deterrent to attract a consumer rebate from the Western Australian Government under their Shark Hazard Mitigation program.

Under this Prospectus Ocean Guardian is seeking to raise a minimum of $5,000,000 by the issue of 25,000,000 new Shares at an issue price of $0.20 per new Share. Following a successful capital raising, Ocean Guardian will invest the funds in:

- Increasing demand and penetration rates of the Company’s existing surf and dive product range
- Complete the development of innovative new products for the boating and beach markets
- Research new technology with a potential capability to remove damaging shark netting
- Working capital, and invest in systems to improve productivity and operational capabilities

The Company is supported by an experienced and professional Board of Directors and management team with a history in early stage technology ventures. The team has a track record developing and executing sound business strategies to drive growth and shareholder value.

For more information about risks such as key personnel risks, product adoption, development and technology risks; please refer to Section 5 of this Prospectus and the ‘Key Risks’ section of the Investment Overview in Section 1 of this Prospectus. I encourage you to read this Prospectus carefully and consult with your professional advisers.

We look forward to your support of the Share issue. On behalf of the Board, I invite you to subscribe for new Shares in the Company and look forward to welcoming you as a Shareholder of the Company, for those new investors, and to your continued support, for those existing Shareholders.

Yours faithfully

Alan Broome AM
Independent Chairman
## TOPIC

**What is the history of the Company?**

The Company was first registered with ASIC on 13 October 1999 as SeaChange Technology Pty Ltd and changed its name to SeaChange Technology Holdings Pty Ltd on 4 March 2002. The Company converted to a public Company and changed its name to Ocean Guardian Holdings Limited on 6 March 2018. The Company is the holding company for Shark Shield Pty Ltd. Shark Shield ® is the brand name for the Company’s products. Over the past fifteen years, the Company has lodged a range of innovative patents and introduced its own commercial product line under the Shark Shield brand since April 2002. The first commercial products were the DIVE01 and FREEDOM4. In 2007, the Company developed a third generation of products to replace the DIVE01 and FREEDOM4, expanding its range to include the SCUBA7 (the substitute for the original DIVE01) and two new designs: the FREEDOM7 for diving and the SURF7, engineered to be fitted onto a surfboard or stand-up paddleboard to offer surfers protection from sharks. In late 2016 the Company shipped a new design replacing the SURF7 called the FREEDOM+ Surf for surfing and stand-up paddleboard consumers. In 2017 the Company announced plans to develop long range shark deterrents based on current Technology and new Technology for boats and beach protection with the potential to remove environmentally harmful shark nets.

### SUMMARY

The Company was first registered with ASIC on 13 October 1999 as SeaChange Technology Pty Ltd and changed its name to SeaChange Technology Holdings Pty Ltd on 4 March 2002. The Company converted to a public Company and changed its name to Ocean Guardian Holdings Limited on 6 March 2018. The Company is the holding company for Shark Shield Pty Ltd. Shark Shield ® is the brand name for the Company’s products. Over the past fifteen years, the Company has lodged a range of innovative patents and introduced its own commercial product line under the Shark Shield brand since April 2002. The first commercial products were the DIVE01 and FREEDOM4. In 2007, the Company developed a third generation of products to replace the DIVE01 and FREEDOM4, expanding its range to include the SCUBA7 (the substitute for the original DIVE01) and two new designs: the FREEDOM7 for diving and the SURF7, engineered to be fitted onto a surfboard or stand-up paddleboard to offer surfers protection from sharks. In late 2016 the Company shipped a new design replacing the SURF7 called the FREEDOM+ Surf for surfing and stand-up paddleboard consumers. In 2017 the Company announced plans to develop long range shark deterrents based on current Technology and new Technology for boats and beach protection with the potential to remove environmentally harmful shark nets.

### MORE INFORMATION

4.1
1.2 THE OBJECTIVE

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>SUMMARY</th>
<th>MORE INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are the Company's objectives?</td>
<td>The Company's main objectives on the completion of the Offer are to: • Increase sales for the existing product range by investing in sales and marketing resources and developing channel partnerships; • Develop new products based on existing Technology for boating and beaches, and undertake additional research to create new long-range shark deterrents using new Technology; and • Increase Shareholder value through the exploitation and growth of the new Ocean Guardian and Shark Shield Technology brands in worldwide markets.</td>
<td>4</td>
</tr>
<tr>
<td>What are the products?</td>
<td>The Company currently has three main products • Shark Shield FREEDOM7 • Shark Shield SCUBA7 • Shark Shield FREEDOM+ Surf</td>
<td>4.4.1 to 4.4.3</td>
</tr>
<tr>
<td>What do the products do?</td>
<td>The Shark Shield products are used by a variety of ocean goers such as surfers, divers, for ocean kayaking and fishing to deter sharks through the use of electrical fields.</td>
<td>4.4.1 to 4.4.3</td>
</tr>
<tr>
<td>What is the science behind the technology?</td>
<td>Sharks and rays (chondrichthyans) have small gel filled sacs known as the ampullae of Lorenzini located in their snouts. They use these short-range sensors when searching for food at close range, typically less than 50 centimetres. The Shark Shield Technology creates a three-dimensional electrical field that causes an unpleasant sensation impacting the shark's ampullae of Lorenzini.</td>
<td>4.2 to 4.3</td>
</tr>
</tbody>
</table>

When the shark comes into proximity of the electrical field (typically elliptical in shape and a few meters in diameter), it experiences non-damaging but uncontrollable spasms in the electrical receptors causing it to turn away. The electrical field is emitted from the device by a current passed between two electrodes, which create an electrical field around the user. Both electrodes must be immersed in sea water to create the electrical field. Finite Element Software is used to determine the output coulombs generated by the device with an example of the FREEDOM7 electrical field shown below.
<table>
<thead>
<tr>
<th>TOPIC</th>
<th>SUMMARY</th>
<th>MORE INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the FREEDOM7?</td>
<td>The FREEDOM7 can be used for a wide range of marine sports including freediving, scuba diving, kayaking and ocean fishing. Its lightweight design makes it comfortable to wear and the long-life battery provides the confidence in the water for up to six hours at a time, with a LED battery life indicator. An electrical field is created via a trailing antenna cord attached to a power module worn on the ankle. The Western Australian Government is offering a rebate of $200 to 2,000 Western Australian residents that purchase the FREEDOM7 as part of the WA Shark Deterrent Rebate for more information, see Section 3.4. <a href="https://www.sharksmart.com.au/staying-safe/rebate">https://www.sharksmart.com.au/staying-safe/rebate</a></td>
<td>4.4.1</td>
</tr>
<tr>
<td>What is the SCUBA7?</td>
<td>The SCUBA7 is used by professional and sports divers alike. Designed for those scuba divers concerned about the trailing cord antenna of the FREEDOM7, the SCUBA7 offers a more compact solution with a tank mounted electrode combined with a short low drag ankle antenna, providing freedom of movement. An electrical field is created via a tank-mounted electrode, short antenna worn on the ankle, and a power module strapped to the thigh. The SCUBA7 offers protection for scuba divers with a depth rating of up to 50 metres below the ocean surface.</td>
<td>4.4.2</td>
</tr>
<tr>
<td>What is the FREEDOM+ Surf?</td>
<td>The FREEDOM+ Surf is created for surfers and was developed with World Champion surfer Tom Carroll as a consultant to the industrial design team to minimise the impact on surfboard performance. It uses a small design modification to the grip pad systems used on most surfboards. The grip pad, designed in partnership with Ocean &amp; Earth, becomes the housing for the transferable electronics and electrical connector to the flat adhesive decal containing the electrodes taped to the bottom of the surfboard.</td>
<td>4.4.3</td>
</tr>
<tr>
<td>Are there other products on the horizon?</td>
<td>The Company has a well-defined product development roadmap, which includes additional lower priced personal deterrents and longer-range Technology based on current and new technologies for the boat and beach segments. These products include a portable handheld device code named “The Force” and a boat protection device the LR10. Both of these products are expected to launch in late 2018 to early 2019. The Company believes that the successful development of longer-range shark deterrent technology will fundamentally change the way shark hazards are managed at beaches, fish farming / aquaculture, boating and fishing. Devices that can protect larger areas open business-to-business market segments not addressed by the existing personal deterrents. The Company is investigating the possibility to create electromagnetic fields that deter sharks over greater distances via new transmission methods. Early research indicates that an electromagnetic field can be propagated through sea water to generate shark deterrent levels at potentially much larger distances. These theoretical and measured electromagnetic fields have not been tested with sharks in their natural environments and any future products would be subject to lengthy internal and external evaluations before being deployed; however, such developments could lead to the removal of environmentally harmful shark nets, drum lines and shark culling, which are traditional shark mitigation strategies to ensure beach swimmer safety. Longer range products are expected to deliver higher average selling prices with ongoing annuity revenue streams based on the requirement to maintain lifesaving safety equipment, such as certifications services offered on fire extinguishers and life rafts.</td>
<td>4.4.4-4.4.7</td>
</tr>
</tbody>
</table>
## 1.3 THE INDUSTRY

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>SUMMARY</th>
<th>MORE INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the market for the Company’s products?</td>
<td>The Company’s traditional consumer segments for personal electrical shark deterrents have been scuba diving, spearfishing/freediving, ocean kayak fishing and surfing which covers stand-up paddle boarding (SUP).</td>
<td>3.1.1 to 3.1.2</td>
</tr>
<tr>
<td>Is there room for the market to grow?</td>
<td>Growth opportunities exist through increasing segment and geography penetration for existing products, and the Company has commenced development of new products for the boat and beach markets.</td>
<td>3.1.3 to 3.1.4</td>
</tr>
</tbody>
</table>

## 1.4 KEY INVESTMENT HIGHLIGHTS

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>SUMMARY</th>
<th>MORE INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Successful product development</td>
<td>• Shark Shield is a world leader in shark deterrent Technology with a fifteen-year history of successful product development.</td>
<td>4.1</td>
</tr>
<tr>
<td>Product diversity</td>
<td>• The Company has a diverse range of products addressing the needs of multiple market segments with a history of sales revenues.</td>
<td>4.2</td>
</tr>
<tr>
<td>Scientifically supported research</td>
<td>• Shark Shield Technology is the world’s only electrical shark deterrent with independent peer reviewed published research supporting product efficacy.</td>
<td>4.3</td>
</tr>
<tr>
<td>Approved by government rebate</td>
<td>• The Shark Shield FREEDOM7 is the only product approved by the Western Australian Government to date for its Shark Hazard Mitigation program.</td>
<td>3.4</td>
</tr>
<tr>
<td>Awareness of shark attacks</td>
<td>• Increasing shark human interactions globally with extensive media coverage supported by government-lead shark mitigation strategies are increasing consumer awareness.</td>
<td>3.2</td>
</tr>
<tr>
<td>&quot;Shark Shield&quot; brand name</td>
<td>• The Shark Shield brand is often used to describe the category of shark deterrents, it is a defining brand similar to Rollerblade, Xerox, or Kleenex.</td>
<td>4.6</td>
</tr>
<tr>
<td>Board experience</td>
<td>• The Company has an experienced Board of Directors and executive management team.</td>
<td>8.1</td>
</tr>
</tbody>
</table>
# 1.5 KEY RISKS

<table>
<thead>
<tr>
<th>RISK</th>
<th>EXPLANATION</th>
<th>MORE INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating history</td>
<td>Although the Company was incorporated in 1999, it is essentially a start-up business with revenues and an operating history showing financial losses. Whilst the electrical shark deterrent product category has had products commercially available for some twenty years, the market acceptance and adoption rates are low, primarily due to a lack of education and awareness of the category, and a lack of understanding of the product efficacy.</td>
<td>5.1.1</td>
</tr>
<tr>
<td>Intellectual Property risk</td>
<td>The Shark Shield electrical field cannot be patented because the electrical waveform is based on a previous patent that expired in 2016. Current and future patents are subject to contestation. The Company relies heavily on the 'first mover' advantage gained by being the innovator of the product category.</td>
<td>5.1.17</td>
</tr>
<tr>
<td>Key person risk</td>
<td>The Company was purchased in 2012 by entities controlled by Lindsay Lyon and Amanda Wilson, built on their knowledge and experience. Mr. Lyon has contributed significantly to the Company’s intellectual property. In addition, he has a new employment agreement in place pursuant to having been employed by Shark Shield Pty Ltd, a wholly owned subsidiary of the Company, to continue to build and grow the Company. Should Mr. Lyon leave, or his contract is terminated in accordance with established terms, there is a risk that the Company may struggle to attract appropriately qualified staff to replace him.</td>
<td>5.1.3</td>
</tr>
<tr>
<td>Uncertainty of future profitability</td>
<td>The Company has not yet made a maintainable profit. The success of the Company’s operations relies on the ability to attract more consumers and commercial users of the Company’s products. The inability to attract such consumers and users will affect the Company’s earnings. While the Company has been successful in attracting consumers in the scuba diving, spearfishing/freediving, ocean kayak fishing and surfing industries this will not necessarily translate into successful adoption in other markets. Furthermore, the Company’s profitability will be impacted by its ability to successfully execute its commercialisation and growth strategies, economic conditions in the markets in which it operates, competitive factors and regulatory developments. Accordingly, the extent of any future profits is uncertain.</td>
<td>5.1.4</td>
</tr>
<tr>
<td>RISK</td>
<td>EXPLANATION</td>
<td>MORE INFORMATION</td>
</tr>
<tr>
<td>----------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Research and development</td>
<td>The Company's product lines are subject to continued research and development (R&amp;D). There is no guarantee that the Company will be able to achieve its desired outcomes based on R&amp;D either to enhance its existing products and adapt to new and emerging technologies or to develop innovative products to launch into new markets. Failure to undertake and complete R&amp;D activities, anticipate market and technology trends and technical problems, or estimate research costs/time frames accurately may adversely affect the Company's results and viability. Further, even if the Company achieves its contemplated R&amp;D of its products successfully, there is no guarantee of market acceptance, or that its enhanced supply will result in increased sales, which may have a negative effect on the Company's revenue.</td>
<td>5.1.9</td>
</tr>
<tr>
<td>Technology risk</td>
<td>Technology markets, by their very nature, are a continuously evolving environment. To succeed, the Company will need to research, develop, design, manufacture, assemble and improve its current supply as well as engineer new products suitable for existing and potential markets. The Company cannot guarantee that it will be able to engage in researching and developing its existing (and new) products to meet the changing needs of its consumers, and new and emerging technologies. At the same time, products and Technologies developed by others may render the Company's products and systems obsolete or non-competitive, which could distress the business, operating results, and financial prospects. In these circumstances, the Company will be required to commit resources to develop, acquire and deploy new Technologies, and to ensure the Company stays competitive.</td>
<td>5.1.12</td>
</tr>
<tr>
<td>Competition</td>
<td>The markets in which the Company operate are competitive, particularly due to the lucrative Government grants, rebates and contracts that may become available in the beach protection and fish farming industries. While management will try to manage this risk with a targeted marketing strategy, competition may arise from a number of sources including businesses with greater capital resources. The Company's performance could be adversely affected if existing or new competitors reduce the Company's market share through Technology development, marketing and increased product or Technology offerings, or through price reduction for alternatives.</td>
<td>5.1.14</td>
</tr>
<tr>
<td>Regulatory</td>
<td>The Western Australian Government Shark Deterrent Rebate program is a trial scheme with an initial quantity of 1,000 deterrents funded. The program was extended in November 2017 for another 1,000 deterrent devices; however, this is no guarantee of continuation, or that other state, federal or international governments will adopt a similar initiative.</td>
<td>5.1.7</td>
</tr>
</tbody>
</table>

The above list should not be taken as exhaustive of the risks faced by the Company and you should refer to the additional risk factors in Section 5 of this Prospectus before deciding whether to apply for Shares pursuant to this Prospectus.
# 1.6 THE OFFER

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>SUMMARY</th>
<th>MORE INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What is the Offer?</strong></td>
<td>The Company invites applications for up to 25,000,000 Shares at an issue price of $0.20 per Share to raise $5,000,000 plus any over subscription (up to an additional $1,000,000). The key information relating to the Offer and references to further details are set out below.</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>What is the purpose of the Offer?</strong></td>
<td>The purpose of the Offer is to facilitate an application by the Company for admission of the Company to the official list of ASX and position the Company to seek to achieve the objectives outlined in this Prospectus.</td>
<td>2.4 - 2.6</td>
</tr>
<tr>
<td><strong>How will the Company use the funds under the Offer</strong></td>
<td>The Company intends to apply funds raised from the Offer, together with current cash reserves, over the first two years after the Company’s admission to the official list of ASX, as set out below:</td>
<td>2.6</td>
</tr>
<tr>
<td><strong>Funds available</strong></td>
<td>Minimum Subscription ($5,000,000)</td>
<td></td>
</tr>
<tr>
<td>Total funds raised</td>
<td>$5,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>Cost of the Offer</td>
<td>$750,000</td>
<td>15%</td>
</tr>
<tr>
<td>Marketing &amp; Demand Generation</td>
<td>$1,250,000</td>
<td>25%</td>
</tr>
<tr>
<td>Research &amp; New Product Development$¹</td>
<td>$1,500,000</td>
<td>30%</td>
</tr>
<tr>
<td>Operating Capital, Capability Investments$²</td>
<td>$1,500,000</td>
<td>30%</td>
</tr>
</tbody>
</table>

1. Product development includes the ongoing development of existing Technology into new formats and forms for increasing usage and availability of the products, and new Technology product development
2. Operating capital includes corporate overheads include salaries and wages, rents and other corporate costs associated with managing the Company.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, random events including the adoption speed of the Technology or the opening of new markets, and new circumstances have the potential to affect the allocation of funds. The Board reserves the right to alter the way funds are used on this basis.
<table>
<thead>
<tr>
<th>TOPIC</th>
<th>SUMMARY</th>
<th>MORE INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>What if the Company raises more than the Minimum Subscription?</td>
<td>In the event the Company raises more than the Minimum Subscription of $5,000,000, the additional funds will be first used towards the increased expenses of the Offer, and then proportionally distributed to the Company’s marketing and product development programs. On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.</td>
<td>2.3</td>
</tr>
<tr>
<td>What is the Company’s capital structure?</td>
<td>The Company’s capital structure upon listing is outlined in the Key Offer Information Section and Section 2.</td>
<td>2.0</td>
</tr>
<tr>
<td>What are the terms and conditions of the Offer</td>
<td>The terms and conditions of the offer are outlined in Section 2.9.</td>
<td>2.9</td>
</tr>
</tbody>
</table>

### 1.7 FINANCIAL INFORMATION

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>SUMMARY</th>
<th>MORE INFORMATION</th>
</tr>
</thead>
</table>
| What is the financial position of the Company? | The Company had not made a maintainable profit. The audit reviewed financial statement for the half year ended 31 December 2017 & audited financial statements for the financial years ended 30 June 2017 and 30 June 2016 are incorporated by reference into this Prospectus.  

The audited historical information was prepared in accordance with the measurement and recognition criteria of Australian Auditing Standards and accounting standards adopted by the Company.  

A consolidated pro-forma historical statement of financial position as at 31 December 2017 is contained in the Investigating Accountant’s Report. | 6 and 7          |
What is the financial position of the Company?

The pro-forma historical financial information has been derived from the reviewed historical financial information of the Company as at 31 December 2017, after adjusting for the effects of any subsequent events and pro forma adjustments described in Section 2 of the Investigating Accountant’s Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro-forma adjustments relate, as described in Section 2 to the Investigating Accountant’s Report, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro-forma historical financial information does not represent the Company’s actual or prospective financial position. Shareholders should read the Investigating Accountant’s Report in full before making any investment decision.

Below is also the summarised financial position as at 31 December 2017:

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>The Company as at 31 December 2017 (reviewed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$477,490</td>
</tr>
<tr>
<td>Trade &amp; other receivables</td>
<td>$414,041</td>
</tr>
<tr>
<td>Inventories</td>
<td>$366,395</td>
</tr>
<tr>
<td>Other current assets</td>
<td>$211,411</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>$1,469,337</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Current Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
</tr>
<tr>
<td>Intangible assets</td>
</tr>
<tr>
<td>Total Non-Current Assets</td>
</tr>
</tbody>
</table>

| Total Assets | $2,341,190 |

<table>
<thead>
<tr>
<th>Current Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
</tr>
<tr>
<td>Borrowings</td>
</tr>
<tr>
<td>Provisions</td>
</tr>
<tr>
<td>Other current liabilities</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Current Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings</td>
</tr>
<tr>
<td>Total Non-Current Liabilities</td>
</tr>
</tbody>
</table>

| Total Liabilities | $2,394,659 |

| Net Assets | $(53,469) |

| Contributed equity | $10,078,684 |
| Share Based Payment Reserve | $14,365 |
| Accumulated losses | $(10,146,518) |

| Total Equity | $(53,469) |
### TOPIC: Does the Company currently have any debt facilities?

**SUMMARY:** The Company has a Trade Finance facility with the CBA to assist its high growth and specifically the purchase of inventory for products consisting of an Overdraft facility of $200,000 and a Trade Advance facility of $500,000. The Company also has a Business Loan with the CBA with an outstanding balance of $64,113 being repaid monthly to Sep-21.

### TOPIC: What is the Company's dividend policy?

**SUMMARY:** The Company anticipates that significant expenditure will be incurred in the evaluation and development of the Company's projects which are expected to dominate the two year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results, financial conditions of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or attached franking credits can be given by the Company.

### TOPIC: Are there earnings forecasts?

**SUMMARY:** Although the Company has been generating revenue from its operations, the Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe there is no reasonable basis to forecast future earnings, because the Company's operations are relatively small and inherently uncertain. Any forecast or projection would contain a broad range of potential outcomes and scenarios making it impossible to prepare reliable estimates.

### 1.8 KEY PERSONNEL AND CORPORATE GOVERNANCE

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>SUMMARY</th>
<th>MORE INFORMATION</th>
</tr>
</thead>
</table>
| **Who are the Directors of the Company?** | The existing Directors as at the date of this Prospectus are:  
- Alan Broome AM  
- Lindsay Lyon  
- James Wakim  
- Amanda Wilson | 8.1 |
| **Who is the Company Secretary?** | The Company has Adrien Wing and Hugh Ealey as Company Secretaries. | 8.1 |
| **What significant benefits are payable to Directors and the other persons connected with the Company or the Offer** | The Managing Director, Lindsay Lyon, is paid an annual salary of $220,000 including superannuation and is to be issued with 6,210,000 Performance Shares upon completion of the Offer. Directors’ proposed annual remuneration for the financial year following the Company’s admission to the Official List together with the relevant interest of each Director in the securities of the Company as at the date of this Prospectus is set out in in Section 8.4. | 8.4 |
### Will any related parties have a significant interest in the Company or the Offer?

<table>
<thead>
<tr>
<th>Related Party</th>
<th>Shareholding</th>
<th>% of issued capital prior to Offer</th>
<th>% of issued capital post Offer (Min Subscription)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amanda Wilson / Miltona Bay Nominees Pty Ltd</td>
<td>10,609,500 Shares</td>
<td>23.6%</td>
<td>13.62%</td>
</tr>
<tr>
<td>Lindsay Lyon / Hudson Street Nominees Pty Ltd</td>
<td>10,230,250 Shares (of which 9,730,250 are held by Hudson Street Nominees Pty Ltd)</td>
<td>22.8%</td>
<td>13.13%</td>
</tr>
<tr>
<td>James Wakim / J.P.S. Resources Pty. Ltd</td>
<td>3,220,000 Shares</td>
<td>7.1%</td>
<td>4.13%</td>
</tr>
<tr>
<td>Alan Broome / B&amp;H Consulting &amp; Engineering Pty Ltd</td>
<td>1,105,500 Shares</td>
<td>2.5%</td>
<td>1.42%</td>
</tr>
<tr>
<td>Hudson Lyon</td>
<td>22,000 Shares</td>
<td>0.05%</td>
<td>0.03%</td>
</tr>
</tbody>
</table>

Directors and their associates will also be issued 121,000 Options under the Company’s Employee Incentive Plan. Mr Lyon will be issued 6,210,000 Performance Shares on completion of the Offer.

### What is the Company’s Corporate Governance policy?

To the extent applicable, in light of its size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (Recommendations). The main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 9 and the Company’s compliance and departures from the Recommendations are detailed in Section 9.7. In addition, the full Corporate Governance Plan is available from the Company’s website (www.ocean-guardian.com).
2. DETAILS OF THE OFFER

<table>
<thead>
<tr>
<th></th>
<th>$5m Minimum Subscription</th>
<th>$6m Maximum Subscription</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Shares on issue prior to IPO</td>
<td>45,046,750</td>
<td>45,046,750</td>
</tr>
<tr>
<td>Shares issued upon conversion of convertible notes</td>
<td>7,866,668</td>
<td>7,866,668</td>
</tr>
<tr>
<td>Shares issued under this Prospectus</td>
<td>25,000,000</td>
<td>30,000,000</td>
</tr>
<tr>
<td>Total Shares on issue at the completion of the Offer</td>
<td>77,913,418</td>
<td>82,913,418</td>
</tr>
<tr>
<td>Options (see Section 11.1.1)</td>
<td>282,000</td>
<td>282,000</td>
</tr>
<tr>
<td>Performance Shares (see Section 11.2)</td>
<td>6,210,000</td>
<td>6,210,000</td>
</tr>
<tr>
<td>Fully diluted share capital</td>
<td>84,405,418</td>
<td>89,405,418</td>
</tr>
</tbody>
</table>

2.1 The offer

Pursuant to this Prospectus, the Company invites applications for 25,000,000 Shares at an issue price of $0.20 per Share to raise $5,000,000. The Shares offered under this Prospectus will rank equally with the existing Shares on issue. The Company will issue 7,866,668 Shares upon conversion of convertible notes at the end of the Offer Period. More details are provided in Section 11.6.3.

2.2 Minimum Subscription

Minimum Subscription is $5,000,000. If the Minimum Subscription has not been raised within four months after the date of this Prospectus, or such period as permitted or varied by ASIC the Company will not issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

2.3 Oversubscription

The Company may accept oversubscriptions up to an amount of $1,000,000. This is at the discretion of the Board. At Maximum Oversubscription, the Company will issue 30,000,000 Shares for gross proceeds of $6,000,000.

