

Whakatōhea Mussels (Ōpōtiki) Limited

Independent Adviser's Report

In Respect of the Issue of up to 2,000,000 Fully Paid Ordinary Shares to Crown Regional Holdings Limited

June 2023

Statement of Independence

Simmons Corporate Finance Limited confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report; and
- has no direct or indirect pecuniary or other interest in the proposed transaction considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Simmons Corporate Finance Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Takeovers Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

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1. Executive Summary

1.1 Background

Whakatōhea Mussels (Ōpōtiki) Limited (**Whakatōhea Mussels** or the **Company**) farms, harvests, processes and markets New Zealand Greenshell™ Mussels.

The Company currently has 27,308,761 ordinary shares on issue, held by 201 shareholders. Its shares are not currently quoted on any equities securities trading platform.

The Company's unaudited total equity as at 30 April 2023 was \$37.8 million.

A profile of Whakatōhea Mussels is set out in section 3.

1.2 2023 Capital Raise

Whakatōhea Mussels issued an information memorandum dated 12 May 2023 (the **Information Memorandum**) for an offer seeking to raise a total of \$9.5 million of capital, with provision for oversubscriptions of a further \$1.9 million, amounting to a total maximum capital raise of \$11.4 million (the **2023 Capital Raise**).

The 2023 Capital Raise is in 2 parts:

- an offer of convertible notes (the **Notes**) at an issue price of \$1.00 per Note (the **Note Offer**). The Notes are to be issued pursuant to a Deed Poll Constituting Redeemable Convertible Notes (the **Deed Poll**) and give Noteholders the right to convert all or some of their Notes into ordinary shares in the Company after 3 years and again after 5 years. The conversion price fixed by the Deed Poll is \$2.40 per new share (the **Conversion Price**)
- an offer of new ordinary shares (the **New Shares**) at an issue price of \$2.25 per share (the **Issue Price**), payable in cash in full on application (the **Share Offer**).

Priority will be given to applications for New Shares.

The minimum amount which must be raised for the 2023 Capital Raise to proceed is \$6.0 million (the **Minimum Subscription Amount**).

If the maximum amount of capital (including oversubscriptions) of \$11.4 million is raised exclusively by the issue of New Shares under the Share Offer, the maximum number of New Shares which could be issued is 5,066,666 shares.

1.3 Crown Regional Holdings Limited

Crown Regional Holdings Limited (**CRHL**) is the Company's largest shareholder, holding 33.99% of the Company's shares.

The shareholders of CRHL are:

- Minister of Finance – 50%
- Minister of Economic and Regional Development – 50%.

CRHL holds the shares on behalf of the Sovereign in right of New Zealand, acting by and through the Chief Executive of the Ministry of Business, Innovation and Employment (the **Crown**).

The Crown has indicated that it is interested in applying for an allotment of up to 2,000,000 New Shares under the Share Offer (the **Crown Allotment**).

The Crown has also indicated that it is not interested in applying for any Notes under the Note Offer.

If it decides to proceed with the Crown Allotment, the Crown will complete an application in the name of CRHL or enter into a subscription agreement in the name of the Crown, with the Crown to novate its rights and obligations under the agreement to CRHL prior to the date of allotment of the New Shares under the Crown Allotment.

1.4 Whakatōhea Māori Trust Board

Whakatōhea Māori Trust Board (**WMTB**) is the Company's second largest shareholder, holding 9.91% of the Company's shares.

WMTB was established in 1952 to administer funds then held by the Māori Trustee as compensation for confiscated land. WMTB is responsible for managing the current Whakatōhea iwi assets.

WMTB has advised the Company that it will not be applying for any Notes or Shares under the 2023 Capital Raise.

1.5 CRHL Associates

CRHL and WMTB have advised the Company that each exercises all decisions relating to the Company shares held or controlled by it (including in respect of voting) independently from the other.

They each believe that there is an arguable case to contend that they are not "associates" for the purposes of the Takeovers Code (the **Code**).

However, to enable the special meeting of shareholders to occur in a timely manner, WMTB has, notwithstanding its view that there is an arguable case that it is not associated with CRHL, informed the Company that it considers it is in the Company's best interests for WMTB to be treated as an associate.

Accordingly, the Company is treating CRHL and WMTB as associates for the purposes of the Code. However, the Company notes that CRHL and WMTB have each advised the Company that they believe that there is an arguable case to contend that they are not "associates" for the purposes of the Code and, therefore, have reserved their respective positions on this point.

We refer to CRHL and WMTB collectively as the **CRHL Associates**.

The CRHL Associates collectively hold 43.90% of the Company's shares.

1.6 Impact on Shareholding Levels

Whakatōhea Mussels currently has 27,308,761 ordinary shares on issue, held by 201 shareholders.

Following the 2023 Capital Raise and assuming there are no other changes to the Company's capital structure:

- CRHL will hold between 34.85% and 38.49% of the Company's ordinary shares on issue (depending on the number of New Shares issued under the New Share Offer)
- the CRHL Associates will collectively hold between 43.21% and 47.73% of the Company's ordinary shares on issue
- the Company's shareholders not associated with CRHL or WMTB (the **Non-associated Shareholders**) will collectively hold between 52.27% and 56.79% of the Company's ordinary shares on issue.

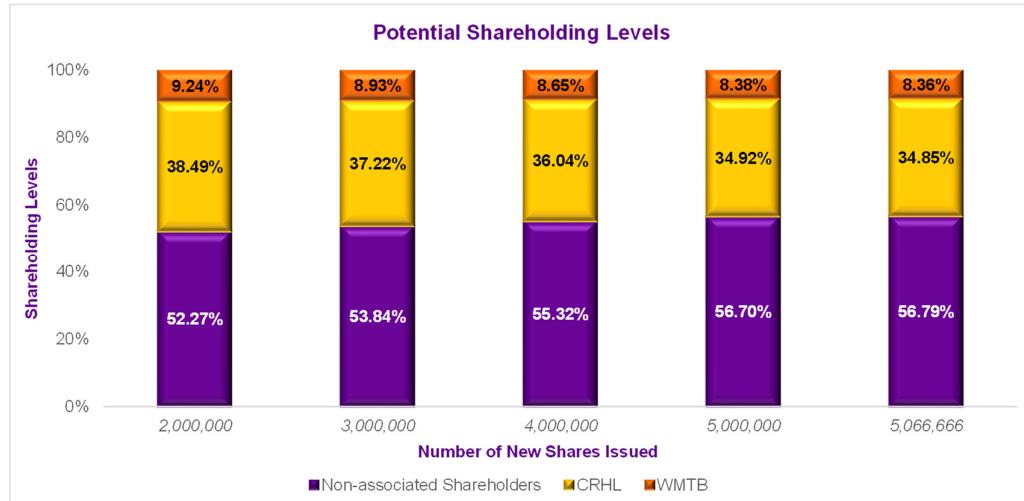
Impact of the 2023 Capital Raise on Shareholding Levels					
	Current		Share Offer No. of Shares	Post the 2023 Capital Raise	
	No. of Shares	%		No. of Shares	%
Non-associated Shareholders	15,318,950	56.10%	- ¹	15,318,950	52.27%
CRHL	9,282,263	33.99%	2,000,000 ²	11,282,263	38.49%
WMTB	2,707,548	9.91%	-	2,707,548	9.24%
CRHL Associates	11,989,811	43.90%	2,000,000 ²	13,989,811	47.73%
Total	27,308,761	100.00%	2,000,000	29,308,761	100.00%

