



Our Ref: SFG ASX Announce Cap Raising 512

2 June 2017

ANNOUNCEMENT 512

Market Announcements Office
Australian Securities Exchange
Level 6
20 Bridge Street
SYDNEY NSW 2000

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Dear Sir

Seafarms to raise A\$10 million under Placement and SPP and a further A\$2.5 million to repay debt

Seafarms Group Limited ACN 009 317 846 (**Company**) is pleased to announce that it has received commitments for a share placement to major domestic and international, institutional and professional investors to raise approximately A\$8 million (**Placement**).

In addition to the Placement, the Company will also undertake the following:

- A\$2 million share purchase plan (**SPP**) to eligible SFG shareholders with the ability to accept oversubscriptions of an additional A\$2 million; and
- subject to shareholder approval, A\$2.5 million will be subscribed for by a company controlled by the major shareholder and Chairman of Seafarms, Mr Ian Trahar which will be used to repay debt owed by Seafarms to that company (**Debt Conversion**).

Additionally, Seafarms will issue bonus options on the basis of one option for every two shares issued to persons who subscribe for shares under the Placement, the SPP and the Debt Conversion (**Option Offer**).

Bell Potter Securities Limited is acting as lead manager and will underwrite the Placement (\$8 million) and the SPP (\$2 million).

Seafarms' Project Sea Dragon (**PSD**) is well advanced in gaining the agreements, approvals and licences required to develop one of the world's largest industrial-scale Black Tiger Prawn aquaculture facilities. Recent milestones include gaining the major environmental approvals (both from the Northern Territory Government and Commonwealth Government) required for this project. Outstanding major agreements requiring finalisation include an Indigenous Land Use Agreement for the grow-out centre and a Project Development Agreement with the Northern Territory Government. Both of these agreements are progressing well and the Company seeks to finalise them in the short term. Ongoing international and domestic investor and/or banking interest in the project continues to gain momentum. Government support for the project continues to be strong and positive.

The funds raised under the Placement and SPP will enable the Company to enter into negotiations with potential investors to fund PSD from a position of strength and is expected to meet the financial needs of the Company beyond the expected timing for a final investment decision for the project.

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Seafarms' Executive Chairman, Mr Ian Trahar commented:

"This equity raising places the company in a strong position to finalise outstanding agreements and to secure project funding for Stage 1 of Project Sea Dragon. Importantly the Company remains on schedule to start construction in the dry of 2018. The placement highlights the strong professional investor support for PSD, the SPP enables our loyal shareholder base to participate in the issue and the debt to equity conversion highlights my own confidence in this world class development".

Placement

The Placement will see the introduction of new institutional investors to the Company's register. The Placement price of A\$0.06 represents a 10.45% discount to the Company's last close price on Tuesday, 30 May 2017 of A\$0.067 and a 13.41% discount to the 5 day volume weighted average price to Tuesday, 30 May 2017 of A\$0.069.

The Company will issue 133,333,333 fully paid ordinary shares in the Company (**Shares**) under the Placement, resulting in its total Share capital after completion of the Placement increasing to 1,284,682,861 Shares. The Company will issue 115,134,952 Shares pursuant to its existing capacity under Listing Rule 7.1A, with the remaining 18,198,381 Shares to be issued utilising its Listing Rule 7.1 capacity. New Shares when issued will rank equally with all ordinary shares already on issue. Subscribers under the Placement will also be entitled to receive one Option for each two shares subscribed for, to be issued under the Option Offer.

SPP

The Company will undertake a share purchase plan to provide eligible shareholders the opportunity to subscribe for up to an additional A\$15,000 each in Seafarms at A\$0.06 per share, the same issue price as the Placement. The amount to be raised is A\$2 million and this amount has been underwritten by Bell Potter. The Company has reserved the right to accept a further \$2 million in oversubscriptions. The SPP booklet is scheduled to be sent to shareholders on Monday, 5 June 2017. Under the Option Offer, subscribers under the SPP will also be entitled to receive one Option for every two Shares issued to them under the SPP. All the Directors have indicated that they will be taking up their maximum SPP entitlements.