2.4 ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days following the date of this Prospectus.

If the Shares are not admitted to Official Quotation by ASX before the expiration of three months after the date of issue of this Prospectus, or such period as permitted or varied by ASIC, the Company will not issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

2.5 Issue

Subject to the Minimum Subscription being reached and ASX granting conditional approval for the Company to be admitted to the Official List issue of the Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.
Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Directors will determine the recipients of the issued Shares in their sole discretion. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

### 2.6 Purpose of the Offer and use of proceeds

The Company intends to apply funds raised from the Offer, together with current cash reserves, over the first two years after the Company’s admission to the Official List of ASX, as set out below:

#### At Minimum Subscription

<table>
<thead>
<tr>
<th>Total funds raised under the Offer</th>
<th>$5,000,000</th>
<th>Year 1 spend</th>
<th>Year 2 spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of the Offer</td>
<td>750,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; demand generation</td>
<td>700,000</td>
<td></td>
<td>550,000</td>
</tr>
<tr>
<td>Research &amp; new product development</td>
<td>1,000,000</td>
<td></td>
<td>500,000</td>
</tr>
<tr>
<td>Operating capital, capability investments</td>
<td>750,000</td>
<td></td>
<td>750,000</td>
</tr>
<tr>
<td>Total Funds applied</td>
<td>3,200,000</td>
<td>1,800,000</td>
<td></td>
</tr>
</tbody>
</table>

#### At Maximum Oversubscription

<table>
<thead>
<tr>
<th>Total funds raised under the offer</th>
<th>$6,000,000</th>
<th>Year 1 spend</th>
<th>Year 2 spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Offer</td>
<td>830,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; demand generation</td>
<td>700,000</td>
<td></td>
<td>700,000</td>
</tr>
<tr>
<td>Research &amp; new product development</td>
<td>1,250,000</td>
<td></td>
<td>750,000</td>
</tr>
<tr>
<td>Operating capital, capability investments</td>
<td>1,020,000</td>
<td></td>
<td>750,000</td>
</tr>
<tr>
<td>Total funds applied</td>
<td>3,800,000</td>
<td>2,200,000</td>
<td></td>
</tr>
</tbody>
</table>

### 2.7 Lead Manager

The Company has engaged Emerald Capital Australia Pty Ltd (Corporate Authorised Representative (AFSL Representative Number 001258113) of Libertas Financial Planning, AFSL 429718) to act as its Lead Manager and will pay a corporate advisor a fee of 8% of the funds raised under the Offer. Refer to Section 11.6.4 for a summary of the mandate and fees payable to the Lead Manager.

### 2.8 Corporate, financial and other information

Ocean Guardian Holdings Limited is an Australian registered company.

---

1. Product development includes the ongoing development of existing Technology into new formats and forms for increasing usage and availability of the products, and new Technology product development.
2. Operating capital includes corporate overheads include salaries and wages, rents and other corporate costs associated with managing the Company.
The Company’s unaudited pro forma balance sheet as at 31 December 2017, including details for the pro forma adjustments, is set out in Section 7.

The Company’s unaudited pro forma capitalisation and indebtedness, before and following completion of the Offer, is set out in Section 7.

The Company has a 30 June financial year end.

The Company will be taxed as an Australian resident public company for the purpose of Australian income tax law.

The Directors believe that, on completion of the Offer, the Company will have sufficient working capital available to carry out its stated business objectives.

2.9 TERMS AND CONDITIONS OF THE OFFER

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>SUMMARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the type of security being offered?</td>
<td>Shares (being new fully paid ordinary shares in the Company).</td>
</tr>
<tr>
<td>What are the rights and liabilities attached to the securities?</td>
<td>A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 11.5.</td>
</tr>
<tr>
<td>What is the consideration payable for each security being offered?</td>
<td>Successful Applicants under the Offer will pay the Offer Price, being $0.20 per Share.</td>
</tr>
<tr>
<td>What is the Offer Period?</td>
<td>The key dates, including details of the Offer Period relating to each component of the Offer, are set out on page 5. The timetable is indicative only and may change. Unless otherwise indicated, all times are stated in AEST. The Company and the Lead Manager may vary the times and dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, extend the Offer Period relating to any component of the Offer, or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Completion, in each case without notifying any recipient of this Prospectus or any Applicants). If the Offer is cancelled or withdrawn before Closing Date, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.</td>
</tr>
<tr>
<td>What happens if the Minimum Subscription is not received?</td>
<td>The minimum subscription for the Offer to proceed is $5 million. If the Minimum Subscription is not obtained within four months after the date of this Prospectus, or such other time as permitted or varied by ASIC, the Company will repay all Application Monies in full without interest as soon as practicable or issue a refresh Prospectus in accordance with ASIC Corporations (Minimum Subscription and Quotation Conditions) instrument 2016/70 to extend the time period. If the Company issues a refresh Prospectus, Applicants will have the ability to withdraw their Applications.</td>
</tr>
<tr>
<td>Who is eligible to apply?</td>
<td>The Offer is open to all investors who have a registered address in Australia or New Zealand and are not residents of the United States. This offer is not open to anyone outside of Australia and New Zealand.</td>
</tr>
<tr>
<td>What are the cash proceeds to be raised?</td>
<td>$5,000,000 in gross proceeds is expected to be raised under the Offer assuming the Minimum Subscription, with the ability to accept oversubscriptions of a further $1,000,000.</td>
</tr>
<tr>
<td>Is the Offer underwritten?</td>
<td>No.</td>
</tr>
</tbody>
</table>

21
<table>
<thead>
<tr>
<th><strong>TOPIC</strong></th>
<th><strong>SUMMARY</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What is the minimum and maximum Application size under the Offer?</strong></td>
<td>The minimum Application under the Offer is $2,000 (10,000 Shares) and there is no maximum value of Shares that may be applied for under the Offer.</td>
</tr>
<tr>
<td><strong>What is the allocation policy?</strong></td>
<td>The allocation of Shares will be determined by the Lead Manager and the Company.</td>
</tr>
<tr>
<td><strong>When will I receive notification that my Application has been successful?</strong></td>
<td>It is expected that initial holding statements will be dispatched by post on or about 21 June 2018. Refunds to Applicants under the Offer who make an Application and are scaled back will be made as soon as possible following the close of the Offer, which is expected to occur on or about 7 June 2018.</td>
</tr>
<tr>
<td><strong>Will the Offer Shares be quoted?</strong></td>
<td>The Company will apply to ASX within seven days of the date of this Prospectus, for its admission to the Official List and quotation of Shares on ASX. The Shares are expected to be quoted under the ticker OCG. Completion of the Offer is conditional on ASX approving the listing application and the Shares being admitted to quotation on ASX. If Shares are not admitted to quotation on ASX within three months after such an application is made or such other time as permitted or varied by ASIC, the Company will withdraw the Offer or issue a refresh Prospectus in accordance with ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70 to extend the time period. If the Company issues a refresh Prospectus, Applications will have the ability to withdraw their Applications. In the event the Company withdraws the Offer, all Application Monies received will be refunded without interest, as soon as practicable in accordance with the requirements of the Corporations Act. ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Offer Securities offered for subscription.</td>
</tr>
<tr>
<td><strong>When are the Shares expected to commence trading?</strong></td>
<td>It is expected that the Shares will commence trading on ASX on or about 28 June 2018 on a normal settlement basis. It is the responsibility of each Applicant to confirm their holding before trading in the Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statements.</td>
</tr>
<tr>
<td><strong>Are there any escrow arrangements?</strong></td>
<td>Yes. Details are provided in Section 11.3.</td>
</tr>
<tr>
<td><strong>Have any ASIC relief or ASX waivers been granted?</strong></td>
<td>As part of its listing application, the Company is applying to ASX for a waiver from Listing Rules 10.11 and 10.14 so that it may issue options to key personnel in accordance with the Employee Incentive Plan without shareholder approval, as well as Performance Shares to Lindsay Lyon. Details of the Employee Incentive Plan are given in Section 11.1. Details of Performance Shares and given in Section 11.2. Details of the waiver are given in Section 11.14.</td>
</tr>
<tr>
<td><strong>Are there any tax considerations?</strong></td>
<td>The tax consequences will depend upon an investor’s particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.</td>
</tr>
<tr>
<td><strong>Are there any brokerage, commission or stamp duty considerations?</strong></td>
<td>No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. Investors who buy or sell Shares on ASX may be subject to brokerage and other transaction costs. Under current legislation, there is no stamp duty payable on the sale or purchase of Shares on ASX. See section 11.6.4 for details of various fees payable by the Company to the Lead Manager.</td>
</tr>
<tr>
<td>TOPIC</td>
<td>SUMMARY</td>
</tr>
<tr>
<td>-------</td>
<td>---------</td>
</tr>
<tr>
<td>What are the restrictions on distribution of the Prospectus?</td>
<td>This Prospectus may be distributed in Australia and New Zealand. This Prospectus has been prepared for publication in Australia and New Zealand and may not be released or distributed in any other jurisdictions including the United States.</td>
</tr>
<tr>
<td>How can I apply?</td>
<td>You may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus.</td>
</tr>
<tr>
<td>Are there cooling off rights?</td>
<td>There is no cooling off rights. To the extent permitted by law, an application by an Applicant under the Offer is irrevocable.</td>
</tr>
<tr>
<td>Can the Offer be withdrawn?</td>
<td>Yes. The Company reserves the right not to proceed with the Offer at any time before the issue of Shares and Options to successful applicants. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</td>
</tr>
<tr>
<td>What should you do with any enquiries?</td>
<td>All enquiries in relation to this Prospectus should be directed to the Company on 1800 132 009 (within Australia) or +61 1800 132 009 (outside Australia) between 9:00am and 5:00pm (AEST) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.</td>
</tr>
</tbody>
</table>

2.10 How to apply

Applications for Shares under the Offer must be made using the Application Form. Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 2,000 Shares and payment for the Shares must be made in full at the issue price of $0.20 per Share.

The Company reserves the right to close the Offer early.

2.11 Payment of Application Moneys

Payment may be carried out by cheque or through BPAY.

2.11.1 Payment by cheque

Cheques must be made payable to “Ocean Guardian Holdings Limited – Share Offer Account” and crossed “Not Negotiable”. Cheques must be mailed or delivered to the address set out on the Application Form by no later than 5:00pm AEST on the Closing Date.

Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover the cheque(s)

If the amount of your cheque(s) for Application Monies is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

Applicants are urged to lodge their Application Forms as soon as possible as the Offer may close early without notice.
2.11.2 Payment by BPAY

You may apply for Shares online and pay your Application Monies by BPAY.

Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of this Prospectus which is available at www.ocean-guardian.com and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (CRN)).

You do not need to complete and return a paper Application Form if you pay by BPAY.

You should be aware that you will only be able to make a payment via BPAY if you are the holder of an account with an Australian financial institution which supports BPAY transactions.

When completing your BPAY payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN your Application will not be recognised as valid.

It is your responsibility to ensure that payments are received by 5:00pm (AEST) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY, and policies with respect to processing BPAY transactions may vary between banks, credit unions or building societies.

The Company accepts no responsibility for any failure to receive Application Monies or repayments by BPAY before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.
3.0 Industry Overview

The Company currently operates primarily in the surfing and diving markets with its existing products. Through new product development the Company is seeking to expand into the boating and beach protection markets as well. For more information on the Company’s products, see Section 4.

The demand for the Company’s products are affected by two factors – participation in various ocean activities, and the presence of sharks. This section provides an overview of the surfing, diving, boating and beach industries as well as an overview of shark attacks in the locations that the Company sells its products. This Section focuses primarily on North America and Australia.

3.1 Ocean Guardian markets

3.1.1 Surfing

The global market for surfing is projected to reach US ~$9.5 billion by 2022 driven by the growing interest in surfing as a lifestyle sport. Australia is poised to grow fastest, with 5.5% growth by 2022, driven by rising tourism.

In 2017, the estimated number of surfers worldwide was ~23 million. The fastest growth segment in Australia by age is the over 55. The Company considers that there are ~2.5 million Australians who identify themselves as surfers to some degree. For the first time surfing has been officially added as an Olympic sport commencing in the 2020 Tokyo Olympic Games. The Company expects that this global exposure of surfing through the telecasting of the Tokyo Olympics will increase education, awareness and participation rates.

3.1.2 Diving

During 2013-2018 the global scuba diving equipment market is expected to have a compound annual growth rate of ~3.68 %.

One of the key factors contributing to this growth is the rise in disposable income levels of consumers. The increase in per capita income, especially in developing countries, has led to higher demand for recreational scuba diving equipment worldwide.

The North American region is expected to lead the diving equipment market, owing to technological developments for the equipment and the presence of key players in the region.

The Asia Pacific diving equipment market is estimated to grow at the highest rate due to various initiatives related to dive tourism and marine-related research activities, which require frequent dives.

3.1.3 Boating

The global boat market is forecast to reach US ~$25.2 billion by 2019, mainly driven by high replacement rates, change in technologies, increased boat size, and high net-worth population increases.

Sales of new power boats in the US reached ~250,000 boats in 2017, noting more than ~6% increase on 2016. Rising demand from young boaters and new product development by the manufacturers is stimulating industry growth. U.S. sales of recreational boating products are expected to increase ~6.1% per year to ~$13.1 billion in 2018.

North America dominates the global recreational boating market due to the U.S. market contributing majorly for the regional growth. U.S. recreational boating market contributes nearly $121 billion to the country’s economy.
3.1.4 Beach

Beach protection varies by market with two primary solutions consisting of shark netting and or drum lines; both cause varying degrees of environmental damage. In New South Wales between Wollongong to Newcastle there is ~7.65km of shark nets protecting 51 beaches, and Queensland has ~6.5Km of shark nets. Drum lines are also used with Queensland having ~366 deployed.

International markets for the replacement of shark nets and drum lines include the United States and South Africa which currently has ~23.4km of shark nets and ~79 drum lines. In addition to public beaches consideration will be given to private resorts seeking to protect guests and provide peace of mind.

3.2 Sharks

The most common species involved in shark attacks worldwide are white sharks, bull sharks and tiger sharks. These three sharks are responsible for the overwhelming majority of shark bites in Australia, including 99% of fatalities.3

3.2.1 Shark attack statistics

The four locations with the greatest number of recorded shark attacks are the USA, Australia, South Africa and Brazil. In recorded history, there have been approximately 1,400 unprovoked shark attacks in the USA, over 600 in Australia, over 250 in South Africa and 100 in Brazil.

Shark human interactions have steadily increased over the past 30 years as shown in the graph below. However, it should be noted that the explanation behind these increases is in part due to better reporting practises. There is a clear increasing trend of shark attacks globally.4

According to the CSIRO, shark attacks on divers and swimmers has remained constant over recent decades, however there has been an increase in attacks amongst surfers, particularly due to increasing popularity of the sport.5

---

3 Environment and Communications References Committee, Federal Senate, Shark mitigation and deterrent measures (2017) 4.
4 Environment and Communications References Committee, Federal Senate, Shark mitigation and deterrent measures (2017) 27.
3.2.2 Psychology of shark fear

Shark attacks produce a low death rate compared to other recreational activities. For example, in a lifetime, the risk of dying due to a shark attack versus the chances of drowning at a beach is very low. Despite this, the risk of a shark attack is still in the backs of the minds of anyone wishing to use the ocean for surfing, scuba diving, boating or swimming. There is a hypothesis that shark attacks attract greater public attention due to the primal fear humans have of sharks. The theory is that people fear what is immediate and what they cannot control. Someone does not necessarily fear drowning because that can be controlled by swimming in shallow water or by learning to swim better. The risk of a shark attack cannot be mitigated by becoming more skilful in the water. Other predators are feared as well, such as lions or bears. Arguably, someone can avoid lions as they can be seen from a distance, whereas sharks can get to you before you even know they are there. Pop culture, media and shark-related tourism activities further enhance our fear of sharks.

3.2.2.1 Popular culture

Movies such as Jaws have used our primeval fear of sharks as a form of thrilling entertainment. Movies and TV shows often depict sharks as "human killers". These movies and TV shows take advantage of our perception of sharks and fanaticise the danger of shark attacks.

3.2.2.2 Media and social media

The media often sensationalises shark attacks as they are aware that this will grab the attention of readers and viewers. The words ‘killer’, ‘deadly’, ‘danger’ and ‘terror’ are among the most common used in shark attack headlines. Social media can play a good role in informing users when sharks have been sighted nearby. However, the largely unregulated sources of social media often result in over-exaggeration of shark sightings and panic amongst ocean users.

3.2.3 Australian White Shark population

According to research published by the CSIRO in February 2018, Australia has two white shark populations, an eastern population ranging east of Wilson’s Promontory, Victoria, to central Queensland and across to New Zealand, and a southern-western population ranging west of Wilson’s Promontory to north-western Western Australia. CSIRO research indicates that there are about 750 adults in the eastern Australasian white shark population (with a range from 470 to 1030), and about double that number in the southern-western population. The research also reveals the total number of white sharks in the eastern population is 5,460, with a potential range between 2,909 and 12,802. The total population could not be calculated for the southern-western population. This research has also provided important details on adult survival rates, which were very high in the eastern population, in the range of 90 per cent and above. This means that for 100 sharks alive this year, 90 would be expected to be alive next year. For the southern-western population, the 2017 estimate is 1,460 adult white sharks with a range of 760 to 2,250. The adult survival rate is also estimated at above 90 per cent.

3.2.4 Current shark mitigation strategies

3.2.4.1 Non-lethal strategies

Governments around the world implement several different methods to mitigate the risks of shark attacks. Common non-lethal methods of shark attack mitigation include patrolled beaches, aerial patrols and public information. Public information has enhanced in recent times through the use of social media apps and websites. Some potential ocean users may not be satisfied by these measures and abstain from enjoying ocean waters as a result.

---

6 Environment and Communications References Committee, Federal Senate, Shark mitigation and deterrent measures (2017) 29.
7 Environment and Communications References Committee, Federal Senate, Shark mitigation and deterrent measures (2017) 29.
3.2.4.2 Lethal strategies

Current lethal methods of shark mitigation include mesh nets and drum lines. Mesh nets are designed to entangle large sharks to reduce the number of potentially dangerous sharks in a given area. They do not create “shark-free zones” for ocean users. Drum lines work in a similar way to fishing lines. Drum lines use bait and hooks to catch sharks. Although these methods aren’t necessarily designed to kill sharks, it is the usual consequence. For example, out of the 531 sharks caught in Queensland in 2016, only 24 were released alive\(^9\). Public opinion over lethal strategies has shifted in recent times, with trends pointing towards non-lethal strategies as the preferred alternative. It is important to note that lethal measures do not stop human-shark encounters\(^10\). Also, as white sharks are protected in Australia under various state legislation and bull sharks and tiger sharks are categorised as a “near threatened” species by the IUCN, there is a need to reduce the number of shark’s subject to lethal mitigation strategies.

3.2.4.3 Personal shark deterrents and barriers to entry

The personal shark deterrent industry is relatively new, with large investments in developing and testing new products. The Company has invested heavily over the past fifteen years in research and development. Well over $10 million has been invested in the research, development and testing of the Shark Shield Technology, including extensive health and safety testing. Potential entrants into the personal shark deterrent industry will need to provide similar investments at least in part.

The Company has benefited from government grants and independent testing to develop and verify its products over several years, the value of which is in the hundreds of thousands of dollars. A potential new entrant may struggle to develop personal deterrent products and have them independently tested in a short to medium timeframe. Patents and other IP also play a big part in a technology heavy industry. Protecting IP can be expensive and new entrants to the industry may have to incur significant costs to protect their products. For more on the Company’s IP, see Section 10.

3.3 Competitors

Other than the widely-used existing non-lethal and lethal strategies, there are broadly four categories of new and emerging shark mitigation technologies. They are large-scale deterrents, personal deterrent devices (like Shark Shield), detection technologies and SMART (Shark Management Alert in Real Time) drum lines. The Company faces competition from a range of direct electrical shark deterrent competitors, non-electrical deterrents, and substitutes for electrical deterrents.

3.3.1 SMART drum lines

SMART drum lines differ from traditional drum lines as they are not designed to kill sharks. SMART drum lines still hook sharks using a baiting system, however the hook allows for sharks to swim in circles and keep water flowing into its gills, and in most cases alerts authorities of the catch so the animal can be released in a different location.

3.3.2 Detection technologies

Newer detection technologies are being tested and implemented around the world. Unmanned aerial vehicles (such as drones) are being used to detect sharks in key areas. Tagging programs, coupled with other new technologies such as SMART drum lines, are assisting in both research about shark movement and the detection of sharks in key areas. New sonar technologies are being developed to attempt the detection of sharks. One such product is Smart Marine Systems’ “Clever Buoy”, uses sonar to alert beach goers as a shark approaches, these systems have had varying degrees of success with false alarms a major challenge.

3.3.3 Direct competitors

Electrical deterrent competitors include the following brands: Electronic Shark Defence Systems (ESDS), NoShark and RPELA. The first two products are worn primarily on the ankle with two electrodes that create a small electrical field. As a general indication, the protective electrical field measured by these devices at approximately one metre away are approximately 1/10th the measured power of a Shark Shield FREEDOM7.

\(^8\)Environment and Communications References Committee, Federal Senate, Shark mitigation and deterrent measures (2017) 56.
\(^9\)Environment and Communications References Committee, Federal Senate, Shark mitigation and deterrent measures (2017) 63.
\(^10\)Environment and Communications References Committee, Federal Senate, Shark mitigation and deterrent measures (2017) 207.
3.3.3.1 RPELA

The RPELA product is installed in a surfboard and is a competitor to the FREEDOM+ Surf. The FREEDOM+ Surf design is installable by the end user on new or old surfboards. The RPELA requires professional installation as it is installed within the surfboard. The protective electrical field strength measured at one metre away of the FREEDOM+ Surf is approximately nine times more powerful than the RPELA product. At the time of this Prospectus, there is no independently peer reviewed published research on the efficacy of RPELA.

3.3.3.2 Other direct competitors

Other non-electrical deterrents such as magnets include the brands SharkBanz and the Modom leash which incorporates the SharkBanz in a leg rope for surfing.

3.4 State government rebates and federal government policy

In mid-2017 the Western Australian State Government implemented a shark deterrent rebate program as part of its overall shark hazard mitigation strategy. Of the fifteen fatalities in Western Australia over the past fifteen years, thirteen were either surfers or divers. Previous state governments have implemented various shark mitigation strategies including shark spotting, drum lines and targeted culling. These shark mitigation strategies have no or limited impact on protecting surfers and divers.

The recommendation and funding of proven personal shark deterrents is a world first. The Western Australian rebate program initially funded 1,000 units with a $200 rebate to consumers and doubled the program in November 2017 with a further 1,000 units. At the date of this Prospectus, Shark Shield FREEDOM7 is the only product approved for the rebate. The WA Government is seeking other products to approve for the program including the Shark Shield FREEDOM+ Surf.

Other governments may adopt similar programs given the success of the Western Australian program. Safety products such as seat belts, life jackets and bicycle helmets have specific safety standards. The Company supports the potential implementation of similar safety standards for personal shark deterrents. This matter was discussed by the Environment and Communications Reference Committee into Shark Mitigation and Deterrent Measures and the CSIRO supports the concept.¹¹

In December 2017 the Federal Government Environment and Communications References Committee into Shark Mitigation and Deterrent Measures made the following recommendations which relate to the Company’s business:

Recommendation 8
The committee recommends that the Australian Government match funding provided by state governments in support of the development of new and emerging shark mitigation and deterrent measures.

Recommendation 9
The committee recommends that the Australian Government develop a process to ensure products marketed as personal shark deterrent devices are independently verified as being fit-for-purpose.

Recommendation 10
The committee recommends that the Minister for the Environment and Energy and relevant state governments work with key stakeholder groups, such as national surfing organisations, to encourage water users to take all reasonable steps to reduce the probability of being involved in a shark bite incident, including by endorsing the use of independently verified personal deterrent devices.

Recommendation 11
The committee recommends that the Western Australian Government’s trial rebate program for independently verified personal deterrent devices be made ongoing in Western Australia and adopted by other relevant state governments.

The committee further recommends that relevant state governments consider developing programs for subsidising independently verified personal deterrent devices for occasional surfers at beaches associated with the risk of dangerous shark encounters.

¹¹Environment and Communications References Committee, Federal Senate, Shark mitigation and deterrent measures (2017) 145 – 146.
4.1 History

Ocean Guardian Holdings Limited is the holding company for Shark Shield Pty Ltd. Shark Shield is the brand name for the Company’s products. The Shark Shield Technology is the world’s only scientifically proven and independently tested electrical shark deterrent technology designed to reduce the risk of a shark attack. The products are the result of over twenty years of scientific research by leading experts in sharks and are used by surfers, scuba divers, spear fishers, free-divers and ocean kayak fishers.

The original wave-form used in the Company’s shark repelling technology was devised by three inventors, Graeme Charter, Sherman Ripley, and Norman Starkey, and released in 1995 by POD Holdings Ltd, a joint venture company partly owned by the Natal Sharks Board and the South African government. This joint venture resulted in the first product the SharkPOD. In 2001, the KwaZulu-Natal Sharks Board ceased distribution of the SharkPOD and licensed the worldwide rights to the intellectual property to the Company. This agreement ceased when the KwaZulu-Natal original wave-form patent expired in 2016.

Since 2002, the Company lodged a range of innovative patents and introduced its own commercial product line under the Shark Shield brand. These originally included the DIVE01 and FREEDOM4, both primarily targeted at the diving market. In 2007, the Company developed a third generation of products to replace the DIVE01 and FREEDOM4, expanding its supply to include the SCUBA7 (replacing the original DIVE01) and the FREEDOM7 (replacing the original FREEDOM4) for diving and the SURF7, engineered to be fitted onto a surfboard or stand-up paddleboard to offer surfers protection from sharks.

In 2014, the Company was the recipient of a Western Australian Government grant for $300,000 to create an innovative electrical shark deterrent specifically for surfing. Following two years of research and product development, the FREEDOM+ Surf specifically designed for surfers was released in late 2016.