¹ Assumes no New Shares are issued to the Non-associated Shareholders
² Assumes CRHL subscribes for 2,000,000 New Shares under the Crown Allotment

Impact of the 2023 Capital Raise on Shareholding Levels					
	Current		Share Offer No. of Shares	Post the 2023 Capital Raise	
	No. of Shares	%		No. of Shares	%
Non-associated Shareholders	15,318,950	56.10%	3,066,666 ¹	18,385,616	56.79%
CRHL	9,282,263	33.99%	2,000,000 ²	11,282,263	34.85%
WMTB	2,707,548	9.91%	-	2,707,548	8.36%
CRHL Associates	11,989,811	43.90%	2,000,000 ²	13,989,811	43.21%
Total	27,308,761	100.00%	5,066,666 ¹	32,375,427	100.00%

¹ Assumes the maximum 5,066,666 New Shares are issued under the Share Offer
² Assumes CRHL subscribes for 2,000,000 New Shares under the Crown Allotment

The graph that follows shows the shareholding levels for the Non-associated Shareholders, CRHL and WMTB depending on the number of New Shares issued under the Share Offer and assuming CRHL subscribes for 2,000,000 New Shares under the Crown Allotment.



1.7 Summary of Opinion

Our evaluation of the merits of the Crown Allotment as required under the Code is set out in section 2.

In our opinion, after having regard to all relevant factors, the positive aspects of the 2023 Capital Raise (including the Crown Allotment) outweigh the negative aspects from the perspective of the Non-associated Shareholders.

1.8 Special Meeting of Shareholders

Whakatōhea Mussels is holding a special meeting of shareholders on 24 June 2023, where the Company will seek shareholder approval of 2 resolutions which cover the Crown Allotment and the 2023 Capital Raise:

- resolution 1 – approval of the Crown Allotment for the purposes of the Code (the **Crown Allotment Resolution**)
- resolution 2 – approval of the 2023 Capital Raise (the **Capital Raise Resolution**).

The 2 resolutions are ordinary resolutions. An ordinary resolution is a resolution passed by a simple majority of votes of those shareholders entitled to vote and voting on the resolutions in person or by proxy.

CRHL and its associates (as defined in the Code) are prohibited from voting any shares that they hold on the Crown Allotment Resolution. WMTB is deemed to be an associate of CRHL for the purposes of the Crown Allotment Resolution.

All shareholders are permitted to vote on the Capital Raise Resolution.

The 2 resolutions are not interdependent. The 2023 Capital Raise is not dependent on either resolution being passed. However, if the Crown Allotment Resolution is not passed, CRHL will only be permitted to subscribe for such number of New Shares under the Share Offer to maintain its current shareholding level of 33.99%.

1.9 Regulatory Requirements

Whakatōhea Mussels is a code company as defined by the Code and is subject to the provisions of the Code.

Rule 6 of the Code prohibits:

- a person who holds or controls no voting rights or less than 20% of the voting rights in a code company from holding or controlling an increased percentage of the voting rights in the code company unless, after that event, that person and that person's associates hold or control in total not more than 20% of the voting rights in the code company
- a person who holds or controls 20% or more of the voting rights in a code company from holding or controlling an increased percentage of the voting rights in the code company

unless done in compliance with exceptions to this fundamental rule.

One of the exceptions, set out in Rule 7(d) of the Code, enables a person to become a holder or controller of an increased percentage of voting rights by an allotment of voting securities in the code company if the allotment is approved by an ordinary resolution of the code company (on which neither that person, nor any of its associates, may vote).

The Crown Allotment will result in CRHL holding or controlling between 34.85% and 38.49% of the voting rights in Whakatōhea Mussels and the CRHL Associates holding or controlling between 43.21% and 47.73% of the voting rights (assuming CRHL subscribes for 2,000,000 New Shares).

Accordingly, in accordance with the Code, the Non-associated Shareholders will vote at the Company's special meeting on an ordinary resolution in respect of the Crown Allotment (resolution 1).

Rule 18 of the Code requires the directors of a code company to obtain an Independent Adviser's Report on the merits of an allotment under Rule 7(d).

This Independent Adviser's Report is to be included in, or accompany, the notice of meeting pursuant to Rule 16(h).

1.10 Purpose of the Report

The Company's board of directors (the **Board**) has engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report on the merits of the allotment of shares under the Crown Allotment in accordance with Rule 18 of the Code.

Simmons Corporate Finance was approved by the Takeovers Panel on 9 May 2023 to prepare the Independent Adviser's Report.

Simmons Corporate Finance issues this Independent Adviser's Report to the Board for the benefit of the Non-associated Shareholders to assist them in forming their own opinion on whether to vote for or against the Crown Allotment Resolution.

We note that each shareholder's circumstances and objectives are unique. Accordingly, it is not possible to report on the merits of the Crown Allotment in relation to each shareholder. This report on the merits of the Crown Allotment is therefore necessarily general in nature.

The Independent Adviser's Report is not to be used for any other purpose without our prior written consent.

2. Evaluation of the Merits of the 2023 Capital Raise (Including the Crown Allotment)

2.1 Basis of Evaluation

Rule 18 of the Code requires an evaluation of the merits of the allotment of shares to CRHL under the Crown Allotment, having regard to the interests of the Non-associated Shareholders.

There is no legal definition of the term *merits* in New Zealand in either the Code or in any statute dealing with securities or commercial law.

In the absence of an explicit definition of *merits*, guidance can be taken from:

- the Takeovers Panel *Guidance Note on Independent Advisers* dated 11 March 2021
- definitions designed to address similar issues within New Zealand regulations which are relevant to the proposed transaction
- overseas precedents
- the ordinary meaning of the term *merits*.

The Crown Allotment is a component of the 2023 Capital Raise. Therefore, when assessing the merits of the Crown Allotment, we are of the view that an assessment of the merits of the 2023 Capital Raise also needs to be undertaken.

We are of the view that an assessment of the merits of the 2023 Capital Raise (including the Crown Allotment) should focus on:

- the rationale for the 2023 Capital Raise
- the terms and conditions of the 2023 Capital Raise
- the impact of the 2023 Capital Raise on Whakatōhea Mussels' financial position
- the impact of the 2023 Capital Raise on the control of Whakatōhea Mussels
- the impact of the 2023 Capital Raise on Whakatōhea Mussels' share price
- the benefits and disadvantages to the Non-associated Shareholders and CRHL of the 2023 Capital Raise
- the likelihood of the Crown Allotment Resolution being approved
- the implications if the Crown Allotment Resolution is not approved.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

2.2 Summary of the Evaluation of the Merits of the 2023 Capital Raise (Including the Crown Allotment)

The Non-associated Shareholders currently hold shares in a relatively early stage company developing and operating a Greenshell™ Mussel aquaculture farm and processing facility with total equity of \$37.8 million as at 30 April 2023.

