

Vanessa Nevjestic
Adviser, Listings Compliance
Australian Securities Exchange
Level 40, Central Park
152-158 ST George's Terrace
Perth WA 6000

5 April 2022
Matter ODIN50053
By Email

Dear Ms Nevjestic

RE: Seafarms Group Limited ('SFG') Aware Query

We refer to your letter dated 1 April 2022 (**Letter**). Our response to your request for information is set out below, following the numbering in your Letter. Defined terms have the same meaning as in the Letter.

1. SFG does consider that the Announcement included information that a reasonable person would expect to have a material effect on the price or value of its securities.
2. Not applicable.
3. In relation to the PSD Review:
 - i. The SFG board (**Board**) decided to conduct the PSD Review at a meeting of the Board which occurred on 29 October 2021, at 2pm AWST/5pm AEDT.
 - ii. The PSD Review was completed when the outcomes of the PSD Review were determined at a meeting of the Board which occurred on 30 March 2022, at 2pm AWST/5pm AEDT.
 - iii. The PSD Review outcomes, as determined by the Board, were formalised in the investor presentation, the form of which was agreed by the Board following the Board meeting on 30 March 2022. A draft paper entitled "Project Review Summary and Discussion Points" (**Draft Report**) was circulated to the Board on 28 March 2022 at 3:54pm AWST/6:54pm AEDT. Subsequently, a draft of the investor presentation was circulated to the Board on 30 March 2022 at 12:25pm AWST/3:25pm AEDT.
4. The PSD Review outcomes were not known to SFG prior to the Board meeting on 30 March 2022. The information in the Draft Report was not released to the market as it was a confidential paper prepared for consideration by the Board, and until that occurred was insufficiently definite to warrant disclosure. A reasonable person would not have expected the information to be disclosed. SFG considers that, under Listing Rules 3.1 and 3.1A, it was obliged to release the PSD Review outcomes, as determined by the Board, following the Board meeting on 30 March 2022. The Board meeting on 30 March 2022 occurred after market close and consequently, SFG took steps to release that information prior to the commencement of trading on 31 March 2022.
5. We confirm that SFG is complying with the Listing Rules and in particular listing rule 3.1.

6. We confirm that SFG's responses to the questions above have been authorised and approved by its Board.

Yours sincerely

A handwritten signature in black ink, appearing to read 'I Brannan', with a stylized, cursive script.

Ian Brannan
Company Secretary
Seafarms Group Limited
Level 6, 66 Smith Street
Darwin NT 0800

ian.brannan@seafarms.com.au



1 April 2022

Reference: ODIN50053

Mr Ian Brannan
Company Secretary
Seafarms Group Limited
Level 6, 66 Smith Street
Darwin NT 0800

By email: ian.brannan@seafarms.com.au

Dear Mr Brannan

Seafarms Group Limited ('SFG'): Aware Query

ASX refers to the following:

- A. SFG's announcement entitled "Project Sea Dragon Project Review" released on the ASX Market Announcements Platform ('MAP') on 1 November 2021, disclosing, amongst other things, that:
 - (i) SFG's newly appointed Executive Chairman had initiated a review of Project Sea Dragon ('PSD') ('PSD Review').
 - (ii) As announced, the construction of the PSD was underway and arrangements for debt and equity funding for the PSD were being addressed. However, it was not feasible to finalise debt and equity funding arrangements before the end of the calendar year and as a result, the delay in funding arrangements would lead to delays in the PSD schedule, though the planned wet season construction activity was limited in any event.
- B. SFG's announcement titled "Director resignation" released on MAP on 30 November 2021 disclosing that Chris Mitchell had resigned from his roles as Managing Director – Project Sea Dragon and Executive Director of SFG, effective that day.
- C. SFG's announcement entitled "Seafarms Group Limited - Project Sea Dragon Review Investor Briefing" released on MAP at 9.33am AEDT on 28 March 2022, disclosing that SFG would provide an investor briefing discussing the outcome of the PSD Review at 12 noon AEST on 31 March 2022.
- D. The decrease in the price of SFG's securities from A\$0.029 at the close of trade on 29 March 2022 to an intraday low on 30 March 2022 of \$0.025. No announcements were made by SFG on 29 or 30 March 2022.
- E. SFG's announcement entitled "Project Sea Dragon Review – Investor Briefing Presentation" released on MAP at 8.32am AEDT on 31 March 2022 (the 'Relevant Date') (the 'Announcement'), disclosing amongst other things, the key outcomes from the PSD Review including, but not limited to, the following:
 - (i) PSD cannot proceed in its current form - there is no funding to proceed given failure of the debt financing process.
 - (ii) The PSD Review recommends against proceeding with PSD in its current form – it will not generate acceptable financial returns, the existing scope cannot be completed for targeted costs or achieve target completion dates, and the project currently involves unacceptable risk.
 - (iii) PSD viability is almost entirely dependent on farming out performance at Legune against existing operations and competitors, as almost all other economic factors mitigate against viability.
 - (iv) A farming pilot is being scoped (the 'Farming Pilot'), building on the existing partially constructed ponds at Legune, however, it was expected to take up to three (3) years to re-scope, construct and conduct

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- the Farming Pilot with minimum infrastructure, revisit permits and licences, complete pilot construction, stock and operate the ponds and assess outcomes.
- (v) All other economic factors for PSD, as currently scoped, are considered to be challenged or negative.
 - (vi) It is not considered feasible to service the domestic market for fresh cooked product from PSD.
 - (vii) Labour intensive, complex processing for high specification value added international markets is unlikely to be competitive in Australia when competing against lower cost countries operating at significant scale.
 - (viii) Construction costs per hectare, as scoped, are not competitive.
 - (ix) Operational readiness for PSD needs to be strengthened.
 - (x) The construction of the PSD facility would continue to be on hold pending completion of the successful Farming Pilot at the Legume Station, refinement of other key project elements and the further availability of sufficient funding to proceed with the Farming Pilot.
- F. The decrease in the price of SFG's securities from A\$0.026 at the close of trade on 30 March 2022 to an intraday low of A\$0.014 on 31 March 2022 subsequent to the release of the Announcement (representing a 46.15 % decrease) and the increase in volumes traded over the course of 31 March 2022 and 1 April 2022 (together, the 'Price and Volume Movement').
- G. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- H. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*
- I. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied:
- "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1 One or more of the following applies:*
- *It would be a breach of a law to disclose the information;*
 - *The information concerns an incomplete proposal or negotiation;*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
 - *The information is generated for the internal management purposes of the entity; or*
 - *The information is a trade secret; and*
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*
- 3.1A.3 A reasonable person would not expect the information to be disclosed."*
- J. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Request for information

Having regard to the above, ASX asks SFG to respond separately to each of the following questions and requests for information:

1. Does SFG consider the information in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view and comment specifically on the Price and Volume Movement.
3. Please provide details regarding the following:
 - 3.1 When SFG decided or agreed to conduct the PSD Review?
 - 3.2 When the PSD Review was completed by SFG?
 - 3.3 How the PSD Review outcomes were formalised. For example, were they the subject of a written report? If so, when was the report completed?
4. If the key outcomes, or any part thereof, of the PSD Review were known to SFG before the Relevant Date, why did SFG not make any announcement prior to the Relevant Date which disclosed that information? In answering this question, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe SFG was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps SFG took to ensure that the information was released promptly and without delay.
5. Please confirm that SFG is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that SFG’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of SFG with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AWST Wednesday, 6 April 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, SFG’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require SFG to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in SFG’s securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

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- the reasons for the trading halt;
 - how long you want the trading halt to last;
 - the event you expect to happen that will end the trading halt;
 - that you are not aware of any reason why the trading halt should not be granted; and
 - any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in SFG's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to SFG's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that SFG's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Vanessa Nevjestic
Adviser, Listings Compliance (Perth)