Debt Conversion

Subject to shareholder approval, Avatar Finance has agreed to subscribe for \$2.5 million of shares which will be used to repay debt in the Company. The \$8.5 million facility from Avatar Finance is currently drawn to \$8 million. The Debt Conversion will reduce the debt currently owed by the Company to Avatar Finance to \$5.5 million. The amount repaid can be re-drawn in accordance with the terms of the credit facility. Avatar Finance is controlled by Mr Ian Trahar, the executive Chairman and Seafarms' largest shareholder. The debt will be converted at \$0.06 per share and Avatar Finance will be entitled to receive one Option for each two shares received under the Debt Conversion, to be issued under the Option Offer. A shareholders meeting to approve the issue of shares and options to a director related entity as part of the Debt Conversion is scheduled to be held in early July 2017.

Option Offer

The Options will be issued under a prospectus to be issued in early July 2017. The Options will be issued free of charge and will be exercisable at A\$0.10 each and expire on 17 July 2021. Subject to compliance with ASX Listing Rule, it is Seafarms intention to apply to ASX for official quotation of the Options.

Shareholders meeting

A Shareholders meeting will be convened for early July 2017 to approve the Debt Conversion. The Company will also seek to refresh its issue capacity under Listing rules 7.1 and 7.1A at that meeting.

The Company has existing capacity under the Listing Rules to issue Shares under the Placement and SPP and the Options to be issued to persons subscribing under them.

Key dates

Placement		Date (2017)
Announcement of Placement		Friday, 2 June
Shares issued under Placement		Friday, 9 June
Share Purchase Plan		
Record date for participation in SPP		5.00pm (WST) Thursday, 1 June
SPP Booklet sent to eligible shareholders		Monday, 5 June
SPP offer period opens		Monday, 5 June
SPP offer period closes		Tuesday, 20 June
Shares issued under SPP		Friday, 30 June
Debt Conversion		
Shareholder meeting to approve Debt Conversion		Tuesday, 4 July
Debt Conversion implemented		Wednesday, 5 July
Option Offer		
Options prospectus issued to persons entitled to Options		Wednesday, 5 July
Options issued		Monday, 17 July
Shareholder meeting		
Shareholder meeting documents sent to shareholders		Monday, 5 June
Last date for receipt of proxies		Sunday, 2 July
Date of shareholder meeting		Tuesday, 4 July

Enquiries

General enquiries in relation to the Company or the proposed issues of securities can be made to Harley Whitcombe at Level 11, 225 St Georges Terrace, Perth, Western Australia or by telephone on +61 8 9321 4111 at any time between 8.30am and 5.00pm (AWST time) on any business day. Enquiries in relation to entitlements to participate in the SPP should be directed to Computershare Investor Services Pty Ltd on 1300 850 505 (callers within Australia) or +61 3 9415 4000 (callers outside Australia).

Yours faithfully

Seafarms Group Limited



Harley Whitcombe
Director and Company Secretary

Media contact:

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About Seafarms Group

Seafarms Group Limited (ASX: SFG) is an ASX listed holding company with two separate subsidiary companies operating in nonconventional commodities: aquaculture and carbon. Seafarm Operations Pty Ltd operates aquaculture operations and CO2 Australia Limited the carbon and environmental operations.

For further information refer the company's web site: www.seafarms.com.au

About Seafarm Operations Pty Ltd

Seafarm – a new Australian agri-food company – operates, builds and invests in sustainable aquaculture production platforms producing high quality seafood. Seafarms is currently the largest producer of farmed prawns – growing, processing and distributing the well-known Crystal Bay Prawns™ premium brand. The company is one of Australia's largest aquaculture enterprises and is also developing Project Sea Dragon – a large-scale, integrated, land-based prawn aquaculture project in northern Australia designed to produce high-quality, year-round reliable volumes for export markets.

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