4.2 Shark Shield Technology

Sharks and rays (chondrichthyans) have small gel filled sacs known as the ampullae of Lorenzini located in their snouts. They use these short-range sensors when searching for food at close range, typically less than 50 centimetres. The Shark Shield Technology creates a three-dimensional electrical field that causes an unpleasant sensation impacting the shark’s ampullae of Lorenzini.
When the shark comes into proximity of the electrical waveform (typically elliptical in shape and a few metres in diameter), it experiences non-damaging but uncontrollable spasms in the electrical receptors causing it to turn away. The electrical field is emitted from the device by a current passed between two electrodes, which create an electrical field surrounding the user. Both electrodes must be immersed in sea water to create the electrical field. The electrode configuration and subsequent electrical field can be modelled with Finite Element Software to determine the output coulombs generated by the device with an example of the FREEDOM7 electrical field shown below.

4.3 Scientific research – technology efficacy

Considerable funds (>$10M) have been invested over twenty years on the development and testing of the Shark Shield Technology and products by both the Company and independent organisations. Whilst internal product testing performance data is critical, external independent scientific testing data provides consumers with the highest level of confidence when assessing the credibility and reliability of a product.

At the date of this Prospectus, the Shark Shield FREEDOM7 is the only electrical shark deterrent scientifically proven and independently tested to significantly reduce the risk of a shark attack.

The following extracts are from two peer reviewed published research papers specifically on Shark Shield FREEDOM7. Note that the Company uses the same Shark Shield Technology across its product line albeit it in different electrode configurations which will result in different electrical field models or antenna lobe shapes, and subsequent different responses from sharks.

4.3.1 How Close is too Close?
The Effect of a Non-Lethal Electric Shark Deterrent on White Shark Behaviour

Abstract: Sharks play a vital role in the health of marine ecosystems, but the potential threat that sharks pose to humans is a reminder of our vulnerability when entering the ocean. Personal shark deterrents are being marketed as the solution to mitigate the threat that sharks pose. However, the effectiveness claims of many personal deterrents are based on our knowledge of shark sensory biology rather than robust testing of the devices themselves, as most have not been subjected to independent scientific studies. Therefore, there is a clear need for thorough testing of commercially available shark deterrents to provide the public with recommendations of their effectiveness. Using a modified stereo-camera system, we quantified behavioural interactions between white sharks (Carcharodon carcharias) and a baited target in the presence of a commercially available, personal electric shark deterrent (Shark Shield Freedom™). The stereo-camera system enabled an accurate assessment of the behavioural responses of C. carcharias when encountering a non-lethal electric field many times stronger than what they would naturally experience. Upon their first observed encounter, all C. carcharias were repelled at a mean (± std. error) proximity of 131 (± 10.3) cm, which corresponded to a mean voltage gradient of 9.7 (± 0.9) V/m. With each subsequent encounter, their proximity decreased by an average of 11.6 cm, which corresponded to an increase in tolerance to the electric field by an average of 2.6 (± 0.5) V/m per encounter. Despite the increase in tolerance, sharks continued to be deterred from interacting for the duration of each trial when in the presence of an active Shark Shield™. Furthermore, the findings provide no support to the theory that electric deterrents attract sharks. The results of this study provide quantitative evidence of the effectiveness of a non-lethal electric shark deterrent, its influence on the behaviour of C. carcharias, and an accurate method for testing other shark deterrent technologies.
4.3.2 Effects of an Electric Field on White Sharks: In Situ Testing of an Electric Deterrent


Abstract: Elasmobranchs [sharks and rays] can detect minute electromagnetic fields, <1 nVcm⁻¹, using their ampullae of Lorenzini. Behavioural responses to electric fields have been investigated in various species, sometimes with the aim to develop shark deterrents to improve human safety. The present study tested the effects of the Shark Shield Freedom7™ electric deterrent on (1) the behaviour of 18 white sharks (Carcharodon carcharias) near static bait, and (2) the rates of attacks on a towed seal decoy. In the first experiment, 116 trials using static bait were performed at the Neptune Islands, South Australia. The proportion of baits taken during static bait trials was not affected by the electric field. The electric field, however, increased the time it took them to consume the bait, the number of interactions per approach, and decreased the proportion of interactions within two meters of the field source. The effect of the electric field was not uniform across all sharks. In the second experiment, 189 tows using a seal decoy were conducted near Seal Island, South Africa. No breaches and only two surface interactions were observed during the tows when the electric field was activated, compared with 16 breaches and 27 surface interactions without the electric field. The present study suggests that the behavioural response of white sharks and the level of risk reduction resulting from the electric field is contextually specific, and depends on the motivational state of sharks.

4.4 Product development

The Company currently has three core products: the FREEDOM7, SCUBA7, and FREEDOM+ Surf with a range of accessories. The FREEDOM7 and SCUBA7 are used by scuba diving, spearfishing/freediving, and ocean kayak fishing consumers. The FREEDOM+ Surf is used by surfers. All of the Company's products utilise Shark Shield Technology. To increase adoption rates of existing technology, the Company plans to improve the industrial design, particularly the ergonomics of the current product range. Below is a summary of the Company's products. More information on the Company's products can be found on the Company's website, www.ocean-guardian.com.

4.4.1 FREEDOM7

The FREEDOM7 is the Company's most flexible shark deterrent and can be used for a wide range of marine sports including freediving, scuba diving, kayaking and ocean swimming. Its lightweight design makes it comfortable to wear and the long-life battery provides the confidence in the water for up to six hours at a time, with a LED battery life indicator.

The FREEDOM7 uses an electrical field which is created via a trailing cord antenna attached to a power module worn on the ankle. The FREEDOM7 can also be used for kayaking by threading through the kayak's scupper or by attaching to a handle and dropping over the side. Similarly, the FREEDOM7 can be used when boating by suspending from a polystyrene float near the boat to create a protected area for swimming or fishing. The Western Australian Government is offering a rebate of $200 to 2,000 Western Australian residents that purchase the FREEDOM7 as part of the WA Shark Deterrent Rebate. For more information on the rebate, see Section 3.4.

4.4.2 SCUBA7

The SCUBA7 is the ultimate ocean guardian for professional and sports divers alike. Designed for those scuba divers concerned about the trailing antenna of the FREEDOM7, the SCUBA7 offers a more compact solution with a tank mounted electrode combined with a short low drag ankle antenna, ensuring freedom of movement.

The SCUBA7, uses an electrical field which is created via a tank-mounted electrode, short antenna worn on the ankle, and a power module strapped to the thigh. The SCUBA7 offers protection to scuba divers and operates at depths of up to 50 metres below the ocean surface.
4.4.3 FREEDOM+ Surf

The FREEDOM+ Surf is designed for surfers and was developed with the assistance of World Champion surfer Tom Carroll as a consultant to the industrial design team to minimise the impact on surfboard performance. It uses a small design modification to the current grip pad systems found in most surfboards globally.

The Freedom+ Surf can be installed on any new or existing board bigger than 5'6”.

The grip pad, crafted in partnership with Ocean & Earth, is the housing for the transferable power module and electrical connector to the flat adhesive decal antenna containing the electrodes taped to the bottom of the surfboard. This removes the trailing antenna in the first SURF7 model and limits the negative impact on the surfboard’s performance. The FREEDOM+ Surf decal antenna and transferable power module are currently being modified to improve weight and aesthetics to create a performance version more appealing to the style conscious minimalist surf culture.

The FREEDOM+ Surf has also been utilised by the World Surf League (WSL) on jet skis as part of a shark mitigation strategy at events in both Margaret River and J-Bay in 2017. The use on jet skis has now extended to beaches controlled by the Wollongong City Council in New South Wales.

4.4.4 The Force

The Company is currently developing a new hand-held product, utilising Shark Shield Technology that targets the diving, snorkelling, and casual ocean goers. Code named “The Force”, this new product is expected to deliver a low price point barrier to competitors whilst providing a higher profile consumer device with expected high unit sales volumes. Product development has commenced with the device due to ship late 2018 to early 2019.

The images provided are industrial design concept only and the final product may differ considerably.

4.4.5 Long Range – existing Technology

The Company aims to expand the product line that utilises Shark Shield Technology into the boat and beach segments. The boating segment on a global basis provides an attractive target market with boat owners having a higher disposal income than traditional consumers in dive and surf.

Boating and beach products are expected to deliver services annuity revenue streams as well. The products may be regarded as safety equipment, which may be leased rather than purchased, that require annual maintenance services. This is similar to other safety products such as fire extinguishers, Emergency Position Indicating Radio Beacons (EPIRBs), and life rafts.

It is the Company’s aim that the boat and beach products will be supported by mobile phone applications offering additional control and data for product performance and maintenance, whilst providing the company with valuable customer information.
The first product will be the new Ocean Guardian LR10, Powered by Shark Shield Technology. The LR10 will be a world first innovative long-range shark deterrent system specifically designed for leisure boats. The Company expects the product to be launch in late 2018 early 2019. Easy to deploy off the back of any vessel, the new LR10 is based on the FREEDOM7 design providing a larger protection area through two user changeable antenna options, depending on the depth of the water the vessel is moored in. If a user would like to protect a larger area or link across to another vessel, they can daisy chain up to five LR10’s together off the one power source to create a virtual net or a protected swimming zone.

The Ocean Guardian LR10 will be powered by a built-in lithium battery providing up to five hours of continual operation. Alternatively, it can be run from a DC 12V/24V power source such as the vessel. Operational LEDs deliver an easy to read indication of the operating status, battery charge, low battery and a number of other features.

The images provided are industrial design concept only and the final product may differ considerably.

Current technology-based beach products based on the LR10 design provide an opportunity to assist various organisations (e.g. Surf Life Saving Australia) increase Nippers participation rates by providing proven shark deterrent protection in strategic locations, such as swim market buoys. The same beach products could be used within ocean or bay swimming events as part of risk mitigation strategies.

4.4.6 Long Range – new Technology

The successful development of new longer-range shark deterrent technology will fundamentally change the way shark hazards are managed by beaches, fish farming / aquaculture, luxury boating and fishing. Therefore, the Company is working on new systems with initial expectations of deterring sharks for significantly larger distances compared to the existing product line.

With assistance from a physicist, the Company is investigating new transducer-based devices using Metamaterials (also known as Artificial Electromagnetic Materials), which have anomalous interactions with electromagnetic fields. The engineering of these unique materials results in physical properties otherwise not obtainable with natural materials, enabling advanced improvements in the performance of conventional electromagnetic devices.

Starting from these concepts and theoretical background of artificial electromagnetic materials and metamaterials, the Company plans to develop a transducer with properties that reduce power transfer losses. The creation of these negative index materials decreases transducer losses enabling electromagnetic fields of greater strength to propagate through water. This research is expected to lead to a new long-range Technology.

The electromagnetic field lobe shape may remove the need for alternative electrical field barriers and/or traditional shark nets. The diagram below shows a possible future installation.
4.4.7 Little Ripper Group International

The Ripper Group Pty Ltd International, led by Kevin Weldon AM and his team has been working alongside the Company to develop a drone-specific derivative product using the existing diving and surfing technology. This Ripper Group derivative is specifically designed to be used as an integral part of the Westpac-sponsored Westpac Little Ripper Lifesaver rescue drone system. The Ripper Lifesaver Group will be testing this new product based on the Shark Shield Technology over the next 12 months. It will complement the Westpac Little Ripper Lifesaver world renowned Marine Rescue Pods which are deployed when necessary to save people in the ocean. This combination allows people in distress to be protected from sharks while being rescued.

Additionally, The Ripper Group and the Company are working together in designing the "Beach of the Future". Through utilising a combination of technologies such as Artificial Intelligence (AI) algorithms to identify sharks, long range shark deterrent technologies, and leading rescue drone designs, Australia’s beaches will become recognised as the safest beaches in the world, delivering significant benefits to international tourism. The Beach of the Future can save lives beyond the flags.

4.5 Business model

The Company’s primary functions are the sales of its existing products and the development of new products to address the issue of shark attack mitigation. Following over 15 years of successful product development, the Company is entering a new growth period to expand the distribution of its existing products and develop new products to address issues with the shark mitigation industry. For more information on the industry that the Company operates in, see Section 3.

The Company partners with industry leaders in designing, developing, manufacturing and selling its product innovations. Through these partnerships the Company retains management and ownership of the value chain with value creation controlled by management. The Company seeks out the best solution at each point in the value chain to maximise profits while ensuring fixed costs are kept at a minimum.

4.5.1 Business strategy

The Company follows an annual planning process with a three-year horizon reviewed quarterly. In the business planning process, the leadership and management focus on leveraging available resources (economic, people & technology) to build competitive differentiation and organisational capabilities.

The Company’s generic strategic initiatives are to product leadership, customer intimacy, and niche market segments which are surf, dive, boat and beach.

The product leadership growth strategies are market penetration of existing surf and dive products, which includes geographical penetration of dive into the USA, segment penetration of surf in Australia and the USA. New products based on the current Technology launching into the boat and beach segments, and further down the path market development via new long-range innovative Technologies for boat and beach protection. The long-range new Technology is also expected to open the potential of additional markets such as aquaculture, fish farming and protection of private jetties of homes on canals. The Company seeks to maintain and grow its competitive advantage through the development of its brand and product category ownership, intellectual property, segment knowledge, intimate customer relationships, installed customer base, supported by a history of independently published research.

Over the medium to longer-term the Company’s product growth strategies will expand the revenue base to consist of hardware sales and services revenues, including equipment leasing for beaches. The opportunity presented with the boat and beach products is to build a services annuity revenue stream through annual safety maintenance services such as provided on other safety equipment such as fire extinguishers.

4.5.2 Sales

The sales model to-date has relied on sales through the recruitment and management of dive and surf retail channel partners located primarily in Australia and the USA. This channel is complemented by a direct sales channel via an online store and a direct Amazon.com presence. The direct online channels improve gross margins whilst providing consumers with a consistent brand message with expected retail pricing. The majority of sales are in Australia, Florida and California. In launching the FREEDOM+ Surf, the Company partnered and co-branded with Ocean & Earth, one of the world’s largest surf hardware brands. This partnership provided direct access to an extensive Australian and international retail network, along with brand credibility in the surf segment. Ocean & Earth opens access to 100’s of retail outlets.

The investment in current product channels seeks to increase channel management, in store presence through improved point of sales (POS), and instore sales training. The Company is developing new POS, which will provide both consumer education and end user training via interactive monitors mounted in the POS display.
Boat product sales will leverage the Company’s existing global dive channel which consists of hundreds of dive retailers. Over time, the Company will recruit chandlery retailers and work with boat manufacturers to include the products as standard safety equipment. A goal of the Company is to have boat Ocean Guardian products included by boating manufacturers as standard, similar to other safety equipment such as life jackets and life rafts.

It is highly likely that beach sales will be a direct sales model with the Company having to incur the costs of hiring a small direct sales force. As these products are likely to be considered as infrastructure State Governments and/or local councils may prefer to lease these installations.

The Kwa Zulu Natal Sharks Board has been testing an electrical shark beach barrier for some years and has expressed its desire to deploy this technology in Australia. This beach barrier solution is based on the same Shark Shield Technology used in the Ocean Guardian range of products.

4.5.3 Manufacturing

The Company outsources manufacturing to Hong Kong-based Eagle Kingdom Technologies (EKT). Management has worked with EKT for over ten years, for more information on this agreement, see Section 11.6.

With more than 5 million products delivered (such as set top boxes and modems), EKT is global design centre that helps the Company leverage volume manufacturing capability and pricing. EKT has an international management and engineering team of 120 staff based in Shenzhen, China.

The Company performs regular baseline scenarios and compares pricing with other contract manufacturers.

4.5.4 Marketing

Despite the age of the Company and its products, the electrical shark deterrent product category is still in its infancy. There is low awareness of the category and a lesser awareness on the products’ effectiveness. As such the principles of new category product marketing should apply on education and awareness.

Return on investment in marketing is critical in any business. The Company is dedicated to maintaining an effective, focused marketing strategy to ensure the products are marketed to the right people, in the right place, at the right time. To assist with this endeavour the Company has recruited a Sydney based advertising agency to work with on demand generation.

4.5.5 Education & demand

The Company expects the largest marketing spend to be in digital advertising for the following reasons:

- The Company has content (many brands want to be active in digital, but there is a large cost attached to creative assets, which for Ocean Guardian, largely exists)
- The Company has engaging content (‘sharks’ are a high interest topic, we have a compelling story to tell)
- It gives the Company the ability to directly target audience groups; geo-targeting, with specific product communications directed towards each niche target
- It gives the Company the ability to measure effectiveness / test what creative executions work best (views, click through rates, comments)
- It allows the Company to gain credibility by ‘piggy-backing’ existing online publishers and/or influencers
- It allows the Company to target contextual content via algorithms
- It allows the Company to streamline strategy across all markets (yet customise to local data and opportunities)

Detailed data analysis provides information about audience numbers in each region, and against each activity where the Company’s target markets are active. The audience figures are broken down against multiple filters analysed against the total size the market – age split, geography (state, metro vs regional, regional hot spots), gender, and media consumption – providing invaluable insight into the media strategy.

The marketing investment focus is on the following;

<table>
<thead>
<tr>
<th>Social Media/Online</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brand respect</strong></td>
</tr>
<tr>
<td>Evidence of effectiveness (content exists) – owned assets (YouTube, Facebook,</td>
</tr>
<tr>
<td>Instagram, Twitter)</td>
</tr>
<tr>
<td><strong>Education</strong></td>
</tr>
<tr>
<td>How the product(s) actually work (content exists) – owned assets (YouTube,</td>
</tr>
<tr>
<td>Facebook, Instagram) / Amanda Morgan – Brand Ambassador)</td>
</tr>
<tr>
<td><strong>Inspiration</strong></td>
</tr>
<tr>
<td>Inspiration - a destination and a source – shark information / ocean inspiration</td>
</tr>
<tr>
<td>(Tom Carroll - Brand Ambassadors) – owned assets plus native content with bespoke</td>
</tr>
<tr>
<td>publishers (and amplified via Outbrain and Facebook).</td>
</tr>
</tbody>
</table>
4.6 The Brands

4.6.1 Ocean Guardian

The Company seeks to differentiate itself by focusing on two brand archetypes;

4.6.1.1 Adventurer

The Adventurer is the Company’s primary archetype. The Adventurer is a thrill seeker, full of inner energy, emotionally charged, values change and progress and self-focussed.

The Adventurer seeks the thrills that adventures offer.

While they often engage in new activities, they will also repeat activities that continue to deliver a thrill. The thrill itself is the driver, versus enlightenment which may be a by-product of the thrill.

Adventurer brands engage in thrill seeking behaviour; they are there where adventures happen.

They offer the consumer an opportunity to find thrills in their life or simply make life more adventurous through association. Adventurer brands are for consumers who enjoy adventures, are adventurers or aspire to be adventurers.

The driver for the Adventurer is the thrills they seek.

4.6.1.2 Guardian

The Guardian is the Company’s secondary archetype. The Guardian is organised, predictable, reliable, trustworthy, Independent, Focussed on others and Values order and stability.

Because of their reliability and predictability, Guardians are often trusted with protecting something or someone. They are organised, and often create systems, procedures and processes to ensure a high degree of control and predictability.

Because the role of Guardian brands is to protect something/someone, they are organised and efficient in what they do and what they deliver.

Guardian brands are for consumers who value predictability; who value efficiency more than the latest product features, who value reliability more than excitement.

The driver for the Guardian is to protect and guard.

4.6.2 Shark Shield Technology

Powered by Shark Shield® Technology

Shark Shield has been retained as a technology brand, the Company’s devices and/or partner devices will be Powered by Shark Shield Technology. The brand strategy is for Ocean Guardian to be the master brand and Shark Shield Technology to be the "Intel Inside" or "NutraSweet" sub brand.

“Shark Shield” is a registered trademark and could be considered the product category default brand, it is the Band-Aid, Kleenex, and Rollerblade of the electrical shark deterrent industry.

4.7 Brand Ambassadors

The Company seeks to align with Brand Ambassadors who provide industry and sport specific knowledge for both the development of new products and the education of existing products to our target markets. As such the Company currently has many active sponsored sports personalities across its key target markets as well as providing scientific and biology specific knowledge.
4.7.1 Tom Carroll – World Champion Surfer

Thomas "Tom" Carroll is an Australian former professional surfer from Sydney. Tom made the finals of the 1979 Pipe Masters as a world tour rookie, finishing 24th in the world that same year. He continued to ascend from 17th to 10th to 3rd before taking the world title in 1983 (winning 6 of 13 events) and distinguishing himself as the first goofy foot world champion.

The following year he answered the challenge from veteran Shaun Tomson to win the championship again. In 1985, he boycotted the South African leg of the tour in protest against apartheid and subsequently fell behind Tom Curren. Carroll finished 2nd the following year.

In 1988, he made history again by becoming the first surfer to secure a million-dollar contract (with Quicksilver). He finished third that year and again in 1991 (taking the Triple Crown the same year) before retiring in 1993. In total, Carroll took 26 career world tour wins, three Pipe Masters victories (87, 90, and 91), and two world titles.

He was voted in at Number 7 on Surfer Magazine's list of the "Greatest Surfers of All Time". Carroll won the 1984 Surfer Poll and was inducted into the Australian Surfing Hall of Fame in 1990. In 1991, he won Australia's Surfing Life Peer Poll and 8 years later was inducted into the Huntington Beach Surfing Hall of Fame. He was inducted into the Sport Australia Hall of Fame in 1992.

Tom has worked closely with the Company in the development of the Company's FREEDOM+ Surf product along with the promotion of the Technology as a means of to ensuring that both humans and sharks can co-existing in the ocean.

4.7.2 Amanda (Elizabeth) Morgan – Shark Biologist

Amanda completed her Bachelor of Science degree at Murdoch University, Perth, where she majored in both Marine and Biological Science. As one of the top 5% of students at her university she was invited to take part in a program called Master Class, which enabled her to complete a certificate in Business Administration alongside her bachelor's degree. She then went on to complete her Masters in (Marine) Biological Science at the University of Western Australia, focusing on the electro receptive thresholds of sharks and rays under the supervision of Professor Shaun Collin and Dr Ryan Kempster.

Amanda acts as a spokesperson for the Company, and in this role Amanda aims to better educate the community on the Shark Shield Technology efficacy, which enables surfers and divers to take responsibility for their own safety without having to harm the environment using strategies such as shark nets and culling.

4.8 Intellectual Property

The Company has registered trademarks and patents to protect its brand and products. For more information on the Company’s intellectual property, see Section 10.

4.9 Information systems

The Company’s management have strong technology backgrounds and have implemented wherever possible cloud-based software applications providing updates, backup, and customer data security not normally available to smaller organisations. Best in class system have been selected relative to the business’ current and future needs.

Accounting is based on a global leading small to medium business application Xero, which is integrated with Unleashed, an inventory, invoice and order management platform which also controls basic bill-of-materials. The main product-life-cycle-management system is Arena, delivering world class controls for contract manufacturing and sourcing.

Online direct sales orders are accepted through a Woocommerce store and Amazon. Customer relationship management and marketing performance management is implemented using Salesforce linked to Unleashed to provide a scalable solution as the Company grows. Support ticketing that includes searchable frequently asked questions on the Company’s website is managed via Freshdesk, which will be superseded as the Company scales with Salesforce. Salesforce will also be used for sales funnel management as the business develops channels to boat and beach segments.
5. RISK FACTORS

The risks below may, either individually, or in a combination, materially and adversely affect the future operating and financial performance of the Company, its performance and the share value.

The Shares offered under this Prospectus should be considered speculative because of the nature of the Company’s business. There are numerous risk factors involved with the Company’s business.

This Section presents a list of major areas of risk associated with an investment in the Company but should not be taken as exhaustive. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company, either partly or entirely, and cannot be diluted. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital, or trading price. You should read the entire Prospectus and consult your professional advisers before deciding whether to apply for Shares.

5.1 Key risks specific to the Company

There are a number of specific risks associated with the Company which may have a significant effect on the Company’s financial position and the value of shares. These key risks include:

5.1.1 Limited operations history

Although the Company was incorporated in 1999, it is essentially a start-up business with an operating history showing revenue and financial losses. Whilst the electrical shark deterrent product category has had products commercially available for some twenty years, the market acceptance and adoption rates are low, primarily due to a lack of education and awareness of the category, and a lack of understanding of the product efficacy.

5.1.2 Sales and timing risk

The market in Australia, where a large portion of the Company’s business comes from, is based on consumer sales. The transaction cycle of new commercial markets the Company operates and aims to operate in can be long, unpredictable, and it may take between months and years to close significant transactions while remaining subject to changes in government policy or spending.

The Company will seek to mitigate these risks by having a diverse client base, as outlined in this Prospectus, to ensure that it has a mix of ongoing revenue, whilst also building its position in the commercial shark deterrent industries, both in Australia and abroad. However, there can be no guarantee that this strategy will ultimately prove successful or even possible to implement, because of market volatility and uncertainty.

5.1.3 Key person risk

Ocean Guardian was purchased in 2012 by entities controlled by Lindsay Lyon and Amanda Wilson, built on their knowledge and experience. Mr. Lyon has contributed significantly to the Company’s intellectual property. In addition, he has a new employment agreement in place pursuant to having been employed by Shark Shield Pty Ltd, a wholly owned subsidiary of the Company, to continue to build and grow the Company. Should Mr. Lyon leave, or his contract is terminated in accordance with established terms, there is a risk that the Company may struggle to attract appropriately qualified staff to replace him. This risk is minimized by providing appropriate incentives to encourage all employees to work towards the continued growth and success of the Company, such as the offer of performance shares and options.

5.1.4 Uncertain profitability

The success of the Company’s operations relies on the ability to attract more consumers and commercial users of the Company’s products. The inability to attract such consumers and users will affect the Company’s earnings.
While the Company has been successful in attracting consumers in the scuba diving, spearfishing/freediving, ocean kayak fishing and surfing industries this will not necessarily translate into successful adoption in other markets.

Furthermore, the Company’s profitability will be impacted by its ability to successfully execute its commercialisation and growth strategies, economic conditions in the markets in which it operates, competitive factors and regulatory developments. Accordingly, the extent of any future profits is uncertain.