The 2023 Capital Raise consists of Whakatōhea Mussels:

- issuing up to 5,066,666 New Shares at an Issue Price of \$2.25 per share under the Share Offer to raise up to \$11.4 million (including up to 2,000,000 New Shares to CRHL under the Crown Allotment)
- depending on the number of New Shares issued, issuing Notes under the Note Offer to raise an amount of capital equivalent to up to \$11.4 million less the amount raised from the Share Offer.

The 2023 Capital Raise will close after the date of the special meeting of shareholders.

The 2023 Capital Raise will raise up to \$11.4 million of new capital to fund the Company's business operations and for the continuation of the development of Whakatōhea Mussels' business operations in line with its current business plan.

Depending on the number of New Shares issued under the Share Offer and the extent to which the Non-associated Shareholders participate in the Share Offer, their shareholdings in Whakatōhea Mussels will potentially be diluted by the Share Issue component of the 2023 Capital Raise by up to 15.7%.

The Non-associated Shareholders are being asked to vote on 2 resolutions in respect of the 2023 Capital Raise. Accordingly, shareholders have 3 alternatives with regard to their voting:

- vote in favour of one or both resolutions, in which case if both resolutions are passed, the Company will attempt to complete the 2023 Capital Raise and raise up to \$11.4 million of fresh equity (including up to \$4.5 million from the Crown), or
- vote against one or both of the resolutions. In the event that:
 - the Crown Allotment Resolution is not passed, then the Crown Allotment will not be undertaken but the 2023 Capital Raise may still proceed if approved
 - the Capital Raise Resolution is not passed, then the 2023 Capital Raise will only be undertaken if the Minimum Subscription Amount of \$6.0 million is raised, or
- abstain from voting, in which case the voting of the other shareholders will determine the outcome.

Our evaluation of the merits of the 2023 Capital Raise (including the Crown Allotment) are set out in detail in sections 2.3 to 2.21.

In our view, the key overriding factor in assessing the merits of the 2023 Capital Raise (including the Crown Allotment) is that the Non-associated Shareholders will potentially be in a more advantageous financial position post the 2023 Capital Raise, where they will collectively hold (at least) a 52.27% interest in Whakatōhea Mussels (compared with their current collective holding of 56.10%), with the Company improving its financial position by raising up to \$11.4 million of fresh capital to fund its business operations and continue its development of its business plan.

In summary, the positive aspects of the 2023 Capital Raise (including the Crown Allotment) are:

- the rationale for the 2023 Capital Raise is sound. It will ensure that Whakatōhea Mussels is adequately financed in the near term to continue to fund its business operations and continue its development of its current business plan
- the terms of the 2023 Capital Raise are reasonable:
 - preference is given to raising capital from the Share Offer over the Note Offer, thereby preserving the Company's cash reserves in the future by not having to pay interest on the Notes and redeeming the Notes when they mature
 - the New Shares Issue Price of \$2.25 per share is reasonable
 - the offer will be made to both CRHL and those Non-associated Shareholders who meet the wholesale investor criteria, thus allowing all qualified shareholders to apply to participate in the capital raise on equal terms
- the 2023 Capital Raise will have a positive impact on the Company's financial position:
 - it will increase the Company's cash on hand / reduce its net interest bearing debt (**IBD**) by up to \$11.4 million (depending on the amount of capital raised)
 - depending on the amount of capital raised under the Share Offer and the Note Offer, it will increase the Company's total equity by up to \$11.4 million
- as a key component of the 2023 Capital Raise, the Crown Allotment will increase the Company's cash on hand / reduce its net IBD by up to \$4.5 million and increase its total equity by up to \$4.5 million.

In summary, the negative aspects of the 2023 Capital Raise (including the Crown Allotment) are:

- the dilutionary impact of the Crown Allotment on the Non-associated Shareholders will result in their current collective interests in the Company reducing by between 6.8% and 15.7% (depending on the number of New Shares issued under the Share Offer) if they do not participate in the Share Offer.

In summary, the neutral aspects of the 2023 Capital Raise (including the Crown Allotment) are:

- CRHL's level of control and influence over shareholding voting, the Board and the Company's operations will not increase by any significant degree
- the Company's shares are not currently quoted on any equities securities trading platform and therefore the 2023 Capital Raise will not have any impact on the liquidity of Whakatōhea Mussels' shares in the near term
- the 2023 Capital Raise is unlikely to change the nature of business risks faced by Whakatōhea Mussels to any significant degree in the near term
- the attraction of Whakatōhea Mussels as a takeover target is unlikely to change.

The implications of the Crown Allotment Resolution not being approved by the Non-associated Shareholders are that the Crown Allotment will not proceed and CRHL will only be permitted to subscribe for such number of New Shares under the Share Offer to maintain its current shareholding level of 33.99%.

The implications of the Capital Raise Resolution not being approved by the Company's shareholders are that the Board will look to proceed with the 2023 Capital Raise in accordance with the provisions of the Company's constitution if the Minimum Subscription Amount of \$6.0 million is raised.

There are several positive and negative features associated with the 2023 Capital Raise (including the Crown Allotment). In our view, when the Non-associated Shareholders are evaluating the merits of the 2023 Capital Raise (including the Crown Allotment), they need to carefully consider whether the negative aspects of the 2023 Capital Raise (including the Crown Allotment), particularly the dilutionary impact, could justify voting against the Crown Allotment Resolution and / or the Capital Raise Resolution, with the outcome that the Company may need to raise additional capital in the near term to continue to be able to fund the development of its operations.

In our opinion, after having regard to all relevant factors, the positive aspects of the 2023 Capital Raise (including the Crown Allotment) outweigh the negative aspects from the perspective of the Non-associated Shareholders.

2.3 Rationale for the 2023 Capital Raise

The objective of the 2023 Capital Raise is to raise up to \$11.4 million of capital to fund the Company's business operations and for the purpose of the continued development of the Company's current business plan.

The capital will be applied to improving the Company's working capital position, increasing its processing capacity and completing the development of its mussel farm.

The Board expects that these initiatives will lead to the Company achieving profitability by the 2025 financial year.

The Board has stated that:

- since the completion of the most recent capital raise in 2022 which raised \$8.1 million (the **2022 Capital Raise**), the Company has encountered a number of delays in improving its production (both in regard to the mussel farm operation and the newly commissioned processing facility)
- a new vessel (the Pakihi Kura) was commissioned in 2022 which will alleviate the on-farm constraints and reduce the impact of weather farm constraints and reduce the impact of weather on harvesting and growing the mussel crop
- the Company expects to realise the harvest volume improvements from the third vessel in the 2025 financial year onwards
- continued local recruitment and upskilling is being undertaken to maintain staffing levels and improve productivity
- 55 staff have been employed from the Solomon Islands to support current employees and to lift processing capacity
- the increase in staff has increased production in the processing facility.

In our view, the rationale for the 2023 Capital Raise is sound. The 2023 Capital Raise will ensure that Whakatōhea Mussels will be adequately capitalised in the near term to fund its business operations and for the continued development of the Company's mussel farm and processing facility in line with its current business plan.

2.4 Process Undertaken by Whakatōhea Mussels

We are advised by the Board that following the completion of the 2022 Capital Raise, the Board identified that that more funding would be required as the employment of production staff was difficult and this reflected in lower production levels than was forecast, resulting in lower than forecasted cashflows.

Discussions began with major shareholders (at that stage not including the Crown) to assess their appetite for further investment. Initially the early discussions were for loans but this was changed to a Note offer to provide additional incentive to shareholders / investors.