5.1.5 Government rebate risk

The Company currently benefits from the Western Australian government rebate, detailed in Section 3. The continuance of the government rebate or potential new government rebates in Australia and overseas is unknown, and changes to the rebate or government policy may adversely affect the Company.

The FREEDOM7 is the only product approved for the rebate and there is no guarantee that the proposed addition of the FREEDOM+ Surf to the rebate program will be successful.

5.1.6 Production costs risk

The Company's existing products are comprised of components received from a small number of main suppliers. Any increase in the production levels required, as a result of ongoing growth of the business, or the supplier's failure to deliver the materials used in the production process may cause delays or put at risk the Company's ability to meet its contractual commitments.

To mitigate this risk, the Company will have to identify and secure alternative sources for components used in the development of its products, or else may need to increase R&D spending to find solutions to components unavailable when needed.

5.1.7 Product regulation and safety

As with any technology product offering, the Company may be exposed to the regulatory environment of a particular jurisdiction. This is especially the case as the Company's products are essentially safety products. Any adverse regulation may restrict the ability to operate in a particular jurisdiction. Similarly, any change in regulation may restrict the Company’s ability to do business in jurisdictions it currently operates in or cause the company to incur expenses to continue operating.

5.1.8 Product liability

The Company’s business is exposed to the potential for product liability claims related to the manufacturing, marketing and sale of its products. The Company maintains product liability insurance. However, to the extent that a claim is brought against the Company that is not covered or fully covered by insurance, such claims could have a material adverse impact on the Company and financial position, regardless of the merit or potential outcome of a claim.

5.1.9 Product research and development risk

The Company can provide no guarantee that products developed using new technologies will provide the same level of efficacy as the products using the existing Technology. Considerable research, development and testing will be required before commercial products using new Technologies will become available.

5.1.10 User experience risk

The Company's business model is based on revenue arising from technology users and customers. A poor user experience may not necessarily be anticipated and may affect growth of customer numbers and repeat purchases or ongoing contracts with the Company for use of its devices and services. Factors which may contribute to poor customer experience include:

- ease of use of the products offered;
- simplicity and reliability of customer usage; and
- quality of services provided.

Poor user experiences may result in the loss of customers, adverse publicity, litigation, regulatory enquiries and customers reducing the use of the Company's products. If any of these occur, it may adversely impact the Company's revenues.
5.1.11 Scalability risk

Scalability is the key to any technology company looking at a potential global market. While the Company believes that its products and services have been built for scalability, there are no guarantees it will be able to meet future customer demand and requirements.

5.1.12 Technology risk

Technology markets, by their very nature, are a continuously evolving environment. To succeed, the Company will need to research, develop, design, manufacture, assemble and improve its current supply as well as engineer new products suitable for existing and potential markets. The Company cannot guarantee that it will be able to engage in researching and developing its existing (and new) products to meet the changing needs of its consumers, and new and emerging technologies. At the same time, products and technologies developed by others may render the Company’s products and systems obsolete or non-competitive, which could distress the business, operating results, and financial prospects. In these circumstances, the Company will be required to commit resources to develop, acquire and deploy new technologies, and to ensure the Company stays competitive.

With any technical product development there are risks with the chosen technology, vendors and employees, and execution. Although the Company has employed and engaged subject-matter experts, has experienced staff, standard technologies and approaches, some elements, such as delivery, fail to meet expectations or deadlines, obsolete technologies, natural disasters, still remain. In addition, the Company could be subject to fraud or malicious attack, or compromised platforms, which have a negative impact on performance indicators.

5.1.13 Reliance on third party providers

The Company intends to develop products that could be utilised by many market segments. Therefore, while the business will depend on its products’ ability to operate in a range of environments, it will not be able to control these external environments. Any changes to external systems or devices that give preference to competing products or adversely impact on the functionality of the Company’s products may render consumers less likely to use the its products, which may have a detrimental impact on the Company’s financial performance.

5.1.14 Competition

The industry in which the Company operates is competitive. The Company’s performance could be adversely affected if existing or new competitors reduce the Company’s market share, or its ability to expand into new segments. The Company’s existing or new competitors may have substantially greater resources and access to more markets than the Company. Competitors may succeed in developing alternative products which are more innovative, easier to use or more cost effective than those that have been or may be developed by the Company. This may place pricing pressure on the Company’s product offering and may impact on the Company’s ability to retain existing customers, as well as the Company’s ability to attract new customers. If the Company cannot compete successfully, the Company’s business, operating results and financial position could be adversely impacted.

5.1.15 Media risk

The Company has established trademarks, outlined in the IP Report, Section 10 to help protect the Company’s brand. The Company believes that global branding is critical for its long-term success. Negative commentary or complaints of the Company or industry in general, particularly via social media and/or poor word of mouth may harm the Company even if such commentary or complaints are not necessarily being based on accurate data or real experience. Furthermore, claims by third parties of rights to the Company’s trading names may cause the Company to incur costs or pay damages or lose rights to their use. This may adversely impact on the operating results and potential of the Company.

5.1.16 Third party tools and platforms risk

While the use of third party tools and common technologies is common in the industry, the Company is exposed to the risks associated with their use, such as security breaches and hacker attacks. If the third-party tools used are subject to cyber-attacks by hackers, its products and software may be affected to the detriment of the Company, which may have a negative effect on revenues and profits.

Breaches of data in certain circumstances will also lead to the Company needing to take action per privacy laws, which will come at additional costs.
5.1.17 Intellectual property risk

Other parties may develop and patent substantially similar or substitute products, processes, or technologies to those used by the Company, and other parties may allege that the Company's products incorporate intellectual property rights derived from third parties without their permission.

5.1.18 Infringement of third party intellectual property rights

If a third party accuses the Company of infringing its intellectual property rights or if a third party commences litigation against the Company for the infringement of trademarks or other intellectual property rights, it may incur significant costs in defending such action, whether or not it ultimately prevails. Typically, intellectual property litigation is expensive. Costs that the Company incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time.

In addition, parties making claims against the Company may be able to obtain injunctive or other equitable relief that could prevent the Company from further using its branding, trademarks or commercialising its products. In the event of a successful claim of infringement against the Company, it may be required to pay damages and obtain one or more licenses from the prevailing third party. If unable to obtain these licenses at a reasonable cost, if at all, it could encounter delays in product introductions and loss of substantial resources while it attempts to develop alternative products. Defence of any lawsuit or failure to obtain any of these licenses could prevent the Company from commercialising available products and generate substantial expenditure.

5.1.19 Future capital risk

There is no certainty regarding the ability of the Company to raise sufficient funds to meet its needs into the future. The future capital requirements depend on a number of factors including the Company's ability to generate income from its operations. It may need to raise additional capital from equity or debt sources due to unforeseen circumstances. There can be no assurance that the Company will be able to raise such capital on favourable terms or at all. If adequate funds are not available on acceptable terms the Company may not be able to develop its business, with significant negative effects on its operations.

5.1.20 Foreign exchange risk

The Company is exposed to foreign currency exchange rate movements because it will operate in foreign countries and revenue earned and expenses incurred may not be in Australian dollars. Accordingly, movements in foreign exchange rates may have an impact on the Company's financial position and performance.

5.1.21 Foreign country risk

The Company currently has all of its operations in Australia. For operational reasons, it may also establish operations in other jurisdictions.

Wherever the Company sets up operations, it is exposed to a range of multi-jurisdictional risks such as risks relating to currency exchange rates, labour practices, environmental matters, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regime (including in relation to taxation and foreign investment and practices of government and regulatory authorities) and other issues in foreign jurisdictions in which it operates. Businesses that operate across multiple jurisdictions face additional complexities from the unique business requirements in each jurisdiction. Management experience will help to mitigate, but will not remove this risk.

5.1.22 Insurance risk

The Company seeks to maintain appropriate policies of insurance consistent with those customarily carried by organisations in its industry. Any increase in the cost of the insurance policies of the Company or the industry could adversely affect its business, financial condition, and operational results. The Company's insurance coverage may also be inadequate to cover losses it sustains. Uninsured loss or a loss in excess of the Company's insured limits could adversely affect its business, financial condition and operational results.

5.1.23 Counterparty risk

The Company's future business model may be dependent in part on contractual agreements with third parties that have an interaction with the Company's target market. The Company is aware that there are associated risks when dealing with third parties including but not limited to insolvency, fraud, and management failure. Should a third-party contract fail, there is the potential for negative financial and brand damage for the Company.
5.1.24 Credit risks

The Company will be exposed to credit risks relating to delayed or non-payments from its customers. The failure to adequately assess and manage credit risk may result in credit losses potentially resulting in a material adverse effect on the Company’s business, operating and financial performance, including decreased operating cash flows.

5.1.25 Foreign litigation risk

Although Ocean Guardian is an Australian company incorporated with limited liability of its shareholders, liability may be placed on the Company in certain circumstances, including in circumstances of creditor fraud and insolvency. Although it will seek to maintain appropriate policies and procedures to minimise this risk, some risk in relation to the activities the Company remains.

5.2 General risks

The future prospects of the Company’s business may be affected by circumstances and external factors beyond its control. Financial performance of the Company may be affected by a number of business risks that apply to businesses generally and may include economic, financial, market or regulatory conditions.

5.2.1 Market risk

Share market conditions may affect the value of the Company’s quoted securities regardless of its operating performance. Share market conditions are affected by many factors such as:

- General economic outlook;
- Introduction of tax reform or other new legislation;
- Interest rates and inflation rates;
- Changes in investor sentiment toward particular market sectors;
- The demand for, and supply of, capital; and
- Terrorism or other hostilities;

There is no guarantee that there will be an active market for the Company’s securities at the price of the Offer, or that an active market for the Company’s securities will develop in the future. If an active market for the Company’s securities does not develop it may be difficult to sell Shares offered pursuant to this Prospectus.

5.2.2 Economic, legal and regulatory risk

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the technology market including, but not limited to, the following:

- General economic conditions in jurisdictions in which the Company operates;
- Changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- The strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the online classified advertising sector;
- Movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- Natural disasters, social upheaval war or other instances of force majeure in jurisdictions in which the Company operates;

5.2.3 Litigation risk

The Company is exposed to the risk of actual or threatened litigation or legal disputes in the form of customer claims, intellectual property claims, personal injury claims, employee claims and other litigation and disputes. If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow and share price of the Company.

5.2.4 Investment risk

The Shares to be issued pursuant to this Prospectus should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or the market value of the Shares. The trading prices may be above or below the price paid for the Shares. While the Directors commend the Offer, prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.
The pro-forma statement of the Company’s financial position is contained in the Investigating Accountants Report, which is included in Section 7.

Under section 712 of the Corporations Act, the Company’s audited financial statements for the financial years ended 30 June 2016, 30 June 2017, and the half-year ended 31 December 2017 are incorporated by reference into this Prospectus. A copy of the financial statements are available at www.ocean-guardian.com alternatively, you can obtain a paper copy of this document free of charge by contacting the Company on 1800 132 009 9:00am to 5:00pm AEST, Monday to Friday during the Offer Period.

The following table provides a comparison of the Company’s financial performance based on the audited financial statements.

### Comparison Summary of the Company’s financial performance

<table>
<thead>
<tr>
<th></th>
<th>31 December 2017 $ 6 months</th>
<th>30 June 2017 $ 12 months</th>
<th>30 June 2016 $ 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue / sales</td>
<td>535,944</td>
<td>1,873,902</td>
<td>1,261,817</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>(351,718)</td>
<td>(1,149,850)</td>
<td>(841,382)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>184,226</td>
<td>724,052</td>
<td>420,435</td>
</tr>
<tr>
<td>Other income</td>
<td>36,278</td>
<td>267,135</td>
<td>77,334</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(1,080,591)</td>
<td>(930,474)</td>
<td>(1,138,733)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>(860,087)</td>
<td>60,713</td>
<td>(640,964)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(7,500)</td>
<td>(12,052)</td>
<td>(1,795)</td>
</tr>
<tr>
<td>Interest and finance costs</td>
<td>(27,175)</td>
<td>(28,861)</td>
<td>(38,375)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit / (Loss) for the period</td>
<td>(894,762)</td>
<td>19,800</td>
<td>(681,134)</td>
</tr>
</tbody>
</table>

**Notes:**

1. An increase in sales resulting from the WA Government Rebate announced in May 2017 resulted in an out of dive inventory between July and August 2017.
2. Delays in engineering / manufacturing changes to the dive product to lower COGS by 37% resulted in out of or very low inventory in October, November and part of December 2017.
3. December 2016 sales revenue included a surf product stocking order from Ocean & Earth of $319,656.
4. In Q2 FY18 the Company increased operational expenses with investments in new product development and recognised historical CEO contract entitlements.
5. 2H FY18 sales revenue is forecast to increase over 2H FY2017 on the basis of the surf product being added to the WA Government Rebate Program.
6. The Company has implemented a new inventory management system and a full time Operations Manager in January 2018 responsible for manufacturing and research & development.
7. INVESTIGATING ACCOUNTANT’S REPORT

27 March 2018

The Directors
Ocean Guardian Holdings Limited
Building 7, 1 Winton Road
Joondalup WA 6024

Dear Sirs

Investigating Accountant’s Report

1. Introduction

The directors of Ocean Guardian Holdings Limited (the Company) have requested Greenwich & Co Pty Ltd (Greenwich & Co) to prepare an Investigating Accountant’s Report (Report) for inclusion in a Prospectus dated on or around 24th April 2018 (Prospectus), relating to, among other things:

• For an offer (Offer) of a minimum of 25,000,000 shares (Shares) at an issue price of $0.20 per Share, to raise a minimum of $5,000,000 (before costs), with oversubscriptions up to an amount of $1,000,000.

• 7,886,668 Shares to be issued in conversion of convertible notes

Further details of the above and associated transactions are listed in Note 2 of Appendix 1 to this Report. All amounts stated in this report are in Australian Dollars unless otherwise indicated. All the terms used in this Report have the same meaning as the terms used and defined in the Prospectus unless otherwise defined in this Report.

2. Scope

Greenwich & Co has been engaged by the directors of the Company to review the following (Financial Information):

• Historical Statements of Financial Position of the Company and its controlled entity (the Group) as at 31 December 2017, 30 June 2017, 30 June 2016 and 30 June 2015 and Historical Statements of Profit or Loss and Other Comprehensive Income and Statements of Cashflows of the Group for the periods then ended (the Group’s Historical Financial Information); and

• Pro-forma Statement of Financial Position of the Group following the Offer (Pro-Forma Financial Information).

The Group’s Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Group’s adopted accounting policies. The Pro-Forma Financial Information has been derived from the Historical Financial Information referred to above, after adjusting for transactions and assumptions, including significant transactions subsequent to 31 December 2017, as if they had occurred at 31 December 2017. These transactions and assumptions are detailed in Note 2 of Appendix 1. Due to its nature, the Pro-Forma Financial Information does not represent the Group’s actual or prospective financial position or financial performance.

The Group’s Historical Financial Information and Pro-Forma Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.
The Group’s Historical Financial Information is based on the Financial Statements of the Group for the periods ended 31 December 2017, 30 June 2017, 30 June 2016, and 30 June 2015 that were audited by Greenwich & Co Audit Pty Ltd (Greenwich & Co Audit).

The audit reports for the periods ended 31 December 2017 and 30 June 2017 contained an emphasis of matter relating to the use of the going concern basis of preparation in the financial statements.

This Report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. We have not been requested to consider the prospects for the Group, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, have not done so, nor do we purport to do so. We accordingly, take no responsibility for those matters or any other matter or omission in the Prospectus, other than the responsibility for this Report. The risk factors are set out in Section 5 of the Prospectus.

3. Background

The Company was registered with ASIC on 13 October 1999, and converted to a public company and changed its name to Ocean Guardian Holdings Limited on 6 March 2018. The Company is the holding company for Shark Shield Pty Ltd. Further details are at Section 1.4 of the Prospectus.

4. Responsibility for the Financial Information

The directors of the Company are responsible for the preparation and presentation of the Group’s Historical Financial Information and the Pro-Forma Financial Information, including the selection and determination of the Pro-Forma adjustments. They are also responsible for all assumptions, judgements and estimates, used in the Historical Financial Information and included in the Pro-Forma Financial Information.

This responsibility includes establishing and maintaining internal control relevant to the preparation of the Historical and Pro-Forma Financial Information that is free from material misstatement which is due to fraud and error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors of the Company are also responsible for all information contained within the Prospectus.

5. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our review engagement in accordance with Australian Standard on Assurance Engagements (ASAE) 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

In connection with the review, we made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit report. For the purposes of this Report, we have not performed an audit and accordingly do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Financial Information.
6. Conclusion

**The Company's Historical Financial Information**

**Pro-Forma Financial Information**

**Conclusion**

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe that the Pro-forma Financial Information, comprising the Pro-Forma Statement of Financial Position of the Group as at 31 December 2017 is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Notes 2 and 3 of Appendix 1.

**Emphasis of matter**

Without qualifying our conclusion, we draw attention to Note 3 of Appendix 1, which indicates that the going concern basis is dependent upon the pro-forma transactions and assumptions as set out in Note 2 of Appendix 1 occurring or the Company raising additional capital in order to pay its debts as and when they fall due. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern if the pro-forma transactions and assumptions do not occur as set out in Note 2 of Appendix 1 and therefore were the pro-forma transactions and assumptions not to occur, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the Financial Information.

7. Subsequent Events

Apart from the matters dealt with in this Report, including transactions and events listed in Note 2 of Appendix 1 to this Report, and having regard to the scope of our Report, to the best of our knowledge and belief, there have been no other material items, transactions, or events outside the normal course of business, subsequent to 31 December 2017, that have come to our attention during the course of our engagement that would require comment on, or adjustment to, the information referred to in our Report, or that would cause such information to be misleading or deceptive.

8. Declaration

Greenwich & Co are responsible for this Report.

The Historical Financial Information presented in Appendix 1 has been prepared by the directors of the Company and is their responsibility. The Pro-Forma Financial Information has been prepared by the directors of the Company and is their responsibility. This report is strictly limited to the matters contained herein and is not to be read as extending by implication or otherwise to any other matter.

Greenwich & Co do not have any interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in relation to this matter. Greenwich & Co Audit Pty Ltd is the auditor of the Company. Except for audit fees, which are based on normal commercial terms, Greenwich & Co Audit Pty Ltd does not have any interest in the Group or in the outcome of the Offer. Greenwich & Co do not have an interest in the Group or the outcome of the Offer. Greenwich & Co have not made, and will not make, any recommendation through the issue of this Report to potential investors of the Company as to the merit of the investment.

Greenwich & Co were not involved in the preparation of any part of the Prospectus, and accordingly, make no representations or warrantees as to the completeness and accuracy of any information contained in any other part of the Prospectus.

Consent for the inclusion of this Report in the Prospectus in the form and context in which it appears has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully
Nicholas Hollens
Managing Director
Greenwich & Co Pty Ltd
Level 2, 35 Outram Street
West Perth WA 6005
1. Historical and Pro-Forma Financial Information

1a. The Group’s Historical and Pro-Forma Statement of Financial Position as at 31 Dec 2017

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>Note</th>
<th>The Group As at 31 December 2017 (audited)</th>
<th>Pro-Forma adjustments – Min Subscription (includes significant subsequent events)</th>
<th>Pro-Forma adjustments – Max Subscription (includes significant subsequent events)</th>
<th>Pro-Forma – Min Subscription as at 31 December 2017</th>
<th>Pro-Forma – Max Subscription as at 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>4</td>
<td>$477,490</td>
<td>$4,270,000</td>
<td>$5,190,000</td>
<td>$4,747,490</td>
<td>$5,667,490</td>
</tr>
<tr>
<td>Trade &amp; other receivables</td>
<td></td>
<td>$414,041</td>
<td>-</td>
<td>-</td>
<td>$414,041</td>
<td>$414,041</td>
</tr>
<tr>
<td>Inventories</td>
<td></td>
<td>$366,395</td>
<td>-</td>
<td>-</td>
<td>$366,395</td>
<td>$366,395</td>
</tr>
<tr>
<td>Other current assets</td>
<td></td>
<td>$211,411</td>
<td>-</td>
<td>-</td>
<td>$211,411</td>
<td>$211,411</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td>$1,469,337</td>
<td>$4,270,000</td>
<td>$5,190,000</td>
<td>$5,739,337</td>
<td>$6,659,337</td>
</tr>
<tr>
<td>Non-Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td></td>
<td>$106,544</td>
<td>-</td>
<td>-</td>
<td>$106,544</td>
<td>$106,544</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>5</td>
<td>$765,309</td>
<td>-</td>
<td>-</td>
<td>$765,309</td>
<td>$765,309</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td></td>
<td>$871,853</td>
<td>-</td>
<td>-</td>
<td>$871,853</td>
<td>$871,853</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>$2,341,190</td>
<td>$4,270,000</td>
<td>$5,190,000</td>
<td>$6,611,190</td>
<td>$7,531,190</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td></td>
<td>$565,633</td>
<td>-</td>
<td>-</td>
<td>$565,633</td>
<td>$565,633</td>
</tr>
<tr>
<td>Borrowings</td>
<td>6</td>
<td>$1,358,335</td>
<td>(960,000)</td>
<td>(960,000)</td>
<td>$398,335</td>
<td>$398,335</td>
</tr>
<tr>
<td>Provisions</td>
<td></td>
<td>$191,244</td>
<td>-</td>
<td>-</td>
<td>$191,244</td>
<td>$191,244</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td></td>
<td>$236,334</td>
<td>-</td>
<td>-</td>
<td>$236,334</td>
<td>$236,334</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td></td>
<td>$2,351,546</td>
<td>(960,000)</td>
<td>(960,000)</td>
<td>$1,391,546</td>
<td>$1,391,546</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td></td>
<td>$43,113</td>
<td>-</td>
<td>-</td>
<td>$43,113</td>
<td>$43,113</td>
</tr>
<tr>
<td><strong>Total Non-Current</strong></td>
<td></td>
<td>$43,113</td>
<td>-</td>
<td>-</td>
<td>$43,113</td>
<td>$43,113</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td>$2,394,659</td>
<td>-</td>
<td>-</td>
<td>$1,434,659</td>
<td>$1,434,659</td>
</tr>
<tr>
<td>Net (Liabilities)/ Assets</td>
<td></td>
<td>($53,469)</td>
<td>$5,230,000</td>
<td>$6,150,000</td>
<td>$5,176,531</td>
<td>$6,096,531</td>
</tr>
<tr>
<td>Contributed equity</td>
<td>7</td>
<td>$10,078,684</td>
<td>$5,444,365</td>
<td>$6,364,365</td>
<td>$15,523,049</td>
<td>$16,443,049</td>
</tr>
<tr>
<td>Share Based Payment Reserve</td>
<td></td>
<td>$14,365</td>
<td>$6,221</td>
<td>$6,221</td>
<td>$20,586</td>
<td>$20,586</td>
</tr>
<tr>
<td>Accumulated losses</td>
<td>9</td>
<td>($10,146,518)</td>
<td>(220,586)</td>
<td>(220,586)</td>
<td>($10,367,104)</td>
<td>($10,367,104)</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td></td>
<td>($53,469)</td>
<td>$5,230,000</td>
<td>$6,150,000</td>
<td>$5,176,531</td>
<td>$6,096,531</td>
</tr>
</tbody>
</table>

The above statement should be read in accordance with the accompanying notes.
## Historical Financial Information

### 1b. The Group's Historical Statements of Financial Position

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$477,490</td>
<td>$84,507</td>
<td>$40,589</td>
<td>$13,658</td>
</tr>
<tr>
<td>Trade &amp; other receivables</td>
<td>$414,041</td>
<td>$254,341</td>
<td>$35,129</td>
<td>$76,718</td>
</tr>
<tr>
<td>Inventories</td>
<td>$366,395</td>
<td>$127,307</td>
<td>$182,400</td>
<td>$119,739</td>
</tr>
<tr>
<td>Other current assets</td>
<td>$211,411</td>
<td>$196,053</td>
<td>$223,499</td>
<td>$269,589</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>$1,469,337</td>
<td>$662,208</td>
<td>$481,617</td>
<td>$479,704</td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>$106,544</td>
<td>$104,789</td>
<td>$32,531</td>
<td>$3,764</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>$765,309</td>
<td>$812,247</td>
<td>$622,212</td>
<td>$192,063</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td>$871,853</td>
<td>$917,036</td>
<td>$654,743</td>
<td>$195,827</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$2,341,190</td>
<td>$1,579,244</td>
<td>$1,136,360</td>
<td>$675,531</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>$565,633</td>
<td>$297,519</td>
<td>$427,146</td>
<td>$541,301</td>
</tr>
<tr>
<td>Borrowings</td>
<td>$1,358,335</td>
<td>$526,962</td>
<td>$304,126</td>
<td>$510,732</td>
</tr>
<tr>
<td>Provisions</td>
<td>$191,244</td>
<td>$13,488</td>
<td>$8,998</td>
<td>$3,966</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>$236,334</td>
<td>$4,541</td>
<td>$62,712</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>$2,351,546</td>
<td>$842,510</td>
<td>$802,982</td>
<td>$1,055,999</td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>$43,113</td>
<td>$49,806</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td>$43,113</td>
<td>$49,806</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$2,394,659</td>
<td>$892,316</td>
<td>$802,982</td>
<td>$1,055,999</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>$(53,469)</td>
<td>$686,928</td>
<td>$333,378</td>
<td>$(380,468)</td>
</tr>
<tr>
<td>Contributed equity</td>
<td>$10,078,684</td>
<td>$9,938,684</td>
<td>$9,604,934</td>
<td>$8,209,954</td>
</tr>
<tr>
<td>Share Based Payment Reserve</td>
<td>$14,365</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated losses</td>
<td>$(10,146,518)</td>
<td>$(9,251,756)</td>
<td>$(9,271,556)</td>
<td>$(8,590,422)</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>$(53,469)</td>
<td>$686,928</td>
<td>$333,378</td>
<td>$(380,468)</td>
</tr>
</tbody>
</table>

The above statement should be read in accordance with the accompanying notes.
### Historical Financial Information

#### 1c. The Group’s Historical Statements of Profit or Loss and Other Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>6 months to 31 December 2017 (audited)</th>
<th>Year to 30 June 2017 (audited)</th>
<th>Year to 30 June 2016 (audited)</th>
<th>Year to 30 June 2015 (audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from continuing operations</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Sale of goods</td>
<td>535,944</td>
<td>1,873,902</td>
<td>1,261,817</td>
<td>1,141,355</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>(351,718)</td>
<td>(1,149,850)</td>
<td>(841,382)</td>
<td>(728,474)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td><strong>184,226</strong></td>
<td><strong>724,052</strong></td>
<td><strong>420,435</strong></td>
<td><strong>412,881</strong></td>
</tr>
<tr>
<td>Other income</td>
<td>36,278</td>
<td>267,135</td>
<td>77,334</td>
<td>194,120</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff and consulting expenses</td>
<td>(677,769)</td>
<td>(513,624)</td>
<td>(661,630)</td>
<td>(629,315)</td>
</tr>
<tr>
<td>Marketing and selling expenses</td>
<td>(157,716)</td>
<td>(265,775)</td>
<td>(214,223)</td>
<td>(281,163)</td>
</tr>
<tr>
<td>Premises expenses</td>
<td>(20,221)</td>
<td>(30,505)</td>
<td>(40,174)</td>
<td>(32,038)</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>(121,600)</td>
<td>(136,375)</td>
<td>(200,380)</td>
<td>(143,078)</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>(7,500)</td>
<td>(12,052)</td>
<td>(1,795)</td>
<td>(1,085)</td>
</tr>
<tr>
<td>Interest and finance costs</td>
<td>(27,175)</td>
<td>(28,861)</td>
<td>(38,375)</td>
<td>(66,980)</td>
</tr>
<tr>
<td>Gain / (loss) on disposal of property, plant and equipment</td>
<td>-</td>
<td>(2,772)</td>
<td>-</td>
<td>(18,067)</td>
</tr>
<tr>
<td>Intangible asset impairment expense</td>
<td>(97,488)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Foreign currency gains / (losses)</td>
<td>(5,797)</td>
<td>18,577</td>
<td>(22,326)</td>
<td>(22,031)</td>
</tr>
<tr>
<td><strong>Profit / (Loss) before tax</strong></td>
<td><strong>(894,762)</strong></td>
<td><strong>19,800</strong></td>
<td><strong>(681,134)</strong></td>
<td><strong>(586,756)</strong></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td><strong>(894,762)</strong></td>
<td><strong>19,800</strong></td>
<td><strong>(681,134)</strong></td>
<td><strong>(586,756)</strong></td>
</tr>
</tbody>
</table>
### 1d. The Group’s Historical Statements of Cash Flows

<table>
<thead>
<tr>
<th>Cash flows used in operating activities</th>
<th>6 months to 31 December 2017 (audited)</th>
<th>Year to 30 June 2017 (audited)</th>
<th>Year to 30 June 2016 (audited)</th>
<th>Year to 30 June 2015 (audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$628,122</td>
<td>$1,768,245</td>
<td>$1,450,644</td>
<td>$1,176,960</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>$(1,135,375)</td>
<td>$(2,138,756)</td>
<td>$(2,142,147)</td>
<td>$(1,737,935)</td>
</tr>
<tr>
<td>Other income</td>
<td>$84,278</td>
<td>$267,135</td>
<td>$78,334</td>
<td>$206,870</td>
</tr>
<tr>
<td>Interest paid</td>
<td>$(27,175)</td>
<td>$(28,861)</td>
<td>$(38,577)</td>
<td>$(67,466)</td>
</tr>
<tr>
<td><strong>Net Operating Cash Flows</strong></td>
<td>$(450,150)</td>
<td>$(132,237)</td>
<td>$(651,746)</td>
<td>$(421,571)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows used in investing activities</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for property, plant and equipment</td>
<td>$(9,255)</td>
<td>$(87,082)</td>
<td>$(30,562)</td>
<td>$(3,316)</td>
</tr>
<tr>
<td>Payments for development costs</td>
<td>$(50,549)</td>
<td>$(190,034)</td>
<td>$(430,149)</td>
<td>-</td>
</tr>
<tr>
<td>Interest received</td>
<td>-</td>
<td>-</td>
<td>$202</td>
<td>$486</td>
</tr>
<tr>
<td><strong>Net Investing Cash flows</strong></td>
<td>$(59,804)</td>
<td>$(277,116)</td>
<td>$(460,509)</td>
<td>$(2,830)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from financing activities</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from issue of shares</td>
<td>$70,000</td>
<td>$275,000</td>
<td>$1,342,480</td>
<td>$455,500</td>
</tr>
<tr>
<td>Proceeds / (repayment) of borrowings – related parties</td>
<td>$(131,035)</td>
<td>$(44,045)</td>
<td>$(124,135)</td>
<td>$209,409</td>
</tr>
<tr>
<td>Proceeds / (repayment) of borrowings – third parties</td>
<td>$1,137,072</td>
<td>$120,561</td>
<td>$(71,487)</td>
<td>$(277,311)</td>
</tr>
<tr>
<td><strong>Net Financing Cash Flows</strong></td>
<td>$1,076,037</td>
<td>$351,516</td>
<td>$1,146,858</td>
<td>$387,598</td>
</tr>
</tbody>
</table>

| Net (decrease)/increase in cash and cash equivalents | $566,083 | $(57,837) | $34,603 | $(36,803) |
| Cash and cash equivalents at the beginning of the period | $(88,593) | $(30,756) | $(65,359) | $(28,556) |
| Cash and cash equivalents at the end of the period | $477,490 | $(88,593) | $(30,756) | $(65,359) |
2. Pro-Forma Transactions and Assumptions

The Pro-Forma Financial Information incorporates the following assumptions and transactions, including significant transactions that have occurred subsequent to 31 December 2017, if any, as if they have occurred at 31 December 2017:

Significant transactions subsequent to 31 December 2017:

a) An additional $220,000 raised through the issue of convertible notes;

b) Conversion of each share on issue into 250 shares (Share Split). At the extraordinary general meeting (EGM) of shareholders held on 29 January 2018, a resolution was passed to convert the Company's shares and Performance Rights into a larger number through a 1:250 share split.

c) Vesting and conversion of performance rights on issue into shares. A resolution was also passed at the EGM on 29 January 2018 to change the company type from proprietary to public. Under the Performance Rights Plan Rules, this was a Change of Control Event which resulted in the Unvested Performance Rights becoming Vested Performance Rights.

d) Operating loss from ordinary activities of approximately $200,000

Pro-forma assumptions and transactions:

e) As outlined in Section 2.1 to 2.3 of the Prospectus an offer (Offer) of a minimum of 25,000,000 shares (Shares) at an issue price of $0.20 per Share, to raise a minimum of $5,000,000 (before costs), with oversubscriptions up to an amount of $1,000,000;

f) As outlined in Section 2.1 to 2.3 of the Prospectus 7,886,668 Shares to be issued in conversion of convertible loans;

g) Cost of the Offer of between $750,000 (Min subscription) and $830,000 (Max subscription), which includes the Emerald Capital Australia broker commission of 8% of the total amount raised pursuant to the Offer, as outlined in section 11 of the Prospectus;

h) As outlined in Section 11 of the Prospectus, the issue of 282,000 options (Options) to employees and key management personnel;

i) As outlined in Section 11 of the Prospectus, the issue of 2,070,000 Class A Performance Shares, 2,070,000 Class B Performance Shares, and 2,070,000 Class C Performance Shares to the Managing Director;

j) The conditions of the Offers listed in section 2 of the Prospectus occurring.

3. Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of the Financial Information are summarised below.

Basis of Reporting

The Financial Information has been prepared in accordance with the Corporations Act 2001 and recognition and measurement requirements (but not all disclosure requirements) of Australian Accounting Standards and Australian Accounting Interpretations adopted by the Australian Accounting Standards Board. The Financial Information covers Ocean Guardian Holdings Limited, a company, incorporated and domiciled in Australia (the Company) and its controlled entity (the Group). The Financial Information is presented in Australian dollars. The Financial Information has been prepared on an accrual basis and is based on historical costs. Cost is based on the fair value of the consideration given in exchange for assets.
Going concern

The Financial Information has been prepared on the going concern basis. The Company had net current liabilities of $882,209 as at 31 December 2017. Significant transactions that have occurred since 31 December 2017 are outlined at Note 2. The going concern basis is dependent upon the pro-forma transactions and assumptions outlined above in Note 2 occurring or the Company raising additional capital in order to pay its debts as and when they fall due. In the directors’ opinion these events will be achieved and therefore the Company will be able to continue as a going concern and therefore the Group will be able to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the Financial Information.

Should the Company be unable to continue as a going concern, the Group may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those in the Financial Information. The Financial Information does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the Company not continue as a going concern.

Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting Financial Information satisfies the concepts of relevance and reliability, and that the substance of underlying transactions and other events is reported. The following significant accounting policies have been adopted in the preparation and presentation of the Financial Information:

Accounting Policies

(a) Income tax

The income tax expense for the year comprises current income tax expense and deferred tax expense. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses, if any in fact are brought to account.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(c) Revenue

Revenue is measured at the fair value of consideration received and receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement by the Group in those goods.

All revenue is stated net of the amount of goods and services tax.
(d) Intangibles

Intangible assets acquired separately are measured at initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit and loss in the period in which the expenditure is incurred. The useful lives of the intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of economic future benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortised expense of intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supported. If not, the changes in the useful life from indefinite to finite are made on a prospective basis.

Gains or losses arising from de-recognition of an indefinite asset are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

(e) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is completed and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

(f) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amounts of plant and equipment are reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset’s employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

(g) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions to the instrument.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit and loss, in which case transaction costs are expensed to profit and loss immediately.
Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit and loss.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(h) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(j) Share based payments

The fair value of options and performance rights granted is recognised as an expense with a corresponding increase in equity, unless the securities are costs of capital in which case the securities granted are recognised in equity only. The fair value of performance rights and options granted are measured using Black-Scholes and Binomial pricing models, taking into account the terms and conditions upon which the securities were granted. The number of securities expected to vest is reviewed and adjusted at each reporting date (except where the change in expectation relates to market conditions) such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(k) Accounting estimates and judgements

Impairment of capitalised development costs

The Group assesses impairment of capitalised development costs for assets available for use at each reporting date by evaluating conditions specific to the Group and to the particular assets that may lead to impairment. If an impairment trigger exists, the recoverable amount of the assets are determined. For capitalised development costs relating to assets not yet available for use, the recoverable amounts are determined annually. The determination of recoverable amount involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Share based payments

Share based payments in the form of options and performance rights are valued using pricing models. Models use assumptions and estimates as inputs.
4. Cash and cash equivalents

<table>
<thead>
<tr>
<th>Note</th>
<th>Min subscription $</th>
<th>Max subscription $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of cash and cash equivalents at 31 December 2017</td>
<td>477,490</td>
<td>477,490</td>
</tr>
<tr>
<td>Add Subsequent events:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Issue of convertible notes</td>
<td>2.a)</td>
<td>220,000</td>
</tr>
<tr>
<td>- Operating losses</td>
<td>2.b)</td>
<td>(200,000)</td>
</tr>
<tr>
<td>Add Pro-Forma adjustments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Offer</td>
<td>2.e)</td>
<td>5,000,000</td>
</tr>
<tr>
<td>- Costs of the offer</td>
<td>2.g)</td>
<td>(750,000)</td>
</tr>
<tr>
<td>Pro-Forma balance of cash and cash equivalents</td>
<td></td>
<td>4,747,490</td>
</tr>
</tbody>
</table>

5. Intangible assets

<table>
<thead>
<tr>
<th></th>
<th>Balance and pro-forma balance of intangible assets at 31 December 2017</th>
<th>$ 765,309</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets includes:</td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>Capitalised development costs</td>
<td></td>
<td>662,713</td>
</tr>
<tr>
<td>Licence, patent, and trademark costs</td>
<td></td>
<td>102,596</td>
</tr>
<tr>
<td></td>
<td></td>
<td>765,309</td>
</tr>
</tbody>
</table>

6. Borrowings

<table>
<thead>
<tr>
<th>Note</th>
<th>Min subscription $</th>
<th>Max subscription $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of borrowings at 31 December 2017</td>
<td>1,358,335</td>
<td>1,358,335</td>
</tr>
<tr>
<td>Add Subsequent events:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Convertible note issue</td>
<td>2.a)</td>
<td>220,000</td>
</tr>
<tr>
<td>Add Pro-Forma adjustments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Conversion of notes</td>
<td>2.f)</td>
<td>(1,180,000)</td>
</tr>
<tr>
<td>Pro-Forma balance of borrowings</td>
<td></td>
<td>398,335</td>
</tr>
</tbody>
</table>
7. Contributed equity

<table>
<thead>
<tr>
<th>Note</th>
<th>Min Subscription Number of Shares</th>
<th>Min Subscription $</th>
<th>Max Subscription Number of Shares</th>
<th>Max Subscription $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of contributed equity at 31 December 2017 and the date of this Prospectus</td>
<td></td>
<td>179,342</td>
<td>10,078,684</td>
<td>179,342</td>
</tr>
</tbody>
</table>

Add Subsequent events:

- Share Split
  - 2.b) 44,656,158

- Conversion of Performance Rights
  - 2.c) 211,250 | 14,365 | 211,250 | 14,365

Add Pro-forma adjustments:

- Offer
  - 2.e) 25,000,000 | 5,000,000 | 30,000,000 | 6,000,000

- Costs of Offer
  - 2.g) - | (750,000) | - | (830,000)

- Conversion of notes
  - 2.f) 7,866,668 | 1,180,000 | 7,866,668 | 1,180,000

Pro-Forma balance of contributed equity at 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>Min Subscription Number of Shares</th>
<th>Min Subscription $</th>
<th>Max Subscription Number of Shares</th>
<th>Max Subscription $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>77,913,418</td>
<td>15,523,049</td>
<td>82,913,418</td>
<td>16,443,049</td>
</tr>
</tbody>
</table>

Note: As outlined at Section 11.2 of the Prospectus, 2,070,000 Class A Performance Shares, 2,070,000 Class B Performance Shares, and 2,070,000 Class C Performance Shares will be issued to the Managing Director upon listing. No value has been ascribed to these rights for accounting purposes as it is currently not certain whether the performance conditions (outlined at Section 11.1 of the Prospectus) will be met. Should all the performance conditions subsequently be met and performance shares converted to ordinary shares, the number of shares listed above would increase by 6,210,000.

8. Share based payment reserve

<table>
<thead>
<tr>
<th>Note</th>
<th>Min subscription $</th>
<th>Max subscription $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of share based payments reserve at 31 December 2017</td>
<td>14,365</td>
<td>14,365</td>
</tr>
</tbody>
</table>

Add Subsequent events:

- Conversion of Performance Rights
  - 2.c) (14,365) | (14,365)

Add Pro-forma adjustments:

- Options
  - 2.h) 20,586 | 20,586 |

Pro-Forma balance of share based payments reserve

<table>
<thead>
<tr>
<th>Note</th>
<th>Min subscription $</th>
<th>Max subscription $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20,586</td>
<td>20,586</td>
</tr>
</tbody>
</table>

Further terms and conditions of the Options outlined at Section 11.1 of the Prospectus. The options have been valued with a Black Scholes pricing model under the following assumptions:

| Expected underlying spot price of security ($/Share) | $0.20 |
| Exercise Price ($/Option) | $0.30 |
| Life of Options (years) | 3 |
| Volatility | 70% |
| Risk free rate | 2% |
| Number of Options | 282,000 |
| Valuation ($/Option) | $0.073 |
| Valuation of Options ($) | $20,586 |
9. Accumulated losses

<table>
<thead>
<tr>
<th>Note</th>
<th>Min Subscription $</th>
<th>Max Subscription $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of accumulated losses at 31 December 2017</td>
<td>(10,146,518)</td>
<td>(10,146,518)</td>
</tr>
<tr>
<td>Add Subsequent events:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating losses 2.d)</td>
<td>(200,000)</td>
<td>(200,000)</td>
</tr>
<tr>
<td>Add Pro-forma adjustments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Options 2.h)</td>
<td>(20,586)</td>
<td>(20,586)</td>
</tr>
<tr>
<td>Pro-Forma balance of accumulated losses</td>
<td>(10,367,104)</td>
<td>(10,367,104)</td>
</tr>
</tbody>
</table>

10. Post balance date events

No matters or circumstances have arisen since 31 December 2017 which significantly affect the state of affairs of the Group, other than the matters outlined above and those disclosed in the Prospectus.

11. Related party transactions

Related parties and related party transactions are outlined in the Prospectus.
8. KEY PEOPLE, INTERESTS AND BENEFITS

8.1 The Directors bring to the Board the relevant experience, skills and knowledge outlined below.

Alan Broome is a professional Chairman, Director and Business Advisor with over 40 years’ experience in building both small and large enterprises, primarily technology and mining related. In 2000, he was awarded the Order of Australia (AM for services to mining. Alan was a long standing Chairman of Ocean & Earth, one of the world’s largest surf hardware companies; thus, he brings a wealth of knowledge to Ocean Guardian in developing and launching its new surfboard shark deterrent innovation.

Alan is also Chairman of New Age Exploration Ltd (ASX listed; Strategic Minerals Plc (AIM listed; Micromine Pty Ltd; Hedweld Pty Ltd; DDH1 Drilling Pty Ltd; Kollaras Group Pty Ltd; Interlate Pty Ltd; CRL Energy NZ Ltd; Nunenz Ltd; (All Private Companies).

Lindsay Lyon has a successful track record in the creation and growth of both private and public companies. His corporate experience includes senior executive of a multi-national, CEO of an ASX listed company and the launch of globally focused start-up ventures that involved capital raisings, IPO’s, M&A, and management of a P&L while delivering customer satisfaction and shareholder value with no compromise on quality or safety standards. Lindsay’s focus is on innovation, business strategy, global business development, channels, branding strategies, partnering, and strong teamwork. Lindsay has been granted a number of product innovation patents.

Amanda Wilson led all strategic planning and marketing / sales management with over 12 years of experience in worldwide product marketing and sales management. Amanda has held various positions in marketing, product management, and engineering with Emerson Process Management located in Minnesota USA, and Mobilarm, Australia. Amanda holds a Bachelor’s degree in Mechanical Engineering from Iowa State University and an MBA from the University of St. Thomas.

James Wakim is a professional and successful CEO and Director with over 15 years Board level experience across the banking, health, medical research, ethnic affairs, and private family manufacturing sectors. He established the Bank of Sydney and the Arab Bank in Australia. As both a NED and MD/CEO, he has developed excellent skills in building sustainable corporations with robust and effective risk management policies and practices. James has extensive banking experience delivers the Company a new level of financing knowledge to support the Company’s high growth projections.

James is also a Director of the Children Medical Research Institute, The Marie Bashir Institute for Infectious Diseases & Bio Security and Deputy Chairman of the Board of FSHD Global Research Foundation. Fellow of the AICD and Senior Fellow of FINSIA.
Adrien is a certified practicing accountant. He previously practiced in the audit and corporate advisory divisions of a chartered accounting firm before working with a number of public companies listed on the ASX as a corporate and accounting consultant and company secretary.

Adrien is not a director of the Company.

Adrien is also a director of Red Sky Energy Ltd (ASX listed).

Hugh Ealey was appointed as secretary of the Company and Shark Shield Pty Ltd on 19 July 2016 and is the Chief Financial Officer. Hugh is a chartered accountant with experience gained at PWC and in various listed and unlisted SMEs.

Hugh is not a director of any listed companies.

The composition of the Board committees and a summary of the Company’s key corporate governance policies are set out in Section 9.

8.2 Director availability

Each Director has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Non-Executive or Executive Director, as the case may be, without constraint from other commitments.
The Board has considered the Company’s immediate requirements as it transitions to an ASX-listed company and is satisfied that the composition of the Board reflects an appropriate range of independence, skills and experience for the Company after Listing.

8.3 Independent Chairman

The Company considers Alan Broome AM as an independent chairman based on an immaterial shareholding and considering his professional employment history engaged in similar non-executive director and independent chairman roles across a range of industries. The Company considers that Mr Broome is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring judgement to bear on issues before the board and to act in the best interests of the Company and its shareholders.

8.4 Director Interests and Remuneration

8.4.1 Fees & Salaries

The Directors will be paid the following fees as completion of the Offer, which in the case of Mr Lyon will be a salary (as Managing Director). All amounts are inclusive of superannuation.

<table>
<thead>
<tr>
<th>Director</th>
<th>Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alan Broome</td>
<td>$50,000 per annum</td>
</tr>
<tr>
<td>Lindsay Lyon</td>
<td>$220,000 per annum + bonuses (explained in Section 11.2)</td>
</tr>
<tr>
<td>Amanda Wilson</td>
<td>$35,000 per annum + commission (explained in Section 11.6)</td>
</tr>
<tr>
<td>James Wakim</td>
<td>$35,000 per annum</td>
</tr>
</tbody>
</table>
8.4.2 Security Holdings

<table>
<thead>
<tr>
<th>Name</th>
<th>Shareholding</th>
<th>% of issued capital prior to Offer</th>
<th>% of issued capital post Offer*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alan Broome</td>
<td>1,105,500 (through B&amp;H Consulting &amp; Engineering Pty Ltd)</td>
<td>2.5%</td>
<td>1.42%</td>
</tr>
<tr>
<td>Lindsay Lyon</td>
<td>10,230,250 (9,730,250 through Hudson Street Nominees Pty Ltd)</td>
<td>22.8%</td>
<td>13.13%</td>
</tr>
<tr>
<td>Amanda Wilson</td>
<td>10,609,500 (through Miltona Bay Nominees Pty Ltd)</td>
<td>23.6%</td>
<td>13.62%</td>
</tr>
<tr>
<td>James Wakim</td>
<td>3,220,000 (through J.P.S. Resources Pty. Ltd.)</td>
<td>7.1%</td>
<td>4.13%</td>
</tr>
</tbody>
</table>

The Company also intends to issue Hudson Lyon, son of Lindsay Lyon, 10,000 Options under the Company’s Employee Incentives Plan. See Section 11.1.

All remuneration and securities issued or to be issued to the Directors (and any other related parties) is considered by the Board to be either reasonable remuneration, or on the equivalent of arm’s length terms, and therefore exempt from the shareholder approval requirements under the Corporations Act for the giving of financial benefits.

Details of the Options, Performance Shares and the Company’s Employee Incentives Plan are set out in Section 11.1.

8.5 Related Party Disclosure

The following persons and entities are related parties of the Company who will hold Shares at completion of the Offer.

Related Party                  | Shareholding                                      | % of issued capital prior to Offer | % of issued capital post Offer* |
--------------------------------|---------------------------------------------------|-----------------------------------|--------------------------------|
Alan Broome / B&H Consulting & Engineering Pty Ltd | 1,105,500 Shares                                  | 2.5%                              | 1.42%                          |
Lindsay Lyon / Hudson Street Nominees Pty Ltd      | 10,230,250 Shares (of which 9,730,250 are held by Hudson Street Nominees Pty Ltd) | 22.8%                             | 13.13%                         |
Amanda Wilson / Miltona Bay Nominees Pty Ltd       | 10,609,500 Shares                                  | 23.6%                             | 13.62%                         |
James Wakim / J.P.S. Resources Pty. Ltd            | 3,220,000 Shares                                  | 7.1%                              | 4.13%                          |
Hudson Lyon                                      | 22,000 Shares                                     | 0.05%                             | 0.028%                         |

* At Minimum Subscription, assuming no options exercised or conversion of Performance Shares
8.6 Other information

None of the Directors have ever been subject to any legal or disciplinary action. None of the Directors have been a Director or officer of a company that has entered into external administration during the time which Director was an officer or within a 12-month period afterward.

8.7 Benefits to advisers

Other than as set out below, no person named in this Prospectus as performing a function in a professional, advisory or other capacity, as well as any promotor of the Company, in connection with the preparation or distribution of this Prospectus holds, or has held within the preceding two years of the date of this Prospectus, any interest in the formation or promotion of the Company, any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer or the Offer itself.

No amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with the formation or promotion of the Company or the Offer.

Greenwich & Co
Investigating Accountant and Auditor

Greenwich & Co Pty Ltd has acted as Investigating Accountant and Greenwich & Co Audit Pty Ltd as the Auditor. Greenwich & Co Pty Ltd has prepared the Investigating Accountant’s Report included in Section 7 of this Prospectus. The Company estimates it will pay Greenwich & Co a total of $45,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Greenwich & Co Pty Ltd has not received any fees from the Company for any other services.

Emerald Capital Australia
Lead Manager

Emerald Capital Australia Pty Ltd has acted as Lead Manager and corporate advisor to the Company in relation to the Offer. Emerald Capital Australia is a corporate authorised representative of Libertas Financial Planning Pty Ltd AFSL No 429718. Emerald Capital is entitled to be paid 8% of all funds raised.

Cowell Clarke
Legal Advisers

Cowell Clarke has acted as the solicitor to the Company in relation to the Offer. The Company estimates it will pay Cowell Clarke $200,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, Cowell Clarke has been paid a total of $7,232 for other services provided to the Company in connection with the IPO.

8.8 Related party transactions

The Company has entered into the following related party transactions. More details are provided in Section 11.6.

<table>
<thead>
<tr>
<th>Related party</th>
<th>Nature of transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lindsay Lyon</td>
<td>Employment agreement for the position of Managing Director entered into on 1 March 2018. Details of Mr Lyon’s remuneration is set out in Section 8.4 and 11.6. The Company has also agreed to issue 6,210,000 Performance Shares. Details of the Performance Shares are detailed in Section 11.2.</td>
</tr>
<tr>
<td>Amanda Wilson</td>
<td>Agency Agreement under which Amanda Wilson is appointed as Shark Shield’s exclusive and sole agent in the USA and Canada, entered into on 11 November 2017. Details Section 11.6</td>
</tr>
<tr>
<td>James Wakim</td>
<td>Services agreement for the position of non-executive director or a period of two years commencing on 19 July 2017.</td>
</tr>
<tr>
<td>Alan Broome</td>
<td>Services agreement for the position of chairman for a period of two years commencing on 19 July 2017.</td>
</tr>
<tr>
<td>Hudson Lyon</td>
<td>Employment Contract for the position of national channel manager.</td>
</tr>
</tbody>
</table>
8.9 Deeds of indemnity, insurance and access

The Company has executed a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.
The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance.