The Board decided that given the position of the Company so soon after raising capital in 2022, a discount of 15% to 25% was appropriate after reviewing what was being considered in the financial market place and what was expected by investors.

In subsequent discussions with the Crown it was clear that the Crown would prefer to invest in new equity rather than Notes.

The Board decided to expand the offer to include new equity so as to allow participation by the Crown and by any other shareholders / investors who would prefer equity or a mix of equity and Notes.

During this process the Board took commercial advice from Neil Craig. This advice was provided by Mr Craig in his personal capacity and not in his capacity as a director of Craig Investment Partners. Mr Craig is a shareholder in the Company through Mussel Men Opotiki Limited and is a brother of the Company's chair Ian Craig. Neil Craig is also a contributor of \$0.3 million of the IBD due for repayment on 30 June 2023 from the proceeds of the 2023 Capital Raise.

While the Board did consider alternative forms of capital raising (eg a pro rata rights issue), the Share Issue and Notes Issue was considered to be the most efficient form of capital raising that would most likely be successful in raising the amount of capital sought.

2.5 Terms of the 2023 Capital Raise

The 2023 Capital Raise is an offer seeking to raise a total of \$9.5 million of capital, with provision for oversubscriptions of a further \$1.9 million, amounting to a total maximum capital raise of \$11.4 million.

The 2023 Capital Raise is in 2 parts:

- the Note Offer
- the Share Offer.

Priority will be given to applications for New Shares.

The Minimum Subscription Amount which must be raised for the 2023 Capital Raise to proceed is \$6.0 million.

If the maximum amount of capital (including oversubscriptions) of \$11.4 million is raised exclusively by the issue of New Shares under the Share Offer, the maximum number of New Shares which could be issued is 5,066,666 shares.

The Note Offer and the Share Offer are open to both existing shareholders and new investors, provided that they are wholesale investors (for the purposes of schedule 1, clause 3 of the Financial Markets Conduct Act 2013).

The terms of the Note Offer and the Share Offer do not give priority to or amongst existing shareholders.

If the Note Offer and the Share Offer are oversubscribed, the Board will determine which applications are accepted and the order in which applications are accepted. We understand that the Board's intention is to give priority to applications from existing shareholders.

Share Offer

The key terms of the Share Offer are:

- an Issue Price of \$2.25 for each New Share, payable in cash upon application
- the New Shares will be ordinary shares and will be issued on the same terms as the existing ordinary shares in the Company.

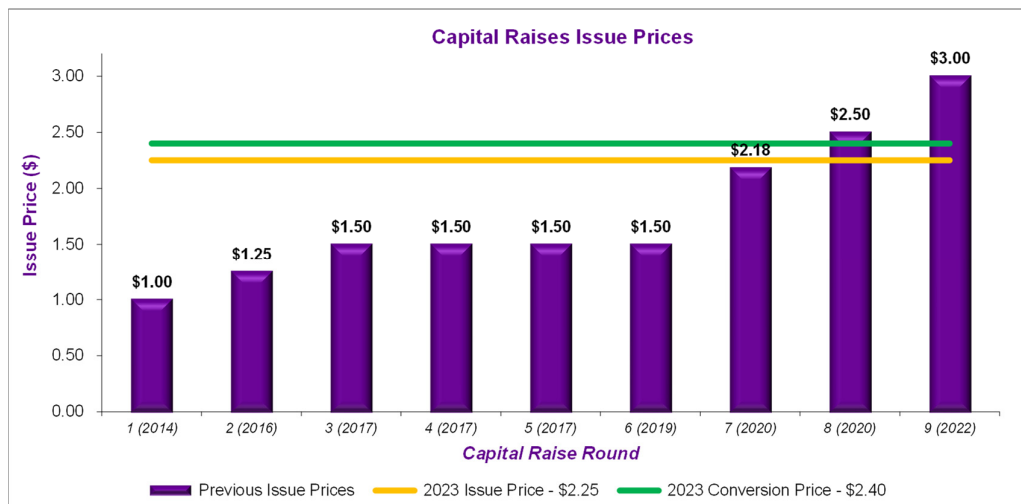
The Company's shares are not currently quoted on any equities securities trading platform. Accordingly, the fair market value of the shares cannot be referenced to observed trading prices for the shares.

Given that the Company has incurred trading losses since its incorporation in July 2014 and requires the 2023 Capital Raise to fund its business operations and the continued development of the business, we consider a valuation of the shares based on various forecast operating scenarios to be somewhat arbitrary.

In our view, the most compelling evidence upon which to assess the reasonableness of the Issue Price are the prices paid by investors under previous capital raises undertaken by the Company, as this reflects the prices at which shareholder were prepared to invest their cash in the Company.

The Issue Price of \$2.25 represents:

- a 25% discount to the issue price of \$3.00 under the 2022 Capital Raise
- a 10% discount to the issue price of \$2.50 in the second capital raise in 2020
- a 3% premium to the issue price of \$2.18 in the first capital raise in 2020
- significantly higher than the issue prices in the 6 capital raises between 2014 and 2019 of \$1.00 to \$1.50.



Source: Whakatōhea Mussels

While the Issue Price is at a discount to the 2 most recent capital raises, we consider this to be reasonable given:

- the Company's financial position has deteriorated since those capital raises. The Company recorded a loss of \$7.3 million in the 2022 financial year and is forecasting a loss of \$6.8 million in the 2023 financial year
- the Company urgently needs fresh capital to fund its business operations.

The Non-associated Shareholders who meet the definition of a wholesale investor have the opportunity to participate in the Share Issue on the same terms as CRHL. Accordingly, qualified Non-associated Shareholders have the opportunity to increase their investment in the Company and thereby reduce the dilutionary impact of the Crown Allotment on their shareholding levels.

Note Offer

The key terms of the Note Offer are:

- an issue price of \$1.00 per Note, payable in cash upon application
- each Note must be redeemed by the Company for cash at its issue price of \$1.00 on 30 June 2028 (the **Note Maturity Date**)
- either the Noteholder or the Company may elect to redeem any or all of the outstanding Notes by providing notice to the other on or before 30 June 2026 (the **Early Redemption Date**). If exercised, the Notes to be redeemed (the **Redeemed Notes**) will be redeemed in 3 equal instalments with the first instalment being on the Early Redemption Date and the second and third instalments on the first and second anniversaries of the Early Redemption Date. Redeemed Notes will continue to earn interest until actually redeemed by the Company. Noteholders will not be permitted to convert Redeemed Notes

- a Noteholder is entitled to convert some or all of its Notes to ordinary shares (the **Conversion Shares**) in the Company on either the Note Maturity Date or the Early Redemption Date. The Company does not have the right to convert any of the Notes
- if a Noteholder elects to convert any Notes into Conversion Shares in the Company, the Conversion Price is \$2.40 per share
- the entitlement of the Noteholder to a fraction of a share will be rounded up to the nearest whole number of shares which result from conversion of the Notes
- the Company is required to pay interest on each Note at 9.0% per annum, calculated on a daily basis. Interest is payable from the date of issue of the Note until the date the Note is converted or redeemed. Interest is payable quarterly with the first payment on 1 October 2023
- the Notes are not secured against the assets of the Company. In the event of insolvency of the Company, the Noteholders will be unsecured creditors and will rank equally with the other unsecured creditors of the Company
- the Notes are transferable but subject to a number of conditions set out in the Deed Poll including that the transfer must be confirmed and approved by the Company
- the Deed Poll provides for decisions by Noteholders about matters such as defaults and variations to be dealt with by meetings of Noteholders.