To the extent relevant and practical, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (Recommendations).

The Board has adopted the following corporate governance policies and procedures, which are contained in the Company’s Corporate Governance Plan, a copy of which is available in the dedicated corporate governance section on the Company’s website at www.ocean-guardian.com.

- Board Charter
- Board Skills Matrix
- Corporate Code of Conduct
- Diversity Policy
- Remuneration Policy
- Securities Trading Policy
- Continuous Disclosure Policy
- Performance Evaluation Procedures Policy
- Shareholder Communication Policy
- Risk Management Policy
- Whistleblower Policy

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company’s needs.

In light of the Company’s size and nature, the Board considers that the current corporate governance regime is an efficient, practical and cost-effective method of directing and managing the Company. As its activities develop in size, nature and scope, and the size and composition of the Board changes, the implementation of additional corporate governance policies and structures will be reviewed.

9.1 Board of directors

The Board is responsible for corporate governance of the Company and for protecting the rights and interests of Shareholders. The Board develops strategies, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- maintain and increase Shareholder value;
- ensure a prudential and ethical basis for the Company’s conduct and activities; and
- ensure compliance with the Company’s legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- developing initiatives for profit and asset growth;
- reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- acting on behalf of, and being accountable to the Shareholders; and
- identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate their participation in the Board discussions on a fully-informed basis.
9.2 Composition of the Board

The Board comprises four Directors. The names, qualification and experience of each director are set out in Section 8. As the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically in order to ensure that the Company is governed by the optimum number of Directors with the requisite competencies, within the limits imposed by the Company's constitution.

9.3 Identification and management of risk

The Board will identify and manage risk, including compliance with the Risk Management Policy. The Board's collective experience will enable it to accurately identify the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

9.4 Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

9.5 Remuneration arrangements

The remuneration of the Directors will be in accordance with the Company's Remuneration Policy. Details of the Director’s remuneration is set out in Section 8.4.

9.6 Trading policy

The Board has adopted a policy that sets out guidelines on the sale and purchase of securities in the Company by its key management personnel. The policy prohibits any dealing in securities if a person possesses inside information and otherwise generally prohibits dealing in securities during certain closed periods. A process is outlined for prior written clearance to trade for key management personnel during a closed period.

9.7 Compliance and Departures from Recommendations

Under the ASX Listing Rules, the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are set out below.
### Recommendation 1.1
A listed entity should disclose:
- (a) the respective roles and responsibilities of its board and management; and
- (b) those matters expressly reserved to the board and those delegated to management.

**Comply:** Yes

**Explanation:** The Company has adopted a Board Charter that delineates the respective roles and responsibilities of the board and management and those matters expressly reserved to the board and those delegated to management.

### Recommendation 1.2
A listed entity should:
- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

**Comply:** Yes

**Explanation:** The Board Charter is set out in the Company’s Corporate Governance Plan which is available on the Company’s website. The Company undertakes appropriate checks prior to appointment of a director, or putting forward to security holders a candidate for election as a director. In the absence of a separate Nomination Committee, it is the function of the full board to ensure that the Company undertakes the appropriate checks. The Company confirms that checks were undertaken in respect of each of the Company’s current directors as part of the IPO process.

### Recommendation 1.3
A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

**Comply:** Yes

**Explanation:** All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting circulated to each security holder prior to any general meeting at which a resolution to elect or re-elect a Director will be voted on. Each Director and senior executive of the Company is party to a written agreement which sets out the terms and conditions of their appointment.

### Recommendation 1.4
The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

**Comply:** Yes

**Explanation:** The Board Charter outlines the specific role and responsibilities of the company secretary and its accountability directly to the board, through the chair, on all matters to do with the proper functioning of the board.

### Recommendation 1.5
A listed entity should:
- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them;
- (b) disclose that policy or a summary of it; and
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them and either:
  - (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or

**Comply:** Partially

**Explanation:** The Company has adopted a Diversity Policy. Given the Company’s size and current number of employees, the board has elected to adopt a tiered approach to implementation of the Diversity Policy. The Company’s Diversity Policy provides that:
- While the Company employs 20 or less persons, the board may drive the diversity strategies on a more informal basis and will apply the initiatives contained in its Diversity Policy to the extent that the board considers relevant and necessary.
- When the Company’s workforce increases, the board undertakes to formally adopt the diversity practices in the Diversity Policy, consistent with the Recommendations of the ASX Corporate Governance Council.

For each reporting period following admission to the Official List, the Company will include in its annual report information about the Company’s diversity practices in accordance with the Diversity Policy.
<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Comply</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recommendation</strong></td>
<td><strong>Explanation</strong></td>
<td></td>
</tr>
<tr>
<td>(2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.</td>
<td>A copy of the Company’s Diversity Policy can be found in the Company’s Corporate Governance Plan which is available on the Company’s website.</td>
<td></td>
</tr>
<tr>
<td><strong>Recommendation 1.6</strong> A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</td>
<td>Yes</td>
<td>The board has adopted a Performance Evaluation Procedures Policy which sets out the process and criteria for evaluating board and individual Director performance. In the absence of a separate Nomination Committee, the full board will be responsible for reviewing and evaluating the performance of the board and individuals Directors on, at least, an annual basis. For each reporting period following admission to the Official List, the Company will include in its annual report whether performance evaluations were conducted during the relevant reporting period in accordance with the Performance Evaluation Procedures Policy.</td>
</tr>
<tr>
<td><strong>Recommendation 1.7</strong> A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</td>
<td>Yes</td>
<td>The board has adopted a Performance Evaluation Procedures Policy which sets out the process and criteria for evaluating the performance of its senior executives. In the absence of a separate Nomination Committee, the full board will be responsible for reviewing and evaluating the performance of senior executives. For each reporting period following admission to the Official List, the Company will include in its annual report whether performance evaluations of senior executives were undertaken during the relevant reporting period in accordance with the Performance Evaluation Procedures Policy.</td>
</tr>
<tr>
<td><strong>PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Recommendation 2.1</strong> The board of a listed entity should: (a) have a Nomination Committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a Nomination Committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</td>
<td>Yes</td>
<td>Given the Company’s size, operations and current board composition, the board has determined that the function of the Nomination Committee will be carried out by the full board. Accordingly, the full board may carry out the duties that would ordinarily be assigned to the Nomination Committee. The duties of the full board to be carried out in this capacity are detailed in the Board Charter. The Board will devote time on an annual basis to discuss board succession issues and all members of the board will be involved in the Company’s nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules. The board will regularly update the Board Skills Matrix (Recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the Company.</td>
</tr>
<tr>
<td>Recommendation</td>
<td>Comply</td>
<td>Explanation</td>
</tr>
<tr>
<td>----------------</td>
<td>--------</td>
<td>-------------</td>
</tr>
<tr>
<td>Recommendation 2.2</td>
<td>Yes</td>
<td>The Company's board is comprised of four Directors who each have a broad range of technical, operational, commercial, financial and other skills, experiences, knowledge and competencies in overseeing and managing the Company. The Company has developed a Board Skills Matrix which the board intends to use to assess the mix of skills and diversity of the board.</td>
</tr>
<tr>
<td>Recommendation 2.3</td>
<td>Yes</td>
<td>The board considers that Alan Broome AM is the only independent Director of the Company. Alan Broome also occupies the position of independent chair. James Wakim is a non-executive Director. The board considers that James Wakim is not an independent Director due to his substantial shareholding in the Company. Lindsay Lyon and Amanda Wilson are executive directors who each have a substantial shareholding in the Company. The board considers that Lindsay Lyon and Amanda Wilson are not independent Directors. Details of the Director's interest, position, association and relationship are contained within the Prospectus. The board has determined the independence of the Company's Directors in accordance with the guidance set out by the ASX Corporate Governance Council and have not formed an opinion contrary to those guidelines. The current Directors have served the Company continuously since their respective appointment dates which are as follows: • Alan Broome: 30 April 2015 • James Wakim: 30 April 2015 • Lindsay Lyon: 28 June 2012 • Amanda Wilson: 28 June 2012</td>
</tr>
<tr>
<td>Recommendation 2.4</td>
<td>Yes</td>
<td>The majority of Company's board are not independent Directors. The board believes and is confident that the current mix of Directors is appropriate for governing the Company's business and that it is in the best interest of shareholders. Accordingly, the Company considers that it is acceptable that it not follow this recommendation.</td>
</tr>
<tr>
<td>Recommendation 2.5</td>
<td>Yes</td>
<td>The current chairman of the board, Alan Broome AM, is an independent Director and is not the same person as the CEO. The program for inducting new Directors is the responsibility of the full board in the absence of a separate Nomination Committee.</td>
</tr>
<tr>
<td>Recommendation 2.6</td>
<td>Yes</td>
<td>The Company's induction program is tailored to each new Director, depending on their personal requirements, background skills, qualifications and experience.</td>
</tr>
<tr>
<td>Recommendation</td>
<td>Comply</td>
<td>Explanation</td>
</tr>
<tr>
<td>----------------</td>
<td>--------</td>
<td>-------------</td>
</tr>
<tr>
<td><strong>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| **Recommendation 3.1**  
A listed entity should:  
(a) have a code of conduct for its directors, senior executives and employees; and  
(b) disclose that code or a summary of it. | Yes | The Company has adopted a Corporate Code of Conduct that applies to Directors, senior executives and employees. The Company’s Corporate Code of Conduct is set out in the Company’s Corporate Governance Plan, which is available on the Company’s website. |
| **PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING** | | |
| **Recommendation 4.1**  
The board of a listed entity should:  
(a) have an Audit Committee which:  
(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and  
(2) is chaired by an independent director, who is not the chair of the board, and disclose:  
(3) the charter of the committee;  
(4) the relevant qualifications and experience of the members of the committee; and  
(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or  
(b) if it does not have an Audit Committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. | Yes | Given the Company’s size, operations and composition of the board, the board has determined that the function of the Audit Committee will be carried out by the full board. Accordingly, the full board will carry out the duties that would ordinarily be assigned to the Audit Committee. The duties of the full board to be carried out in this capacity are detailed in the Board Charter, which is available on the Company’s website. The board will devote time on an annual basis to fulfilling the roles and responsibilities associated with maintaining the Company’s internal audit function and any arrangements with external auditors. All members of the board will be involved in the Company’s audit function to ensure the proper maintenance of Company and integrity in financial reporting. |
| **Recommendation 4.2**  
The board of a listed entity should, before it approves the entity’s financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. | Yes | In the absence of a separate Audit Committee, it is the responsibility of the full board to ensure that, before the board approves the Company’s financial statements for a financial period, the Company has received a declaration from the CEO and CFO that the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. |
| **Recommendation 4.3**  
A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit. | Yes | For each AGM following admission to the official list, the Company will ensure that its external auditor attends the AGM (in person or by telephone) and is available to answer questions from Shareholders relevant to the audit. |
<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Comply</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recommendation 5.1</strong>&lt;br&gt;A listed entity should:&lt;br&gt;(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and&lt;br&gt;(b) disclose that policy or a summary of it</td>
<td>Yes</td>
<td>The Company has adopted a Continuous Disclosure Policy that details the processes and procedures which have been adopted by the Company to ensure that it complies with its continuous disclosure obligations as required under the ASX Listing Rules and any other relevant legislation. The Company’s Continuous Disclosure Policy is set out in the Company’s Corporate Governance Plan, which is available on the Company’s website.</td>
</tr>
<tr>
<td><strong>Recommendation 6.1</strong>&lt;br&gt;A listed entity should provide information about itself and its governance to investors via its website.</td>
<td>Yes</td>
<td>Shareholders can access information about the Company and its governance (including its Constitution and Corporate Governance Plan) on the Company’s website.</td>
</tr>
<tr>
<td><strong>Recommendation 6.2</strong>&lt;br&gt;A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</td>
<td>Yes</td>
<td>The Company has adopted a Shareholder Communication Policy that aims to promote and facilitate two-way communication with Shareholders. The policy outlines a range of ways in which the Company communicates to Shareholders. The Company’s Shareholder Communication Policy is set out in the Company’s Corporate Governance Plan, which is available on the Company’s website <a href="http://www.ocean-guardian.com">www.ocean-guardian.com</a></td>
</tr>
<tr>
<td><strong>Recommendation 6.3</strong>&lt;br&gt;A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</td>
<td>Yes</td>
<td>The policies and procedures that the Company has in place to facilitate and encourage shareholder participation at meetings is set out in the Shareholder Communication Policy. These procedures include:&lt;br&gt;• Encouraging all shareholders to participate by written statement contained in each notice of meeting sent to shareholders.&lt;br&gt;• Providing and accepting votes by proxy for any shareholders who cannot attend a meeting in person.</td>
</tr>
<tr>
<td><strong>Recommendation 6.4</strong>&lt;br&gt;A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</td>
<td>Yes</td>
<td>All shareholders have the option of electing to receive communications from the Company and the security registry, electronically and can update their communication preferences with the Company’s registrar at any time.</td>
</tr>
<tr>
<td>Recommendation 7.1</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td>-----</td>
<td></td>
</tr>
<tr>
<td>The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a Risk Committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework.</td>
<td>Given the Company’s size, operations and composition of the board, the Board has determined that the full Board will carry out the function of overseeing risk. Accordingly, all duties that would ordinarily be assigned to a Risk Committee or Audit and Risk Committee are carried out by the full Board. The duties of the full Board to be carried out in this capacity are detailed in the Board Charter, which is available on the Company’s website <a href="http://www.ocean-guardian.com">www.ocean-guardian.com</a></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recommendation 7.2</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.</td>
<td>The Company’s process for risk management is detailed in the Risk Management Policy. The Risk Management Policy is set out in the Company’s Corporate Governance Plan, which is available on the Company’s website. The Company’s Risk Management Policy details the Company’s requirements with respect to the review of the Company’s risk management framework. The board is responsible for the review of the Company’s risk management framework on at least an annual basis. For each reporting period following the Company’s admission to the Official List, the Company will disclose in its annual report whether a review of the Company’s risk management framework has been undertaken.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recommendation 7.3</th>
<th>Due to the Company’s size and nature of its operations, the Company does not consider it necessary to establish a formal internal audit function at this stage. The Board has determined that it will carry out and perform the internal audit function, including monitoring the need for a formal internal audit function as the Company develops. The Board will also be responsible for evaluating and continually improving the effectiveness of its risk management and internal control processes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</td>
<td>The Company’s Risk Management Policy details how the Company’s risk management framework will assist the board in identifying and managing any material exposure to economic, environmental and social sustainability risks. To the extent that the Company is exposed to economic, environmental and social sustainability risks, the Company has disclosed such risks in this Prospectus.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recommendation 7.4</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</td>
<td></td>
</tr>
<tr>
<td>Recommendation</td>
<td>Comply</td>
</tr>
<tr>
<td>----------------</td>
<td>--------</td>
</tr>
<tr>
<td><strong>Recommendation 8.1</strong>&lt;br&gt;The board of a listed entity should:&lt;br&gt;(a) have a Remuneration Committee which:&lt;br&gt;(1) has at least three members, a majority of whom are independent directors; and&lt;br&gt;(2) is chaired by an independent director, and disclose:&lt;br&gt;(3) the charter of the committee;&lt;br&gt;(4) the members of the committee; and&lt;br&gt;(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or&lt;br&gt;(b) if it does not have a Remuneration Committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Recommendation 8.2</strong>&lt;br&gt;A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Recommendation 8.3</strong>&lt;br&gt;A listed entity which has an equity-based remuneration scheme should:&lt;br&gt;(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and&lt;br&gt;(b) disclose that policy or a summary of it.</td>
<td>Yes</td>
</tr>
</tbody>
</table>
10.1 INTELLECTUAL PROPERTY

Intellectual property (IP) is a type of intangible asset. IP is the “product” of the mind and there are many forms of IP rights, including patents, trademarks, designs, copyrights, circuit layout rights, plant variety rights, trade secrets and confidential information. This report only covers patents and trademarks. Patents relate to functions and features of an invention, while trade marks relate to brands to indicate the origin of goods and services.

10.2 PATENTS

10.2.1 THE PATENT SYSTEM

Australian patent law is governed by the Australian Patents Act 1990 (The Patents Act). Each country has its own patents act and law, which may differ from that of Australia.

A patent grants a limited term and an enforceable exclusive right to prevent others from exploiting an invention claimed by the granted patent. It is granted by a government of a country in exchange for public disclosure of the invention. The monopoly right can be used to prevent unauthorised copying of the invention by a competitor or a counterfeiter.

While the general principle of a patent is similar in most countries in the world, the laws and regulations governing a patent system differs from country to country. Specific advice in relation to a matter in a certain country should be sought from a legal practitioner practicing in that particular jurisdiction.

In Australia, the patent system evolved from the Statute of Monopolies of England. The Patents Act 1990 defines exclusive rights in a way that a patent gives the patentee the exclusive rights, during the term of the patent, to exploit the invention and to authorise another person to exploit the invention. The exclusive rights are personal property and are capable of assignment. Further, a patent has effect throughout the patent area (the entire Australia). The term “exploit” is defined to include, in relation to an invention:

(a) where the invention is a product—make, hire, sell or otherwise dispose of the product, offer to make, sell, hire or otherwise dispose of it, use or import it, or keep it for the purpose of doing any of those things; or
(b) where the invention is a method or process—use the method or process or do any act mentioned in (a) in respect of a product resulting from such use.

As can be appreciated, the rights provided by a patent can potentially be broad depending on the scope of protection claimed by the patent. Accordingly, for a patent to be valid and enforceable in a country, the claimed invention must satisfy requirements set down by the law and regulations of a country. In general, the main requirements require the claimed invention to be new worldwide, not obvious to a skilled person in the relevant technological field, and meet requirements of patentable subject matter.

Some countries, such as South Africa, have a formalities examination system only, and patents will be granted automatically. Accordingly, it is up to the Applicant to ensure that these patents are amended in line with the progress of corresponding patent applications in other countries to take into account issues raised in those corresponding applications.

It is important to note that the granting of a patent application by a Patent Office is not a guarantee of validity, and a third party may, at any time after grant of the patent, challenge the validity of the granted patent before a Court, and that granted patent may be found to be invalid or otherwise revoked or cancelled by the Court.
To enforce a patent against an infringer, it may ultimately be necessary to initiate patent infringement proceedings before a Court (although sometimes disputes are resolved through mediation prior to instituting formal proceedings). Patent litigation can be very expensive, time-consuming, and there is no guarantee of success. The prospects of success are dependent upon the specific circumstances in a particular case and professional advice should be sought in each case. Even if a party is successful in a case, it may be possible for the other side to appeal, further protracting the proceedings and costs.

It should be noted that in some countries, it is difficult to enforce patents due to local practices and a less than rigorous application of IP laws. Again, specific advice should be sought in relation to the prospects of successfully enforcing a specific patent in a specific jurisdiction.

10.2.2 THE PATENT APPLICATION PROCESS

Patent rights are national rights in that to obtain patent protection in a country a patent application must be filed and granted in that country. There are international conventions to streamline and simplify the process:

(i) Paris Convention
This allows a further patent application to be filed in a country within 12 months from the date the first application was filed in another country (earliest priority date).
(ii) Patent Cooperation Treaty (PCT)
A PCT application allows a patent application to be filed within 30 or 31 months (or sometimes even longer depending on countries) from the date the first application was filed. Not all countries are signatory to the PCT.
(iii) Regional applications
This allows one single application to be filed, examined and granted with respect to a group of countries, for example, a European patent application.

For an Australian applicant, there are many different paths to obtain patents in Australia and overseas. Common paths are as follows:

(a) File a provisional patent application in Australia to set a first filing date (earliest priority date);
(b) Within 12 months of (a), file convention applications in countries/regions of interest and/or file a PCT application;
(c) If a PCT application was filed, within 30 or 31 months from (a), depending on countries of interest, file national phase applications from the PCT application in countries/regions of interest.

For a PCT application, a designated office would issue an International Search Report (ISR) with a Written Opinion. This report provides a preliminary assessment on the patentability of the invention as claimed. The ISR and the Written Opinion are not binding but can provide an early indication as to whether the patent application can achieve grant in countries of interest in the future.

There is no mechanism by which a “worldwide” patent can be obtained. Ultimately, a patent must be filed in each country (or a region of countries) for patent rights to be sought in those countries.

Typically, a patent application would be subjected to substantive examination before grant to ensure that the invention as claimed by the patent application fulfils requirements of a patent as discussed previously. If the claimed invention is considered to be failing one or more requirements, an Examination Report is issued to provide an opportunity for the applicant to submit arguments and/or make amendments to claims to overcome all issues raised in the examination report. Once all issues are overcome, the patent application can proceed to grant. Upon grant, the patent is enforceable. Most countries require regular (for example annual) payment of renewal or annuity fees to keep the patent or patent application alive. Failure to pay the renewal fee in time may lead to the irrevocable lapsing of the patent and patent rights.

10.3 PATENTS OF OCEAN GUARDIAN HOLDINGS

10.3.1 PENDING PROVISIONAL PATENT APPLICATIONS

AU Provisional Patent App No 2017905077 CHONDRICTHYAN DETERRING DEVICE filed 19 December 2017
AU Provisional Patent App No 2017900997 ANTENNA ARRANGEMENT FOR A WATER CRAFT filed 21 March 2017
10.3.2 PENDING PCT APPLICATIONS

PCT/AU2017/000272 AQUATIC APPAREL ITEM

Earliest Priority Date: 14 December 2016

Abstract*: An aquatic apparel item is disclosed. In an embodiment, the aquatic apparel item includes a user wearable item and at least three spaced apart electrodes disposed on or within the user wearable item. Plural paired combinations of the at least three electrodes are selectable for inclusion in a respective circuit for radiating an electric field having a field pattern directed across a respective portion of the user wearable item. In one embodiment, the aquatic apparel item is a wetsuit and the electrodes are selectable for inclusion in a respective circuit for radiating an electric field pattern for repelling chondrichthians.

10.3.2 PENDING PCT APPLICATIONS

2.3.3.1 PROTECTIVE SWIMSUIT INCORPORATING AN ELECTRICAL WIRING SYSTEM

Countries:
- Australia - AU Patent No 782226 - Granted
Earliest Priority Date: 21 November 2000

Abstract*: A protective swim suit to be worn by swimmers and surfers. The suit includes two electrodes, each connected to an electromagnetic field generating unit. In use, the suit generates an electromagnetic field in a volume of water about the wearer, which acts to repel targeted aquatic creatures such as sharks.

2.3.3.2 SHARK REPELLING DEVICE

Countries:
- Australia – AU 2002317045 – Granted
- United States of America – US 531470 – Granted
- South Africa – ZA 2004/1589 – Granted
- New Zealand – NZ 531470 – Granted
Earliest Priority Date: 27 July 2001

Abstract*: A device (10) for repelling selected aquatic creatures, such as sharks. The device consists of an electromagnetic field generator (21, 30) for generating an electromagnetic field (50) that repels sharks and is supported by a buoyant device. This provides a shark-free region about the device. Multiple devices can be connected together to form an array of repelling devices, thereby extending the shark-free region.

*Note that the Abstract provides a general description of the nature of the invention. It does not reflect the exact scope of protection provided by the patent. The exact scope of protection can only be determined by a review of the claims of the relevant patent. It should also be noted that the claims of a patent in one country can be different to the claims of corresponding patents in other countries due to the differences in patent law and practice in different countries.
### 2.2.3.3 SHARK REPELLING FIELD GENERATING CORD

<table>
<thead>
<tr>
<th>Countries</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia – AU 2002331448</td>
<td>Granted</td>
</tr>
<tr>
<td>United States of America – US 7412944</td>
<td>Granted</td>
</tr>
<tr>
<td>South Africa – ZA 2004/2624</td>
<td>Granted</td>
</tr>
<tr>
<td>Brazil – BR PI0213077-7</td>
<td>Granted</td>
</tr>
<tr>
<td>New Zealand – NZ 531914</td>
<td>Granted</td>
</tr>
</tbody>
</table>

Earliest Priority Date: 25 September 2001

**Abstract**: A cord having two electrodes for generating a shark-repelling electromagnetic field about a user. The cord is connected to a field generator supported by the user, and in use, maintains contact with surrounding water, even if the user is out of the water.

### 2.2.3.4 IMPROVED AQUATIC VESSEL HULL

<table>
<thead>
<tr>
<th>Countries</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa – ZA 2004/8981</td>
<td>Granted</td>
</tr>
</tbody>
</table>

Earliest Priority Date: 6 May 2002

**Abstract**: A hull (10) for an aquatic vessel which provides a shark-repelling region about the vessel. The hull (10) includes two electrodes connected to an electromagnetic field signal generator, which in use, generates an electromagnetic field (40) about the vessel which repels sharks. The electrodes may be formed from the ends of an electrode cord (23), or may be formed from conductive (24, 25) plates (20, 21) mounted to, or integral with, the hull (10).

### 2.2.3.5 A CHONDRICHTHYAN REPELLING SYSTEM

<table>
<thead>
<tr>
<th>Countries</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia: AU 2014273839</td>
<td>Accepted</td>
</tr>
<tr>
<td>United States of America: US 9648865</td>
<td>granted</td>
</tr>
</tbody>
</table>

Earliest Priority Date: 30 May 2013

**Abstract**: Described is a chondrichthyan repelling system comprising at least one fin comprising at least one electrically conductive electrode for connection to an electrical signal generator, in use, the electrical signal generator generates electrical signals to the at least one electrode to thereby radiate an electrical field which repels chondrichthyans. Also disclosed are various fin designs incorporating one or more electrodes, and a watercraft having one or more fins as described. Various means of connecting the electrodes to the electrical signal generator are also described.

### 10.3.4 FOUNDATION TECHNOLOGY

The stimulating electrical signals used to generate the electric fields used in the above inventions are produced by a device that was protected under US Patent No 5,566,643, in the name of Natal Sharks Board. This, and any corresponding patents around the world have now expired, having reached their maximum 20-year lifespan. Accordingly, the foundation technology for generating the repelling field is freely-available for use by any party.

### 10.3.5 PATENT INFRINGEMENT RISKS

It is important to note that while a patent may be granted to a patentee for an invention, this does not give the patentee the right to exploit the invention. In some cases, a patented invention may infringe an earlier patented invention.

No searching or other investigations have been carried out to determine the risks of any of the inventions listed above infringing other parties’ earlier rights.
10.3.6 TRADE MARKS

10.3.7 THE TRADE MARKS SYSTEM

Australian Trade Marks Law is governed by the Australian Trade Marks Act 1995 (The Trade Marks Act). The Trade Marks Act defines a trade mark as a sign used, or intended to be used, to distinguish one trader’s goods and services from the goods and services of other traders in the course of trade.

Some of the trade marks can be registered under the Trade Marks Act. A registrable trade mark includes common trade marks such as brand names, logos and slogans as well as more unusual trade marks such as colours, shapes, sounds and even scents.

Trade marks are registered with respect to specific goods and/or services.

Registration of a trade mark allows the registered trade mark owner to another party from using as a trade mark, a sign that is substantially identical with, or deceptively similar to, the registered trade mark in relation to goods or services in respect of which the registered trade mark is registered.

Trade marks that are not registered may also acquire enforceable rights through the generation of reputation over a period of time. These trade marks are called Common Law trade marks. The strength of any enforceable rights depends upon the extent of that reputation and the likelihood of confusion arising should another party use the trade mark.

10.3.8 THE TRADE MARK APPLICATION PROCESS

To register a trade mark, an application is made to the regional Trade Marks Office. In Australia, this Office is part of IP Australia. The application sets out the trade mark to be registered, and specifies a set of goods and/or services in respect of which the trade mark is to be registered.

The application then undergoes an examination by an Examiner, who will conduct a search to determine whether there are any prior trade mark applications or registrations that may be too similar to the present application, such that they will prevent registration of the present application.

Other grounds for rejection include that the trade mark is too descriptive of the specified goods or services, or that use of the trade mark may be misleading or otherwise contrary to law.

If a trade mark is accepted for registration, there is an opportunity for other parties to oppose its registration, resulting in an opposition process to resolve the issue.

Protection for a trade mark may be obtained in other countries by filing an application for registration in that country. Each country will have its own examination process according to its own laws. Since these processes and laws are different in each country, some trade marks that are accepted for registration in some countries may not be accepted for registration in other countries.

An application filed in another country within 6 months of an Australian application can claim the earlier Australian filing date (priority date) under the Paris Convention referred to above in respect of Patents.

Other International systems such as the Madrid Protocol allow for a single international application to be filed (based on a “base” application or registration, such as an Australian application) which covers multiple countries. These systems can result in cost and procedural efficiencies, however the Madrid Protocol system for example, also has the disadvantage that if the “base” application or registration is invalidated within a certain period, then the entire international application, with all of its countries, can be put at risk.

Ownership

In some countries (such as Australia), ownership of a trade mark is accorded to the party that first uses the trade mark as a trade mark in respect of certain goods and services, rather than the first person to file an application for registration. It is therefore possible that a trade mark may be registered, but may be susceptible to removal if a party later establishes that it is the rightful owner of the trade mark through its earlier use.

For this and other reasons, registration of a trade mark by a Trade Marks Office is not a guarantee of its validity.
Use
In most countries, continuous use of a trade mark is required in order to keep the trade mark valid. If proper use as a trade mark is not made for a certain period (for example 3 years), a trade mark registration may become susceptible to cancellation for non-use.

Renewal
In most countries, a trade mark is registered for a set period of time (for example 10 years), after which it must be renewed by payment of renewal fees. Failure to pay the renewal fee in time can result in the lapsing of the trade mark registration.

10.3.9 TRADE MARKS OF SEACHANGE TECHNOLOGY HOLDINGS

10.3.10 Sea Change
Goods and Services****
Class 9: Apparatus and equipment for controlling and repelling sharks including electronic shark repellent devices for use by divers, swimmers, surfers and fishermen; and parts and fittings for all the aforesaid goods in this class; and wetsuits for divers and swimmers adapted to carry an electrical wiring system for connection to a shark deterrent device.
Countries
• New Zealand: 654242 – Registered
• Hong Kong: B15689/2002 – Registered
Earliest Priority Date: 11 October 2001

10.3.11 SHARK SHIELD
Goods and Services**
Class 9: Electronic and electrical apparatus for deterring aquatic creatures such as sharks; diving equipment; life jackets; personal floatation devices; electronic structures for use in deterring aquatic creatures.
Class 12: Apparatus for locomotion by water, including boats, ships, kayaks and canoes.
Class 25: Wetsuits; swim wear.
Class 28: Surfboards, surfboard leashes, body boards, water skis and parts and accessories therefor in this class.
Class 35: Sale of electronic and electrical apparatus for deterring aquatic creatures, diving equipment, life jackets, personal floatation devices, apparatus for locomotion by water, including boats, ships, kayaks and canoes, wetsuits, swim wear, surfboards, surfboard leashes, body boards, water skis and parts and accessories therefor.
Class 37: Installation and maintenance of structures for use in deterring aquatic creatures.
Class 40: Custom construction of structures for use in deterring aquatic creatures.
Class 41: Rental of diving equipment and accessories therefor, life jackets, personal floatation devices, wetsuits, swim wear; surfboards, surfboard leashes, body boards, water skis and parts and accessories therefor.
Class 42: Design of structures for use in deterring aquatic creatures; scientific, technological and engineering consultancy services in the field of deterring aquatic creatures.
Countries
• Australia: 1736981 – Registered
• European Union – 015038516 – Registered (classes 9, 12, 28)
• United States of America – 5372005 – Registered (classes 9, 28)
Earliest Priority Date: 25 November 2015

10.3.12 OCEAN GUARDIAN
Goods and Services**
Class 9: Electrical and electronic apparatus for deterring aquatic creatures; apparatus for generating electromagnetic fields; electronic structures for deterring aquatic creatures; transducers
Countries:
• Australia – 1836182 – Registered
• Brazil – 913071960 – Pending

**The goods and services listed above for the trademarks are those of the Australian application/registration. The goods and services for the same mark may differ in each country and reference to the attached portfolio should be made to ascertain the actual goods and services for a particular application/registration.
10.3.13 Ring Logo

**Goods and Services**: Electrical and electronic apparatus; electrical and electronic apparatus for deterring aquatic creatures; apparatus for generating electromagnetic fields; electronic structures for deterring aquatic creatures; transducers.

**Countries**
- Australia – 1906802 – pending
- Brazil – to be filed
- China – to be filed
- European Union – to be filed
- Hong Kong – to be filed
- Japan – to be filed
- New Zealand – to be filed
- United States – to be filed
- South Africa – to be filed

Earliest Priority Date: 13 February 2018

10.3.14 TRADE MARK INFRINGEMENT RISKS

Unlike patents, a registration under the Australian Trade Marks Act provides the registered owner with a defence against infringement when the registered owner uses the registered trade mark as registered and in respect of the goods and services in respect of which the trade mark is registered.

However this defence does not extend to infringement of Common Law marks.

No searching or other investigations have been carried out to determine the risks of any of the trade marks listed above infringing other parties’ earlier rights.

10.3.15 CHANGE OF NAME

The owner of the IP, SeaChange Technology Holdings Pty Ltd has changed its name to Ocean Guardian Holdings Limited. It will be necessary to record this change of name for each recorded piece of IP in each country. While this is essentially a formalities process, it can take some time and incur cost.

The change is merely a name change and there is not at this stage any intention to assign any of the IP to a different entity.

STATEMENT OF INDEPENDENCE

The Maddern Catt Unit Trust trading as Madderns (Madderns) Patent & Trade Mark Attorneys prepared this IP report. None of the trustees or employees has any entitlement to any interests in SeaChange Technology Holdings Pty Ltd. The payment of fees to Madderns for the preparation of this Report is not contingent upon the performance of the Prospectus. Madderns has no involvement in the preparation of the Prospectus, other than in the preparation of this Report.

**The goods and services listed above for the trademarks are those of the Australian application/registration. The goods and services for the same mark may differ in each country and reference to the attached portfolio should be made to ascertain the actual goods and services for a particular application/registration.**
11. ADDITIONAL INFORMATION

11.1 Employee Incentive Plan

The Company has a Employee Incentive Plan (Plan) to assist as a long-term incentive aimed at creating a stronger link between the Company’s key personnel’s performance and reward, whilst increasing Shareholder value of the Company.

Under section 712 of the Corporations Act, the full terms of the Plan are incorporated by reference into this Prospectus. A copy of the Plan is available at www.ocean-guardian.com . Alternatively, you can obtain a paper copy of this document free of charge by contacting the Company on 1800 132 009 9:00am to 5:00pm AEST, Monday to Friday during the Offer Period.

The Company intends to issue 282,000 Options under the Plan to directors, officers and employees upon completion of the Offer. The key terms of the Plan Rules (Rules) and Options are as follows. Full terms and conditions of the Options are contained in Annexure B to this Prospectus.

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligibility</td>
<td>The Plan is open to Directors, Officers or Employees that have for a period of 12 months been engaged in full or part-time work for the Company or a Related Body Corporate (or the respective nominee of such person) and the Board determines in its absolute discretion is to participate in the Plan.</td>
</tr>
<tr>
<td>Defined Terms</td>
<td>Defined terms in this section are as defined in the Rules.</td>
</tr>
<tr>
<td>Types of securities</td>
<td>The Company may offer or issue Options or Performance Rights. (Awards)</td>
</tr>
<tr>
<td>Options</td>
<td>Options are rights to be issued a Share upon payment of the Exercise Price in cash.</td>
</tr>
<tr>
<td></td>
<td>Each Option is exercisable into 1 Share upon payment of the exercise price of $0.30 and must be exercised within three years from the date of grant. The Options will not be quoted of transferable and will not entitle the holder to vote.</td>
</tr>
<tr>
<td></td>
<td>Shares issued upon exercise of the Options will rank equally with all existing Shares and the Company will apply to have those Shares quoted.</td>
</tr>
<tr>
<td>Performance rights</td>
<td>Performance Rights are rights to be issued Shares for nil consideration upon the satisfaction of Vesting Conditions specified in an Offer.</td>
</tr>
<tr>
<td>Vesting</td>
<td>An Award held by a Participant will vest and become exercisable by that Participant upon the satisfaction of any Vesting Conditions specified in an Offer and in accordance with the Rules. Vesting conditions may be waived at the absolute discretion of the Board.</td>
</tr>
<tr>
<td>Dilution limit</td>
<td>If the Company makes an Offer in reliance on ASIC CO 14/1000, it must, at the time of making the offer, have reasonable grounds to believe that the number of underlying eligible Shares in a class of underlying Shares that form part of the issued capital of the Company that they have been or may be issued will not exceed 5% of the total number of underlying Shares in that class when combined with any underlying Shares issued at any time during the previous 3 year period under an employee incentive scheme covered by ASIC CO 14/1000.</td>
</tr>
<tr>
<td>Term</td>
<td>Description</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Cessation of employment</td>
<td>If a Participant’s employment with the Company or Related Body Corporate ceases because of an uncontrollable event, all of the Participant’s Awards that are capable of becoming exercisable if Vesting Conditions are met at the following Test Date will become vested. At all other times and in all other circumstances the Board will have absolute discretion in determining if any unvested Awards will become vested. Participants may, upon cessation of employment, exercise Vested Awards prior to the Last Exercise Date or no later than three months from cessation of employment (whichever is earlier).</td>
</tr>
</tbody>
</table>
| Rights associated with Awards             | Nothing in the Rules confers on any Eligible Person the right to become or remain a Director, Officer or Employee. Participation in the Plan will not be taken into account in determining an Eligible person’s salary or remuneration for the purposes of superannuation. Nothing in the Rules:  
  • affects the rights and obligations of the Director, Officer or Employee;  
  • affects any rights the Company may have to terminate the employment of an Eligible Person;  
  • may be used to increase damages in any action brought against the Company in respect of any termination; or  
  • confers any responsibility or liability on the Company or its directors, officers, employees, representatives or agents in respect of any taxation liabilities of the Eligible person.  |
| Dividends and voting rights               | Participants have no rights to dividends and no rights to vote at general meetings in respect of their Awards until the Awards are exercised and the Participant is the holder of a valid Share in the Company.                                                                 |
| Restrictions on dealing                   | Except on the death of a participant, Awards may not be transferred, assigned or novated except with the approval of the Board.                                                                                                                                        |
| Treatment on a capital event              | If there are certain variations of the Share capital of the Company including a capitalisation or rights issue, sub-division, consolidation or reduction in Share capital, the Board may make such adjustments as it considers appropriate.                                                                 |
| Adjustment on re-organisation of capital  | An adjustment made due to a re-organisation of capital will be to one or more of the number of Shares subject to any Award or where an Award has been exercised but no Shares have been issued or transferred, the number of Shares which may be issued or transferred.                                                                 |
| Other conditions                          | Other conditions relating to taxation, governing law and termination, suspension and administration of the Plan are included in the Rules.                                                                                                                                  |
11.1.1 Awards to be offered to Directors as part of the IPO

As part of the Company’s IPO, the Company intends to issue 121,000 Options to directors and associates under the Plan.

<table>
<thead>
<tr>
<th>Person</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alan Broome</td>
<td>25,000</td>
</tr>
<tr>
<td>James Wakim</td>
<td>18,000</td>
</tr>
<tr>
<td>Amanda Wilson</td>
<td>68,000</td>
</tr>
<tr>
<td>Hudson Lyon (associate of Lindsay Lyon)</td>
<td>10,000</td>
</tr>
</tbody>
</table>

The Company is seeking a waiver from ASX Listing Rule 10.14 allowing the Company to issue all of the Options without shareholder approval. The Company plans to issue the Options upon listing on ASX and by no later than 12 months after completion of the Offer.

11.2 Performance Shares

The Company intends to issue 6,210,000 Performance Shares to Lindsay Lyon upon the completion of the Offer, comprising 2,070,000 Tranche A, 2,070,000 Tranche B and 2,070,000 Tranche C Performance Shares.

This section outlines the terms and conditions of the Performance Shares. The full terms and conditions of the Performance Shares are set out in Annexure A to this Prospectus.

The Key terms and conditions are as follows:

<table>
<thead>
<tr>
<th>Terms</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Shares</td>
<td>Each Tranche A, Tranche B and Tranche C Performance Share is a Share in the capital of the Company.</td>
</tr>
<tr>
<td>General Meetings</td>
<td>Each Performance Share confers on the holder (“Holder”) the right to receive all notices of general meetings and financial reports and financial statements of the Company that are given to Shareholders. The Holder has the right to attend general meetings of Shareholders.</td>
</tr>
<tr>
<td>Voting, Dividends and returns of capital</td>
<td>A Performance Share does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law. A Performance Share does not entitle the Holder to any dividends. A Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital, or otherwise.</td>
</tr>
<tr>
<td>Rights on winding up</td>
<td>A Performance Share does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.</td>
</tr>
<tr>
<td>Not transferable</td>
<td>A Performance Share is not transferable.</td>
</tr>
<tr>
<td>Reorganisation of capital</td>
<td>If at any time the issued capital of the Company is reconstructed, all rights of any outstanding Performance Shares will be varied to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.</td>
</tr>
<tr>
<td>Application to ASX</td>
<td>The Performance Shares will not be quoted on ASX. However, if the Company must within 2 Business Days of the conversion apply for the official quotation of the Shares on ASX arising from the conversion.</td>
</tr>
</tbody>
</table>
The Company is seeking approval from ASX that the terms of the Performance Shares are suitable and will satisfy Listing Rule 1.1 condition 1. The Company is also seeking a waiver from the requirement to comply with ASX Listing Rule 10.14 so that the Company may issue the Performance Shares without obtaining shareholder consent. The Company plans to issue the Performance Shares immediately upon the completion of the Offer.

<table>
<thead>
<tr>
<th>Terms</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation in entitlements and bonus issues</td>
<td>A Performance Share does not entitle the Holder (in their capacity as a holder of a Performance Share) to participate in new issues of capital offered to Shareholders such as bonus issues and entitlement issues.</td>
</tr>
<tr>
<td>Defined Terms</td>
<td>Defined terms in this section are as defined in the terms and conditions of the Performance Shares</td>
</tr>
<tr>
<td>No other rights</td>
<td>A Performance Share gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.</td>
</tr>
<tr>
<td>Tranche A Performance Milestone</td>
<td>Each Tranche A Performance Share will vest into one Ordinary Share upon the Company reporting to ASX that the Company group’s consolidated gross sales revenue was at least $2,475,000 for the financial year ending 30 June 2019 as determined from the Company’s consolidated audited financial statements lodged with ASX for that financial year.</td>
</tr>
<tr>
<td>Tranche B Performance Milestone</td>
<td>Each Tranche B Performance Share will vest into one Ordinary Share upon the Company reporting to ASX that the Company group’s consolidated EBITDA was greater than zero for the financial year ending 30 June 2020 as determined from the Company’s consolidated audited financial statements lodged with ASX for that financial year.</td>
</tr>
<tr>
<td>Tranche C Performance Milestone</td>
<td>Each Tranche C Performance Share will vest into one Ordinary Share upon the Company reporting to ASX that the Company group’s consolidated Earnings Per Share was positive for the financial year ending 30 June 2021 as determined from the Company’s consolidated audited financial statements lodged with ASX for that financial year.</td>
</tr>
</tbody>
</table>
| Cancellation of Performance Shares          | • In the event that the Tranche A Milestone has not been satisfied by the later of 30 September 2019 and the date the Company lodges its consolidated annual financial statements for that financial year with ASX, all Class A Performance Shares will be cancelled.  
• In the event that the Tranche B Milestone has not been satisfied by the later of 30 September 2020 and the date the Company lodges its consolidated annual financial statements for that financial year with ASX, all Class B Performance Shares will be cancelled.  
• In the event that the Tranche C Milestone has not been satisfied by the later of 30 September 2021 and the date the Company lodges its consolidated annual financial statements for that financial year with ASX, all Class C Performance Shares will be cancelled. |
| Ranking                                     | Each Ordinary Share into which each Performance Share may convert will rank pari passu in all respects with existing Ordinary Shares                                                                                                                                   |
| Other conditions                            | Other conditions relating to conversion time and procedure are included in the terms and conditions                                                                                                             |
11.3 Restricted Securities

The Company anticipates that ASX will, as a condition of the Company being admitted to the Official List, classify certain Shares issued prior to the Offer as Restricted Securities. The Restricted Securities will be the subject of mandatory escrow arrangements.

Prior to Official Quotation, each holder of Restricted Securities, together with applicable controlling parties, will be required to enter into an appropriate restriction agreement with the Company in respect of the Restricted Securities. Related parties of Lindsay Lyon, James Wakim, Alan Broome and Amanda Wilson will be subject to voluntary escrow arrangements in respect of all of their Shares. The escrow arrangements extend for a period of either 12 or 24 months from the date of Official Quotation. The specific escrow arrangements applied to each related party are detailed in the table below.

All seed capital investors who are not related parties of the Company will be subject to escrow arrangements in respect of a portion of their Shares (as determined in accordance with the cash formula under the ASX Listing Rules) for a period of 12 months from the date the Shares were issued.

Certain employees of the Company participated in an Employee Incentive Plan, including related party, Hudson Lyon. Hudson Lyon will be subject to mandatory escrow arrangements in respect of the Shares issued under the Employee Incentive Plan for a period of 24 months from the date of Official Quotation. The other four participants who were issued Shares under the Employee Incentive Plan will be subject to escrow for a period of 12 months from the date of Official Quotation.

Many Existing Shareholders who are not the subject to mandatory escrow arrangements have entered into voluntary escrow arrangements with the Company for a period of 12 months from the date of Official Quotation.

A summary of the Shares which are likely to be the subject of escrow arrangements is set in the table below.

<table>
<thead>
<tr>
<th>Escrowed Shareholder</th>
<th>Securities</th>
<th>Restricted / Escrowed Securities</th>
<th>Restricted / Escrowed Securities %</th>
<th>Escrow Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>B&amp;H Consulting &amp; Engineering Pty Ltd</td>
<td>1,105,500</td>
<td>1,105,500</td>
<td>100%</td>
<td>24 months</td>
</tr>
<tr>
<td>J.P.S. Resources Pty Ltd</td>
<td>3,220,000</td>
<td>1,384,400</td>
<td>43%</td>
<td>12 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,835,600</td>
<td>57%</td>
<td>24 months</td>
</tr>
<tr>
<td>Miltona Bay Nominees Pty Ltd</td>
<td>10,609,500</td>
<td>1,591,425</td>
<td>15%</td>
<td>12 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9,018,075</td>
<td>85%</td>
<td>24 months</td>
</tr>
<tr>
<td>Hudson Street Nominees Pty Ltd</td>
<td>9,730,250</td>
<td>1,459,438</td>
<td>15%</td>
<td>12 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8,270,712</td>
<td>85%</td>
<td>24 months</td>
</tr>
<tr>
<td>Lindsay Lyon</td>
<td>500,000</td>
<td>500,000</td>
<td>100%</td>
<td>12 months</td>
</tr>
<tr>
<td>Hudson Lyon</td>
<td>22,000</td>
<td>22,000</td>
<td>100%</td>
<td>24 months</td>
</tr>
<tr>
<td>Convertible note holders (unrelated)</td>
<td>7,866,668</td>
<td>1,966,667</td>
<td>25%</td>
<td>12 months</td>
</tr>
<tr>
<td>Employees (unrelated)</td>
<td>189,250</td>
<td>189,250</td>
<td>100%</td>
<td>12 months</td>
</tr>
<tr>
<td>Other voluntary escrow</td>
<td>19,670,250</td>
<td>5,370,125</td>
<td>27.3%</td>
<td>12 months</td>
</tr>
<tr>
<td>TOTAL SHARES+</td>
<td>52,913,418</td>
<td>32,713,292</td>
<td>61.8%</td>
<td></td>
</tr>
</tbody>
</table>

+ prior to the Shares issued pursuant to the Offer

The Company anticipates that approximately 32.7 million Shares will be classified as either Restricted Securities or Escrowed Securities. This will represent approximately 61.8% of the existing issued capital, prior to completion of the Offer. On completion of the Offer, the Restricted Securities will represent approximately 42% (at Minimum Subscription) of the total shares.12

12 Calculated on the basis that total Shares on completion of the Offer will be 77,913,418
During the relevant escrow period under the mandatory escrow arrangements, the Restricted Shareholders may not deal in the Restricted Securities except in very limited circumstances, these are:

• To allow Escrowed Shareholders to accept an offer under a takeover bid in relation to their Restricted Securities where holders of at least half of the Shares that are not Restricted Securities to which the offer has been made have accepted the takeover bid.
• To allow the Restricted Securities to be transferred or cancelled as part of a merger or scheme of arrangement under Part 5.1 of the Corporations Act 2001.

11.4 Voluntary escrow arrangements

Almost all of the Company’s existing Shareholders who are not subject to mandatory escrow arrangements have each agreed to enter into a voluntary escrow agreement with the Company in respect of their Shares.

Under the voluntary escrow agreement, the Shares held by the Existing Shareholders will be subject to escrow for a period of 12 months from the date of Official Quotation. During the escrow period the Voluntary Escrowed Shareholders may not dispose of the Escrowed Securities except in limited circumstances, at which point the Voluntary Escrowed Shareholder may be released from the escrow arrangement. These limited circumstances are:

• To allow the Voluntarily Escrowed Shareholders to accept an offer under a takeover bid in relation to their Restricted Securities where holders of at least half of the Shares that are not Restricted Securities to which the offer has been made have accepted the takeover bid and the Board has recommended that holders of the Restricted Securities accept the offer.
• To allow the Escrowed Securities to be transferred or cancelled as part of a merger or scheme of arrangement under Part 5.1 of the Corporations Act 2001.
• To allow the Escrowed Securities to be transferred to a wholly-owned subsidiary of the Voluntary Escrowed Shareholder, provided the wholly-owned subsidiary also enters into a voluntary escrow agreement in respect of the Restricted Securities that provides for the transfer back to the Escrowed Shareholder in the event the wholly-owned subsidiary ceases to be so.
• To allow the Escrowed Securities to be bought back by the Company pursuant to a buy-back permissible under the Corporations Act 2001.
• To allow the Escrowed Securities to be cancelled or transferred pursuant to an order of an Australian federal or state court of competent jurisdiction.

The voluntary escrow agreement defines the term “dispose” broadly and includes, among other things, selling, transferring or otherwise creating any entitlement to or legal or beneficial interest or right in the Escrowed Securities. The escrow arrangements of Lindsay Lyon, Hudson Street Nominees Pty Ltd and Miltona Bay Nominees Pty Ltd in respect of all their Shares for a period of either 12 or 24 months have been entered into voluntarily. Each of these persons are related party seed capital investors, whose investment and Shares in the Company were not mandatorily restricted by application of the cash formula under the ASX Listing Rules.

Lindsay Lyon, Hudson Street Nominees Pty Ltd and Miltona Bay Nominees Pty Ltd have nonetheless voluntarily entered into escrow arrangements for their Shares, as set out in detail in the above table.

11.5 Summary of rights and liabilities attaching to Shares and other material provisions of the Constitution

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

11.5.1 General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may request meetings in accordance with Section 249D of the Corporations Act and the Constitution.

11.5.2 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:
11.5.2.1 each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

11.5.2.2 on a show of hands, every person present, who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

11.5.2.3 on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by them, or in respect of which they appoint a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

11.5.3 Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend, which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares. The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

11.5.4 Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

11.5.5 Shareholder liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

11.5.6 Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or ASX Listing Rules.

11.5.7 Variation of rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.
11.5.8 Alteration of Constitution

Pursuant to Section 136 of the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

11.6 Material Contracts

The Company has the following material contracts:

- Manufacturing agreement with Eagle Kingdom Technologies Limited dated 5 May 2015 for the manufacture of certain Shark Shield products. The agreement has recently automatically renewed for a period of 2 years and is governed by Hong Kong law. The agreement may be terminated by either party for convenience by providing 6 months’ prior notice to the other party.