The Conversion Price of \$2.40 per share is 6.7% higher than the Issue Price of \$2.25 per share.

The Board has stated that the higher Conversion Price reflects the right to receive interest on the Notes for up to 3 years and the right to redeem the Notes.

We consider the terms of the Note Issue (including the 9.0% coupon and the higher Conversion Price) to be reasonable.

2.6 Impact on Financial Position

A summary of Whakatōhea Mussels' recent financial position is set out in section 3.7.

The Company's total equity as at 30 April 2023 was \$37.8 million and it had net IBD of \$22.0 million at that date (including an overdraft of \$4.7 million).

The 2023 Capital Raise will significantly strengthen Whakatōhea Mussels' financial position. The 2023 Capital Raise will:

- reduce Whakatōhea Mussels' net IBD by up to \$11.4 million (from \$22.0 million based on the Company's financial position as at 30 April 2023) to as low as \$10.6 million
- increase the Company's total equity by up to \$11.4 million (depending on the amount of capital raised and the number of New Shares issued under the Share Offer).

As a key component of the 2023 Capital Raise, the Crown Allotment will decrease net IBD and increase total equity by up to \$4.5 million.

2.7 Impact on Control

Share Capital and Shareholders

Whakatōhea Mussels currently has 27,308,761 fully paid ordinary shares on issue held by 201 shareholders. The names, number of shares and percentage holding of the Company's 10 largest shareholders are set out in section 3.4.

Shareholding Voting

CRHL currently holds 33.99% of the voting rights in the Company, which enables it to block special resolutions (which require the approval of 75% of the votes cast by shareholders) but it cannot singlehandedly pass or block ordinary resolutions (which require the approval of more than 50% of the votes cast by shareholders) or singlehandedly pass special resolutions.

An 0.86% to 4.50% increase in CRHL's shareholding to between 34.85% and 38.49% under the 2023 Capital Raise will not increase CRHL's ability to influence shareholding voting to any significant degree – it will still be able to block special resolutions but still will not be able to singlehandedly pass or block ordinary resolutions or pass special resolutions.

CRHL and WMTB have agreed to be treated as associates under the Code for the purposes of this special meeting of shareholders. The CRHL Associates currently collectively hold 43.90% of the voting rights in the Company. While a 43.90% shareholding is technically not sufficient to singlehandedly pass or block an ordinary resolution, it most probably can as a number of shareholders in widely held companies (such as Whakatōhea Mussels with over 200 shareholders) tend not to vote on resolutions and hence the relative weight of the 43.90% interest increases.

The change in the CRHL Associates' collective shareholding to between 43.21% and 47.73% will marginally strengthen their ability to influence the outcome of the shareholder voting – assuming they both vote in the same manner.

The ability for any shareholder to influence the outcome of voting on the Company's ordinary resolutions or special resolutions may be reduced by external factors such as the Company's constitution, the Code and the Companies Act 1993 (eg if the shareholder is precluded from voting on the resolution because it is a party to the transaction which the resolution relates to).

Given the above, we are of the view that the Crown Allotment will not provide CRHL with any significant increased ability to exert control over shareholder voting.

Board Control

As set out in section 3.3, the Company currently has 6 directors on the Board, 2 of whom are associated with CRHL.

At the Company's special meeting of shareholders on 6 May 2023, the Company's shareholders approved a change to the composition of the Board, whereby there would be:

- up to 3 directors appointed by CRHL and WMTB (the **Whakatōhea – Crown Directors**)
- up to 3 directors appointed by the remaining shareholders (the **Whānau Directors**)
- up to 3 further directors appointed by the Whakatōhea – Crown Directors and the Whānau Directors (the **Appointed Directors**).

We are advised that the 2023 Capital Raise (including the Crown Allotment) will not result in any change to the composition of the Board in the near term.

Operations

We are advised that CRHL's influence over the Company's operations is solely through its Board representation.

As the composition of the Board will not change, the Crown Allotment will not change the level of CRHL's influence over the Company's operations.

2.8 Dilutionary Impact

The 2023 Capital Raise (including the Crown Allotment) will result in the Non-associated Shareholders' shareholdings in the Company being diluted by between 6.8% and 15.7% (depending on the number of New Shares issued under the Share Offer) if they do not participate in the Share Offer.

While the dilutionary impact is moderately significant, we are of the view that the Non-associated Shareholders' main focus should be on whether there is any dilutionary impact on the value of their respective shareholdings rather than on their level of voting rights.

As set out in section 2.5, we are of the view that the terms of the 2023 Capital Raise are fair and that there are no material value transfers from the Non-associated Shareholders to CRHL.

2.9 Impact on Share Price and Liquidity

Whakatōhea Mussels' shares are not currently quoted on any equities securities trading platform. Accordingly, there has been no trading in the Company's shares and therefore the 2023 Capital Raise will not change the liquidity of the Company's shares.

In November 2022, the Company's shareholders approved the set up of a share trading platform, which we understand will be implemented in 2024.

2.10 Key Business Risks

The key business risks that Whakatōhea Mussels faces are set out in section 3.5.

The 2023 Capital Raise (including the Crown Allotment) will not change the nature of (or level of) business risk faced by the Non-associated Shareholders to any significant degree.

2.11 Main Advantage to the Non-associated Shareholders of the 2023 Capital Raise

The Non-associated Shareholders currently collectively hold 56.10% of the shares in a relatively early stage company developing and operating a Greenshell™ Mussel aquaculture farm with total equity of \$37.8 million as at 30 April 2023.

Following the 2023 Capital Raise, they will collectively hold between 52.27% and 56.79% of the shares in a much better capitalised company with increased total equity and reduced net IBD of potentially up to \$11.4 million, enabling Whakatōhea Mussels to fund its operations and continue to develop its business operations in line with its current business plan.

2.12 Main Disadvantage to the Non-associated Shareholders of the 2023 Capital Raise

The main disadvantage to the Non-associated Shareholders of the 2023 Capital Raise is that the shares issued under the Share Issue (including the Crown Allotment) will dilute their interests in the Company to some degree.

Non-associated Shareholders who do not participate in the Share Issue will be diluted by up to 15.7%.

In our view, the positive aspects of the enhanced funding of the Company outweigh the dilutionary impact of the 2023 Capital Raise (including the Crown Allotment).

2.13 Other Issues for the Non-associated Shareholders to Consider

Future Requirements for Capital

The Capital Raise Resolution authorises a capital raising for the Company of up to \$11.4 million.

The funds raised from the 2023 Capital Raise will be applied towards funding the Company's operations and the continuation of the development of Whakatōhea Mussels' business operations in line with its current business plan.

Non-associated Shareholders should be cognisant that any equity raisings by the Company in the future in which they do not participate will lead to further dilution of their proportionate interests in the Company.

Benefits to Whakatōhea Mussels of CRHL as a Cornerstone Shareholder

The Crown Allotment will strengthen CRHL's position as an important cornerstone investor in Whakatōhea Mussels, signalling the Crown's continued confidence in the future prospects of the Company.