- Endorsement Agreement with Thomas Carroll Enterprises as trustee for the T & L Family Trust (TCE) dated 1 January 2016. This agreement is for the endorsement and advocacy of the Shark Shield brand by world champion surfer, Thomas Carroll. TCE receives $25,000 per annum and is entitled to a bonus payment of $20,000 if the FREEDOM+ Surf product sales reach $1,000,000 in the 2017 financial year and $2,000,000 in the 2018 financial year (or earlier).

- Marketing agency engagement agreement with Banjo Advertising to provide marketing and communication services. The term of the agreement is 3 years. The cost of the agreement is calculated on a commission basis. As part of the agreement, the Company indemnifies Banjo Advertising against any claim arising from the inaccuracy or incompleteness of any material provided by the Company, any matter or thing arising from the recklessness, negligence or wilful misconduct of the Company in relation to the agreement. In the case of a breach, a party can terminate the agreement by giving 30 days’ notice, and in any other event can cancel the agreement by giving 90 days’ notice.

- Product design and engineering agreement with Design & Industry to provide industrial design services for the development of new products, boat and beach protection products. The estimated fee set out in the proposal is $25,650. Design & Industry have the ability to terminate the agreement if the Company fails to pay any invoiced fees. Design & Industry is not liable for any damage which may result from the design of the product and is indemnified by the Company.

- Employment Agreement with Lindsay Lyon dated 1 March 2018. Mr Lyon’s annual remuneration is $220,000 including superannuation. Under the terms of the agreement, Mr Lyon’s employment may be terminated by the Company or Mr Lyon giving six months’ notice. The Company may also terminate Mr Lyon’s employment immediately for cause, including such matters as serious misconduct and material breach of his employment agreement. All intellectual property developed by Mr Lyon in the course of his employment belongs to the Company. Mr Lyon must also not compete with the business of the Company during his employment or for certain periods after his employment ceases.

- Employment Agreement with Hugh Ealey as Chief Financial Officer of Shark Shield Pty Ltd. Hugh Ealey’s remuneration is $75,000 per annum. Either party may terminate the agreement with two week’s written notice.

- Agency agreement between Amanda Wilson and Shark Shield dated 11 November 2017 under which Ms Wilson is appointed as the exclusive and sole agency for the sale of Shark Shield dive and surf core products through the USA and Canada. The agreement is for 12 months and is automatically renewed for successive 12 month periods unless Ms Wilson or Shark Shield gives notice to renew it. The agreement may also be terminated on 1 months’ notice. Ms Wilson is paid $35,000 per annum, and a sales commission of 20% of the value of dive product sales distributed in the territory, and a commission of 10% of the value of surf product sales in the territory.

The Company has entered into the following contracts with the Directors and related parties of the Company:

- Agreement with Alan Broome AM for his appointment as Independent Chairman and Director of the Company. Alan Broome has been appointed Independent Chairman for a period of two years commencing on 19 July 2017.

- Agreement with James Wakim for his appointment as non-executive Director of the Company. James Wakim has been appointed non-executive director for a period of two years commencing on 19 July 2017.

- Agreement with Hudson Lyon, related party of Lindsay Lyon, for his employment with the Company. Hudson is employed as a national channel manager which commenced on 10 August 2015. Hudson Lyon’s base salary is $55,000 per annum including super.
11.6.1 Lease on premises

In October 2017, the Company entered into a lease for the premises at Unit 7, 1 Winton Road, Joondalup, WA. The lease is for a period of two years with an option to renew for a further term of three years. The current annual rental is $24,000 indexed to the consumer price index and or market over the period of the lease.

11.6.2 Commonwealth Bank of Australia

The Company has a Trade Finance facility with the CBA to assist its high growth and specifically the purchase of inventory for products consisting of an Overdraft facility of $200,000 and a Trade Advance facility of $500,000. The Company also has a Business Loan with the CBA with an outstanding balance of $64,113 being repaid monthly to September 2021.

11.6.3 Convertible notes

The Company entered into a series of convertible notes and raised $1,180,000 for the purpose of funding. Under the terms of the notes, each note is convertible into Shares in the Company, to be issued on the successful completion of the Offer at a 25% discount from the IPO Share Price. 10% interest is payable on the notes and they are unsecured. They otherwise contain terms standard for converting loans including in relation to covenants and confidentiality. In total, 7,866,668 Shares will be issued upon conversion of the convertible notes.

11.6.4 Lead Manager Agreement

On 25 January 2018, the Company engaged Emerald Capital Australia Pty Ltd in the capacity as Lead Manager to act as the Lead Manager of the Convertible Note raising and the Offer and to act as its corporate advisor on an ongoing basis. Emerald Capital Australia is a corporate authorised representative of Libert as Financial Planning Pty Ltd (ACN 160 419 134), Australian Financial Service License No 429718.

Under the mandate, the Lead Manager is due the following fees:

11.6.4.1 8% fee on the funds raised under the Convertible Notes;
11.6.4.2 8% fee on funds raised under the Offer.

The mandate may be terminated immediately by one party if the other party breaches the terms of the mandate and does not rectify such a breach within 14 days.

11.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

11.7.1 Does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
11.7.2 In light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Greenwich & Co Pty Ltd and Greenwich & Co Audit Pty Ltd have given their written consent to being named as Investigating Accountant and the Auditor in this Prospectus respectively and to the inclusion of the Investigating Accountant’s Report in Section 8 of this Prospectus in the form and context in which the information and report is included. Greenwich & Co Pty Ltd and Greenwich & Co Audit have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.

Madderns Patent & Trade Mark Attorneys (Madderns) have given their written consent to the inclusion of the Intellectual Property Report in Section 10 of this Prospectus in the form and context in which report is included. Madderns have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.
Emerald Capital Australia Pty Ltd has given its written consent to being named as the Lead Manager and corporate advisor to the Company in this Prospectus. Emerald Capital Australia Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Cowell Clarke has given its written consent to being named as the solicitors to the Company in this Prospectus. Cowell Clarke has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Link Market Services has given its written consent to being named as the share registry to the Company in this Prospectus. Link Market Services has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

The University of Western Australia has given its written consent to the inclusion of the article “How Close is too Close? The Effect of a Non-Lethal Electric Shark Deterrent on White Shark Behaviour” in this Prospectus. The University of Western Australia has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Charlie Huveneers has given his written consent to the inclusion of the article “Effects of an Electric Field on White Sharks: In Situ Testing of an Electric Deterrent” in this Prospectus. Charlie Huveneers has not withdrawn his consent prior to the lodgement of this Prospectus with ASIC.

Tom Carroll has given his written consent to being named as a consultant to the Company in this Prospectus, and has not withdrawn his consent prior to the lodgement of this Prospectus with ASIC.

Amanda Morgan has given her written consent to being named as a spokesperson for the Company in this Prospectus, and has not withdrawn her consent prior to the lodgement of this Prospectus with ASIC.

11.7.3 Consent not required

Other than the consents outlined Section 11.7.2, this Prospectus contains statements attributable to third parties. These statements are made or based upon statements made in previously published books, journals and comparable publications that are publicly available. The authors of these previous reports have not consented to the statements’ use in this report. The statements are included in accordance with the class relief from consent requirement given in ASIC Corporations (Consents to Statements) Instrument 2016/72. The following is a list of sources that the Company has utilised in accordance with Instrument 2016/72.

• Environment and Communications References Committee, Federal Senate, Shark mitigation and deterrent measures (2017).

The total expenses of the Offer (excluding GST) are estimated to be approximately $750,000 for minimum subscription or $830,000 for full subscription and are expected to be applied towards the items set out in the table below:

11.8 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately $750,000 for Minimum Subscription or $830,000 for full subscription and are expected to be applied towards the items set out in the table below:

<table>
<thead>
<tr>
<th>Item of Expenditure</th>
<th>Minimum Subscription ($)</th>
<th>Maximum Subscription ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASIC fees</td>
<td>2,400</td>
<td>2,400</td>
</tr>
<tr>
<td>ASX fees</td>
<td>79,362</td>
<td>80,412</td>
</tr>
<tr>
<td>Broker Commissions</td>
<td>400,000</td>
<td>480,000</td>
</tr>
<tr>
<td>Legal Fees</td>
<td>200,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Investigating Accountant’s Fees</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Printing, Distribution &amp; Other</td>
<td>53,238</td>
<td>52,188</td>
</tr>
<tr>
<td>TOTAL</td>
<td>750,000</td>
<td>830,000</td>
</tr>
</tbody>
</table>
11.9 Continuous disclosure obligations

Following admission of the Company to the Official List, it will be a “disclosing entity” (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market, which a reasonable person would expect to have a material effect on the price or the value of its securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to ASX. In addition, the Company will post this information on its website after ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

11.10 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.ocean-guardian.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered.

11.11 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

11.12 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings because the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain a broad range of potential outcomes and scenarios, making it impossible to prepare reliable best estimates.

11.13 Clearing House Electronic Sub-Register System (CHESS and Issuer Sponsorship)

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

11.14 ASX waivers and confirmations

The Company is seeking a waiver from ASX Listing Rule 10.14 in order that the Company may issue the Options to the Company’s employees and Directors (not including Lindsay Lyon) without the consent of Shareholders. The Company intends on issuing the Options upon listing but in any event within 12 months of the completion of the Offer.

The Company is seeking approval from ASX that the terms of the Performance Shares are suitable and will satisfy Listing Rule 1.1 condition 1. The Company is also seeking a waiver from the requirement to comply with ASX Listing Rule 10.11so that the Company may issue the Performance Shares without obtaining shareholder consent. The Company plans to issue the Performance Shares immediately upon the completion of the Offer.
11.15 Taxation considerations

The acquisition and disposal of Securities in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

11.16 Governing Law

This Prospectus and the contracts that arise from the acceptance of the applications under this Prospectus are governed by the law applicable in New South Wales and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

11.17 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information are governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

11.18 Statement of Directors

Other than set out in this Prospectus, the Directors report that after due diligence enquiries by them there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses of the Company, other than disclosed in this Prospectus.

The issue of this Prospectus has been authorised by each Director. Each Director has consented to lodgement of this Prospectus and has not withdrawn that consent.

This Prospectus is signed by Director Mr Lindsay Lyon.

Mr Lindsay Lyon

Chief Executive Officer Ocean Guardian Holdings Limited
Annexure A – Ocean Guardian Holdings Limited - Performance Shares

This document sets out the terms and conditions of the Performance Shares of the Company.

1. Definitions

1.1 “ASX” means ASX Limited or the securities exchange market it operates, as applicable.

1.2 “ASX Listing Rules” means the official listing rules of ASX subject to any waivers granted by ASX as may apply to the Company.

1.3 “Business Day” means Monday to Friday in New South Wales, except a day which is a proclaimed public holiday in New South Wales.

1.4 “Company” means Ocean Guardian Holdings Limited ACN 089 951 066.

1.5 “Corporations Act” means the Corporations Act 2001 (Cth).

1.6 “Earnings Per Share” means the NPAT for a financial year divided by the number of Ordinary Shares on issue and quoted as at the end of that financial year.

1.7 “EBITDA” means earnings before interest, tax, depreciation and amortisation.

1.8 “Milestone” has the meaning set out in clause 13 and comprises the Tranche A, Tranche B and Tranche C Milestone’s.

1.9 “NPAT” means net profit after tax.

1.10 “Ordinary Share” means a fully paid ordinary share in the capital of the Company.

1.11 “Performance Share” means a performance share having the rights and entitlements set out in this document, and comprises Tranche A, Tranche B and Tranche C Performance Shares.

1.12 “Share” means a share in the capital of the Company, and includes Ordinary Shares and Performance Shares.

1.13 “Shareholder” means a registered holder of a Share.

1.14 “Tranche A”, “Tranche B” and ”Tranche C” in relation to Performance Shares has the meaning set out in clause 13.
2. **(Performance Shares)** Each Tranche A Performance Share, Tranche B Performance Share and Tranche C Performance Share is a Share in the capital of the Company.

3. **(General Meetings)** Each Performance Share confers on the holder ("Holder") the right to receive all notices of general meetings and financial reports and financial statements of the Company that are given to Shareholders. The Holder has the right to attend general meetings of Shareholders.

4. **(No voting rights)** A Performance Share does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.

5. **(No dividend rights)** A Performance Share does not entitle the Holder to any dividends.

6. **(No rights to return of capital)** A Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital, or otherwise.

7. **(Rights on winding up)** A Performance Share does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.

8. **(Not transferable)** A Performance Share is not transferable.

9. **(Reorganisation of capital)** If at any time the issued capital of the Company is reconstructed, all rights of any outstanding Performance Shares will be varied to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.

10. **(Application to ASX)** The Performance Shares will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Performance Shares into Ordinary Shares, the Company must within 2 Business Days of such conversion apply for the official quotation of the Shares on ASX arising from the conversion.

11. **(Participation in entitlements and bonus issues)** A Performance Share does not entitle the Holder (in their capacity as a holder of a Performance Share) to participate in new issues of capital offered to Shareholders such as bonus issues and entitlement issues.

12. **(No other rights)** A Performance Share gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

**Conversion of Performance Shares**

13. **(Conversion on achievement of Milestone)** Subject only to the Company obtaining any Shareholder approvals required under the Corporations Act and the ASX Listing Rules:

13.1 **Tranche A Performance Share:** Each Tranche A Performance Share will vest into one Ordinary Share upon the Company reporting to ASX that the Company group's consolidated gross sales revenue was at least $2,475,000 for the financial year ending 30 June 2019 as determined from the Company's consolidated audited financial statements lodged with ASX for that financial year ("Tranche A Milestone").

13.2 **Tranche B Performance Share:** Each Tranche B Performance Share will vest into one Ordinary Share upon the Company reporting to ASX that the Company group's consolidated EBITDA was greater than zero for the financial year ending 30 June 2020 as determined from the Company's consolidated audited financial statements lodged with ASX for that financial year ("Tranche B Milestone").

13.3 **Tranche C Performance Share:** Each Tranche C Performance Share will vest into one Ordinary Share upon the Company reporting to ASX that the Company group's consolidated Earnings Per Share was positive for the financial year ending 30 June 2021 as determined from the Company's consolidated audited financial statements lodged with ASX for that financial year ("Tranche C Milestone").

14. **(Conversion time)** Subject to Clause 17, the Company will convert the relevant vested Performance Shares into Ordinary Shares on these terms within 10 Business Days of satisfaction of the relevant Milestone. For clarity, the Milestone is satisfied on the date the Company reports to ASX in accordance with clause 13.
15. (Conversion procedure) The Company will issue the Holder with a new holding statement for any Share issued upon conversion of a Performance Share within 10 Business Days following the conversion.

16. (Conversion on change of control) Subject to paragraph 17, and notwithstanding the relevant Milestone has not been satisfied, upon occurrence of either:

16.1 a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company, where the bidder has received acceptances for more than 50% of the Company’s Ordinary Shares on issue and being declared unconditional by the bidder; or

16.2 a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

that number of Performance Shares that is no more than 10% of the issued share capital of the Company immediately following conversion under this paragraph, will immediately vest and then convert into an equivalent number of Ordinary Shares within 10 Business Days. The conversion will be completed on a pro rata basis across each class of Performance Shares then on issue. Performance Shares that are not converted into Ordinary Shares under this paragraph will continue to be held by the Holder on the same terms and conditions.

17. (Deferral of conversion if resulting in a prohibited acquisition of Shares) If the conversion of a Performance Share under paragraph 13 or 16 would result in any person being in contravention of section 606(1) of the Corporations Act (“General Prohibition”), then the conversion of that Performance Share shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Share would result in a contravention of the General Prohibition:

17.1 the Holder must give written notice to the Company if they consider that the conversion of a Performance Share may result in the contravention of the General Prohibition. The absence of such written notice from the Holder will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition; and

17.2 the Company may (but is not obliged to) request, by written notice, the Holder to provide written notice referred to in paragraph 17.1 within seven days if the Company considers that the conversion of a Performance Share may result in a contravention of the General Prohibition. The absence of such written notice will entitle the Company to assume that the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.

18. (Cancellation of Performance Shares)

18.1 In the event that the Tranche A Milestone has not been satisfied by the later of 30 September 2019 and the date the Company lodges its consolidated annual financial statements for that financial year with ASX, all Class A Performance Shares will be cancelled.

18.2 In the event that the Tranche B Milestone has not been satisfied by the later of 30 September 2020 and the date the Company lodges its consolidated annual financial statements for that financial year with ASX, all Class B Performance Shares will be cancelled.

18.3 In the event that the Tranche C Milestone has not been satisfied by the later of 30 September 2021 and the date the Company lodges its consolidated annual financial statements for that financial year with ASX, all Class C Performance Shares will be cancelled.

19. (Ranking upon conversion) Each Ordinary Share into which each Performance Share may convert will rank pari passu in all respects with existing Ordinary Shares.

20. (Amendments required by ASX) The Company may amend the terms of the Performance Shares as necessary in order to comply with the ASX Listing Rules or any direction given by ASX regarding the terms.
Annexure B – Terms and Conditions of Options

1. Each Option is issued by Ocean Guardian Holdings Limited (Company) in accordance with these terms and conditions (Option).

2. Each Option entitles the person who is the registered holder (Option Holder) to subscribe for one (1) fully paid ordinary share in the Company (Share) in accordance with these terms.

3. No amount is payable on the issue of the Options.

4. The Company will maintain a register of Option Holders in accordance with the Corporations Act and will give each Option Holder a holding statement for their Options.

Exercise of Options

5. Each Option is exercisable by the Option Holder at any time during the Exercise Period, being the period beginning on the issue of the Options and expiring at 5.00pm AEST on the date which is three years from the date of issue (Expiry Date).

6. An Option may only be exercised by the Option Holder paying the sum of $0.30 (Exercise Price) to the Company and giving notice to the Company in accordance with these terms. Options not validly exercised on or before the Expiry Date will automatically lapse and be cancelled.

7. Method of Exercise of Options:

7.1 The Company will provide to an Option Holder a notice that is to be completed when exercising the Options (Notice of Exercise Form). The Notice of Exercise Form can be found in the Employee Incentive Plan Rules.

7.2 Options may be exercised by the Option Holder validly completing the Notice of Exercise Form and delivering it to the Company to be received prior to the Expiry Date. Once delivered, a valid Notice of Exercise Form cannot be withdrawn.

7.3 The Notice of Exercise Form must state the number of Options to be exercised, which number of Options must be a multiple of 1,000 if only part of the Option Holder’s total Options are exercised (unless the Option Holder exercises all Options held).

7.4 The Notice of Exercise Form by an Option Holder must be accompanied by payment in full of the Exercise Price by cheque in Australian dollars for all Options being exercised.

7.5 An Option will be deemed to have been exercised on the date the Company receives a valid Notice of Exercise Form and full payment in cleared funds of the Exercise Price.

8. Subject to Clause 7.3, the exercise of less than all of the Option Holder’s Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder’s entitlement.

Issue & Quotation of Shares

9. Upon receiving a valid Notice of Exercise Form, the Company will allot and issue the applicable Shares within 10 business days.

10. Within 2 business days of the issue of Shares upon the exercise of Options, the Company will apply for quotation by ASX of those Shares.

11. All Shares issued upon valid exercise of Options will, subject to the Constitution of the Company, rank equally in all respects with the existing Shares on issue at the date of allotment.

Information, Voting & Dividend Rights

12. An Option:

12.1 entitles the Option Holder to receive all reports given to Shareholders,

12.2 does not entitle the Option Holder to vote at any meeting of Shareholders or other security holders (as an Option Holder only), and
12.3 does not confer any dividend rights on the Option Holder.

**Reorganisation**

13. In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

**Bonus and Other Pro Rata Issues**

14. If the Company makes a bonus issue of Shares to existing Shareholders (other than an issue in satisfaction of a dividend or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining the entitlements of the new issue, the number of underlying Shares over which the Option is exercisable will be increased by the number of Shares which the holder of the option would have received if the Option had been exercised before the relevant record date for the bonus issue.

15. If the Company makes a pro rata issue of Shares (other than a bonus issue) to existing Shareholders (other than an issue in satisfaction of a dividend or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining the entitlements to the new issue, the Exercise Price for each Option is reduced in accordance with the ASX Listing Rules.

**New Issues**

16. An Option does not entitle the Option Holder to participate in any new pro-rata issues of capital which may be made or offered by the Company to its security holders from time to time prior to the Expiry Date, unless the Option is exercised prior to the record date for establishing eligibility to participate in any new issue.

17. During the Exercise Period, in respect of any new pro-rata issue of securities in respect of which a Shareholder may be eligible to participate, in accordance with the ASX Listing Rules the Company will notify all Option Holders of:

17.1 the right (if any) to exercise any Options, and

17.2 the proposed terms of the new pro-rata issue, including the record date for the purposes of determining entitlements to that new pro-rata issue, which will be at least 4 business days after such new issues are announced (or such other longer date if required under the ASX Listing Rules).

**General**

18. The Board will make any calculations which are required for the purposes of these terms which, in the absence of manifest error, will be binding on the Company and the Option Holder.

19. The Company will notify the Option Holder of any changes required to be made to the terms of the Options within a reasonable period after the change has been made.

20. These terms and the rights of the Option Holders are governed by the laws of New South Wales. Each Option Holder submits to the jurisdiction of the courts of that state.
| **Board of Directors** | **Independent Chairman**  
Non-Executive Director  
Executive Directors | **Mr. Alan Broome AM**  
**Mr. James Wakim**  
**Mr. Lindsay Lyon**  
**Mrs. Amanda Wilson** |
|-----------------------|--------------------------------------------------|
| **Principle Place of Business** | **Unit 7, 1 Winton Road Joondalup**  
WA 6027  
Telephone: +61 8 9300 0043  
Website: www.ocean-guardian.com |
| **Registered Office** | **Suite 7, Level 1**  
55 Avalon Parade  
Avalon Beach, NSW 2107 |
| **Company Secretary** | **Mr. Adrien Wing**  
**Mr. Hugh Ealey** |
| **Share Registry** | **Link Market Services Limited**  
Level 12, 680 George Street  
Sydney, NSW 2000 |
| **Lawyers to the Company** | **Cowell Clarke**  
Level 21, 133 Castlereagh Street  
Sydney NSW 2000 |
| **Auditors** | **Greenwich & Co Audit Pty Ltd**  
Level 2, 35 Outram Street  
West Perth, WA 6005 |
| **Accountants** | **Greenwich & Co Pty Ltd**  
Level 2, 35 Outram Street  
West Perth, WA 6005 |
| **Lead Manager & Corporate Advisor** | **Emerald Capital Australia Pty Ltd**  
Level 2, 1008 Hay Street  
Perth WA 6000 |
Where the following terms are used in this Prospectus they have the following meanings:

References to currency are references to AUD unless otherwise stated

References to time are to AEST as observed in Sydney, New South Wales.

**Act and Corporations Act** means the Corporations Act 2001 (Cth).

**AEST** means Australian Eastern Standard Time

**AFSL** means Australian Financial Services Licence

**AGM** means Annual General Meeting

**AICD** means Australian Institute of Company Directors

**AIM** means Alternative Investments Market, a submarket of the London Stock Exchange

**Applicant** means a person who submits an Application

**Application** means an Application made to subscribe for Offer Securities offered under this Prospectus

**Application Form** means the application form attached to or accompanying this Prospectus

**Application Monies** means the amount accompanying the Application Form submitted by an investor

**Australian Accounting Standards** means the Australian Accounting Standards Board (AASB) Standards.

**ASIC** means Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the official listing rules of ASX.

**Board** means the board of Directors as constituted from time to time.

**CEO** means Chief Executive Officer

**CFO** means Chief Financial Officer

**CHESS** means Clearing House Electronic Sub-register System, operated in accordance with the Corporations Act.

**Closing Date** means the closing date of the Offer as set out in the indicative timetable on page 5 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

**Company** means Ocean Guardian Holdings Limited ACN 089 951 066.

**Constitution** means the constitution of the Company.

**Directors** mean the directors of the Company at the date of this Prospectus.

**EBITDA** means earnings before interest, tax, depreciation, and amortisation

**EPS** means earnings per share

**Escrowed Securities** means Shares subject to Voluntary Escrow.

**Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

**Existing Shareholders** means the shareholders of the Company prior to the date of this Prospectus.
GLOSSARY

FINSIA means Financial Services Institute of Australasia.

GST means Goods and Services Tax.

Lead Manager and Corporate Advisor means Emerald Capital Australia Pty Ltd ACN 612 920 297.

Maximum Oversubscription means the maximum amount that the Company will accept under the Offer, being $6,000,000.

Minimum Subscription means the Minimum Subscription amount being sought by the Company under the Offer, being $5,000,000.

Ocean & Earth means Ocean & Earth Australia Pty Ltd ABN 15 056 504 191, a surf hardware company located in Sussex, New South Wales.

Offer means the offer of Shares pursuant to this Prospectus as set out in Section 2 of this Prospectus.

Offer Period means the period from the Opening Date until the Closing Date.

Offer Price means $0.20 per Offer Security.

Offer Securities means the Shares offered under this Prospectus.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with ASX Listing Rules.

Opening Date means the opening date of the Offer as set out in the indicative timetable on page 5 of this Prospectus. Option means an option to acquire a Share.

Option Holder means a registered holder of an Option.

Performance Shares means a performance share having the rights and entitlements set out in the Company’s performance shares terms and conditions.

Prospectus means this prospectus.

Prospectus Date means the date on which a copy of this Prospectus is lodged with ASIC as set out in the Important Notices.

Restricted Securities means Shares subject to mandatory restriction agreements.

Restricted Shareholder means a shareholder that has a portion of Shares subject to mandatory escrow.

Section means a section of this Prospectus.

Share and Shares means a fully paid ordinary share in the capital of the Company.

Share Registry means Link Market Services ABN 54 083 214 537.

Shareholder means a holder of Shares.

Technology means technology related to devices that create electrical fields to deter sharks.

Voluntarily Escrowed Shareholder means a Shareholder that has entered a voluntary escrow agreement with the Company.