Non-associated Shareholder Approval of the Crown Allotment is Required

Pursuant to Rule 7(d) of the Code, the Non-associated Shareholders must approve by ordinary resolution the Crown Allotment.

The Crown Allotment will not proceed unless the Non-associated Shareholders approve the Crown Allotment Resolution.

Inability to Creep

The *creep provisions* of Rule 7(e) of the Code enable entities that hold or control more than 50% and less than 90% of the voting securities in a code company to acquire up to a further 5% of the code company's shares in any 12 month period without the need for shareholder approval.

Following the 2023 Capital Raise (including the Crown Allotment), CRHL will hold or control between 34.85% and 38.49% of Whakatōhea Mussels' shares. Accordingly, CRHL will not be able to utilise the *creep provisions*.

Attractiveness of the Company as a Takeover Target Unlikely to Change

In our view, the 2023 Capital Raise will have negligible impact on the likelihood of a takeover offer for Whakatōhea Mussels. CRHL's increased shareholding of up to 38.49% is unlikely to change the attraction of the Company as a takeover target to CRHL or other parties.

2.14 Key Benefit to CRHL

The Crown Allotment provides CRHL with the opportunity to increase its shareholding in Whakatōhea Mussels from 33.99% to between 34.85% and 38.49%.

2.15 Key Disadvantage to CRHL

The key issues and risks that are likely to impact upon the business operations of Whakatōhea Mussels are summarised in section 3.5. As CRHL's ownership in Whakatōhea Mussels increases, so does its exposure to these risks.

2.16 Likelihood of the Crown Allotment Resolution Being Approved

The Board has unanimously recommended the approval of the Crown Allotment Resolution.

The CRHL Associates are not permitted to vote on the Crown Allotment Resolution. Accordingly, the votes of the Non-associated Shareholders who collectively hold 56.10% of the Company's voting rights will determine the outcome of the resolution.

The Company's top 10 shareholders after CRHL and WMTB collectively hold 32.13% of the Company's shares. The votes of these major shareholders will significantly influence the outcome of the voting on the Crown Allotment Resolution. If all 10 top shareholders vote in favour of the Crown Allotment Resolution, their votes would represent approximately 57% of the 56.10% of voting rights eligible to vote on the resolution and therefore the resolution would be approved.

2.17 Implications of the Crown Allotment Resolution not Being Approved

If the Crown Allotment Resolution is not approved, then the Crown Allotment cannot proceed. CRHL will not be able to subscribe for up to 2,000,000 New Shares under the Share Issue and the Company will not receive up to \$4.5 million of fresh equity from CRHL.

Whakatōhea Mussels could possibly still receive this capital from other shareholders and / or new investors under the 2023 Capital Raise. However, in our opinion, the likelihood of success of the 2023 Capital Raise would be severely diminished if the Crown Allotment did not proceed.

Once the number of New Shares subscribed for by the other shareholders and new investors under the Share Offer has been ascertained, CRHL will be able to contemporaneously subscribe for New Shares under the Share Offer up to the number such that CRHL's shareholding in the Company will be no more than 33.99% (ie its current shareholding level) immediately following the Share Offer.

2.18 Voting For or Against the Crown Allotment Resolution

Voting for or against the Crown Allotment Resolution is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

2.19 Likelihood of the Capital Raise Resolution Being Approved

The Board has unanimously recommended the approval of the Capital Raise Resolution.

All shareholders, including the CRHL Associates, are permitted to vote on the Capital Raise Resolution. We assume CRHL's 33.99% shareholding will be voted in favour of the resolution.

The Company's top 10 shareholders collectively hold 73.64% of the Company's shares. This includes CRHL and WMTB. The votes of the major shareholders will significantly influence the outcome of the voting on the Capital Raise Resolution. If all 10 top shareholders vote in favour of the Capital Raise Resolution, the resolution would be approved.

2.20 Implications of the Capital Raise Resolution not Being Approved

The Company's constitution permits the Board to issue new ordinary shares up to a maximum of 25% of the number of existing shares on issue at the date of issue of the new ordinary shares. Notes are regarded as shares for the purpose of this provision.

If the Capital Raise Resolution is not approved, then the Board will still look to proceed with the 2023 Capital Raise - in accordance with the provisions of the Company's constitution - if the Minimum Subscription Amount of \$6.0 million is raised.

The non-approval of the Capital Raise Resolution could possibly have negative implications for future capital raising initiatives as potential investors may be hesitant to invest in the Company - especially if shareholder approval is required.

2.21 Voting For or Against the Capital Raise Resolution

Voting for or against the Capital Raise Resolution is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

3. Profile of Whakatōhea Mussels

3.1 Background

Whakatōhea iwi is centred around the coastal town of Ōpōtiki in the Eastern Bay of Plenty region.

Over 20 years ago, Whakatōhea created the aspiration to develop a Greenshell™ Mussel aquaculture farm off the coastline of Ōpōtiki.

The vision was that the farming operation would be the foundation of employment for their people, provide income for whānau and support improved outcomes for the entire community.

The Company was incorporated on 4 July 2014.

The consent process for creating the world's first open ocean Greenshell™ Mussel farm of such magnitude took over 10 years of legislative change and resource consent approval, followed by a further 5 years of research and feasibility trials.

When the venture needed capital to reach commercialisation, the community came together – with both local Māori and Pakeha businesses, families and local trusts investing to enable the farming operation to further expand.

3.2 Overview of Whakatōhea Mussels' Operations

Whakatōhea Mussels' principal activity is that of farming, harvesting, processing and marketing New Zealand Greenshell™ Mussels.

The Company estimates that it represents approximately 5% of the New Zealand Greenshell™ Mussels industry in the 2023 financial year.

Te Whakatōhea mussel farm lies just over 8.5 kilometres off the coastline of Ōpōtiki, expanding across over 3,800 hectares of nutrient rich, clear and open ocean water space.

The mussel farm currently has 298 lines in the water, of which 124 lines are in use and 51 lines are under development.

Three vessels are used to harvest the mussels:

- Northern Quest
- Kukutai
- Pakihi Kura.

The 3 vessels have a combined carrying capacity of 270 tonnes.

Mussels are harvested daily from mussel farms and delivered directly to the Company's Ōpōtiki processing facility, where the mussels are immediately processed into frozen half shell mussels destined for the export market.

The processing facility was commissioned in 2021. The purpose-built facility consists of 2 large processing factory buildings with a drive-through canopy between them. The facility has the capacity to produce various mussel products for domestic and international markets, ranging from:

- frozen half shell
- frozen mussel meat
- live whole shell.

Whakatōhea Mussels processed approximately 2,000 Green Weight Tonnes (**GWT**) in the year ended 30 June 2022.

Its daily production capacity in April 2023 was 38 GWT.

At the end of April 2023, the Company employed 227 staff.

3.3 Directors and Senior Management

The Board consists of 6 directors:

- Frederick Cookson, Whānau Director
- Ian Craig, chair, Whānau Director
- Robert Edwards, Whakatōhea – Crown Director
- Te Kahautu Maxwell, Whakatōhea – Crown Director
- Peter Vitasovich, Appointed Director
- Vaughan Wilkinson, Appointed Director.

The Company's senior management team consists of:

- Peter Vitasovich, Appointed Director and chief executive
- Amelia Austin, site manager
- Daniel Kelly, finance manager
- Aromia Taingahue, warehousing and logistics manager
- Cheryllea Schwass, people and capability manager
- Che Todd, training manager
- Jessie Collier, supply chain manager
- Piripi Kahotea-Rangikotua, half shell and meat production manager.

3.4 Capital Structure and Shareholders

Whakatōhea Mussels currently has 27,308,761 fully paid ordinary shares on issue held by 201 shareholders.

The names, number of shares and percentage holding of Whakatōhea Mussels' 10 largest shareholders are set out below.

Whakatōhea Mussels' 10 Largest Shareholders		
Shareholder	No. of Shares	%
CRHL	9,282,263	33.99%
WMTB	2,707,548	9.91%
EA Nominees Limited	2,663,229	9.75%
Mussel Men Opotiki Limited	2,540,629	9.30%
Breezemere Young Family Trust	909,528	3.33%
P & M Anstis Trustee Limited	503,701	1.84%
Paul Jones	400,668	1.47%
Fishy Business (Opotiki) Limited	395,880	1.45%
SE & J A Fisher Family Trust	355,597	1.30%
Peter Campbell	350,000	1.28%
Top 10 shareholders	20,109,043	73.64%
Others (191 shareholders)	7,199,718	26.36%
Total	27,308,761	100.00%

Source: Whakatōhea Mussels

3.5 Key Business Risks

Pages 29 to 32 of the Information Memorandum set out in detail the key business risks that Whakatōhea Mussels currently faces.

In summary, the Company's key business risks are:

- cyclone or severe storm damage to the mussel farm longlines
- an exposed large-scale open ocean farming system
- insufficient spat settlement and retention
- plant contamination
- product prices
- marine farm productivity
- mussel mortality
- shortage of skilled and unskilled labour
- cost inflation
- external product supply disruptions
- biotoxin and sanitation events.

3.6 Financial Performance

A summary of Whakatōhea Mussels' recent financial performance is set out below.

Summary of Whakatōhea Mussels Financial Performance				
	Year to 30 Jun 20 (Audited) \$000	Year to 30 Jun 21 (Audited) \$000	Year to 30 Jun 22 (Audited) \$000	Year to 30 Jun 23 (Forecast) \$000
Revenue	1,042	3,805	6,688	17,126
Other income	993	792	336	159
Total revenue	<u>2,035</u>	<u>4,597</u>	<u>7,023</u>	<u>17,285</u>
Operating expenses	(2,858)	(5,806)	(13,923)	(21,693)
Operating loss before finance costs and depreciation	(823)	(1,209)	(6,900)	(4,408)
Finance expenses	(172)	(84)	(620)	(1,530)
Depreciation	(892)	(1,098)	(2,671)	(3,495)
Loss before tax	<u>(1,887)</u>	<u>(2,391)</u>	<u>(10,190)</u>	<u>(9,433)</u>
Income tax benefit	-	2,102	2,923	2,641
Loss for the year	<u>(1,887)</u>	<u>(290)</u>	<u>(7,267)</u>	<u>(6,792)</u>

Source: Whakatōhea Mussels annual financial statements and forecast for the year ended 30 June 2023

Whakatōhea Mussels is a relatively early stage company that has recorded losses totalling approximately \$21.5 million since its incorporation in July 2014 up to 30 April 2023.

Revenue represents the sale of New Zealand Greenshell™ Mussels and spat locally and overseas (predominantly the USA) under the brand name *Open Ocean Whakatōhea Mussels*, along with income from toll processing.

Other income consist mainly of Government training and employment subsidiaries, realised foreign exchange gains and insurance proceeds received.

The Company's main operating expenses are:

- employee benefit expenses
- factory operating expenses
- mussel and spat purchases
- marine farm operating expenses
- administrative expenses
- selling and distribution expenses.

The forecast for the 2023 financial year is based on the Company's actual financial results for the 10 months ended 30 April 2023:

- revenue of \$12.4 million
- operating expenses of \$16.9 million
- finance expenses of \$1.2 million
- depreciation of \$3.0 million
- loss before tax of \$8.7 million.

The key assumptions underlying the forecast for the 2023 financial year are:

- 298 lines in the water at the mussel farm
- 5,332 GWT processed at the Ōpōtiki processing facility
- half shield yield of 41.8%
- an exchange rate of NZ\$1 = US\$0.63
- interest rate for the year of 7.43%.

3.7 Financial Position

A summary of Whakatōhea Mussels' recent financial position is set out below.

Summary of Whakatōhea Mussels Financial Position					
	As at 30 Jun 19 (Audited) \$000	As at 30 Jun 20 (Audited) \$000	As at 30 Jun 21 (Audited) \$000	As at 30 Jun 22 (Audited) \$000	As at 30 Apr 23 (Unaudited) \$000
Current assets	1,728	27,120	6,773	9,172	5,795
Non current assets	11,981	18,674	49,555	58,848	58,181
Total assets	13,709	45,794	56,327	68,020	63,976
Current liabilities	(1,941)	(2,885)	(4,404)	(22,294)	(13,455)
Non current liabilities	(2,671)	(2,715)	(6,418)	-	(12,743)
Total liabilities	(4,612)	(5,600)	(10,822)	(22,294)	(26,198)
Total equity	9,097	40,194	45,505	45,726	37,778

Source: Whakatōhea Mussels annual financial statements and 30 April 2023 management accounts

Whakatōhea Mussels' current assets as at 30 April 2023 consisted mainly of the trade and other receivables (\$2.8 million), mussels and spat biological assets (\$1.9 million) and inventory (\$0.7 million).

Non current assets as at 30 April 2023 consisted mainly of property, plant and equipment (\$53.0 million), deferred tax asset (\$3.7 million) and biological assets (\$1.5 million).

Property, plant and equipment consists mainly of:

- land and buildings
- plant and equipment
- marine farming vessels.

Current liabilities as at 30 April 2023 comprised mainly overdraft (\$4.7 million), IBD (\$4.6 million) and trade and other payables (\$3.4 million).

IBD consist of a \$5.0 million overdraft facility and various secured loans provided by Bank of New Zealand Limited as well as various unsecured short terms loans.

The Company had equity of \$37.8 million as at 30 April 2023, comprising:

- share capital – \$56.1 million
- accumulated losses – negative \$21.5 million
- asset revaluation reserve – \$3.2 million.

3.8 Cash Flows

A summary of Whakatōhea Mussels' recent cash flows is set out below.

Summary of Whakatōhea Mussels Cash Flows				
	Year to 30 Jun 20 (Audited) \$000	Year to 30 Jun 21 (Audited) \$000	Year to 30 Jun 22 (Audited) \$000	Year to 30 Jun 23 (Forecast) \$000
Net cash (outflow) from operating activities	(1,954)	(2,271)	(6,492)	(6,845)
Net cash (outflow) from investing activities	(4,849)	(30,149)	(11,293)	(2,409)
Net cash inflow from financing activities	9,720	33,191	9,852	12,848
Net increase / (decrease) in cash held	2,917	771	(7,933)	3,594
Opening cash balance	(631)	2,286	3,057	(4,876)
Closing cash balance	2,286	3,057	(4,876)	(1,282)

Source: Whakatōhea Mussels audited annual financial statements and forecast for the year ended 30 June 2023

Whakatōhea Mussels has incurred cash losses from its operations each year.

The Company's investing cash outflows mainly represent the costs associated with developing the mussel farm and processing facility and the construction of the new marine farming vessel.

Whakatōhea Mussels has funded its operating losses and investing outflows by raising equity and IBD:

- \$9.9 million in the 2020 financial year from the issue of ordinary shares
- \$27.9 million in the 2021 financial year from the issue of ordinary shares and \$5.3 million from IBD
- \$2.9 million in the 2022 financial year from the issue of ordinary shares and \$7.0 million from IBD
- \$4.8 million in the 10 months ended 30 April 2023 from the issue of ordinary shares and \$3.9 million from IBD.

The forecast for the 2023 financial year assumes:

- \$9.5 million is raised under the 2023 Capital Raise
- \$5.7 million of IBD is repaid in the year.

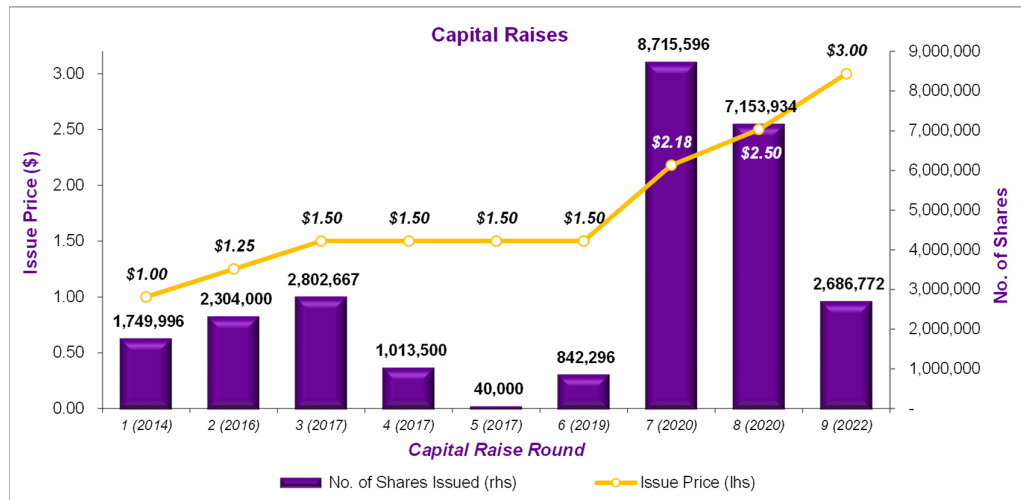
3.9 Share Price History

The Company's shares are not currently quoted on any equities securities trading platform. Accordingly, there has been no trading in the Company's shares.

In November 2022, the Company's shareholders approved the set up of a share trading platform, which we understand will be implemented in 2024.

3.10 Capital Raises

Whakatōhea Mussels has undertaken 9 capital raise rounds since its incorporation in July 2014, raising a total of \$56.1 million of equity.



Source: Whakatōhea Mussels

The most recent capital raise (round 9) was completed between May and November 2022 in 3 stages (the **Round 9 Capital Raise**). The Company raised \$8.1 million from the issue of 2,686,772 shares at \$3.00 per share under the Round 9 Capital Raise.

4. Sources of Information, Reliance on Information, Disclaimer and Indemnity

4.1 Sources of Information

The statements and opinions expressed in this report are based on the following main sources of information:

- the draft notice of special meeting
- the Information Memorandum
- the Whakatōhea Mussels annual reports for the years ended 30 June, 2019 to 2022
- the Whakatōhea Mussels management accounts for the 10 months ended 30 April 2023
- the Whakatōhea Mussels forecast for the year ended 30 June 2023
- the notice of special meeting dated 6 May 2023
- the Whakatōhea Mussels shareholder register
- Whakatōhea Mussels Shareholder Update dated 21 April 2023
- publicly available information on the New Zealand mussels industry.

During the course of preparing this report, we have had discussions with and / or received information from the Board and Whakatōhea Mussels' legal advisers.

The Board has confirmed that we have been provided for the purpose of this Independent Adviser's Report with all information relevant to the 2023 Capital Raise that is known to them and that all the information is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is desirable for the purpose of preparing this Independent Adviser's Report.

In our opinion, the information to be provided by Whakatōhea Mussels to the Company's shareholders is sufficient to enable the Board and the Non-associated Shareholders to understand all the relevant factors and to make an informed decision in respect of the 2023 Capital Raise (including the Crown Allotment).

4.2 Reliance on Information

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by Whakatōhea Mussels and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of Whakatōhea Mussels. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

4.3 Disclaimer

We have prepared this report with care and diligence and the statements in the report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise warrant that any forecasts of future profits, cash flows or financial position of Whakatōhea Mussels will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of Whakatōhea Mussels and its directors and management team. Actual results will vary from the forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit, provided that this shall not absolve Simmons Corporate Finance from liability arising from an opinion expressed recklessly or in bad faith.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this report or to review, revise or update this report.

We have had no involvement in the preparation of the notice of special meeting issued by Whakatōhea Mussels and have not verified or approved the contents of the notice of special meeting. We do not accept any responsibility for the contents of the notice of special meeting except for this report.

4.4 Indemnity

Whakatōhea Mussels has agreed that, to the extent permitted by law, it will indemnify Simmons Corporate Finance and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. Whakatōhea Mussels has also agreed to indemnify Simmons Corporate Finance and its directors and employees for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Simmons Corporate Finance or its directors and employees are found liable for or guilty of negligence, wilful misconduct or breach of law or term of reference, Simmons Corporate Finance shall reimburse such costs.

5. Qualifications and Expertise, Independence, Declarations and Consents

5.1 Qualifications and Expertise

Simmons Corporate Finance is a New Zealand owned specialist corporate finance advisory practice. It advises on mergers and acquisitions, prepares independent expert's reports and provides valuation advice.

The person in the company responsible for issuing this report is Peter Simmons, B.Com, DipBus (Finance), INFINZ (Cert).

Simmons Corporate Finance and Mr Simmons have significant experience in the independent investigation of transactions and issuing opinions on the merits and fairness of the terms and financial conditions of the transactions.

5.2 Independence

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with Whakatōhea Mussels or CRHL or WMTB or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the 2023 Capital Raise (including the Crown Allotment).

Simmons Corporate Finance has not had any part in the formulation of the 2023 Capital Raise or any aspects thereof. Our sole involvement has been the preparation of this report.

Simmons Corporate Finance will receive a fixed fee for the preparation of this report. This fee is not contingent on the conclusions of this report or the outcome of the voting in respect of the Crown Allotment Resolution. We will receive no other benefit from the preparation of this report.

5.3 Declarations

An advance draft of this report was provided to the Board for its comments as to the factual accuracy of the contents of the report. Changes made to the report as a result of the circulation of the draft have not changed the methodology or our conclusions.

Our terms of reference for this engagement did not contain any term which materially restricted the scope of the report.

5.4 Consents

We consent to the issuing of this report in the form and context in which it is to be included in the notice of special meeting to be sent to the Non-associated Shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.



Peter Simmons
Director

Simmons Corporate Finance Limited
9 June 2023