



ASX Announcement | 28 November 2019
Seafarms Group Limited (ASX:SFG)
(SFG Announcement 635)

Seafarms releases new investor presentation for AGM

Investment Highlights

- Seafarms Group will present a market update at its Annual General Meeting (AGM) in Melbourne on Thursday, November 2019
- The presentation, attached here, provides an overview of Seafarm's current operations and future plans

Sustainable aquaculture company Seafarms Group Limited (ASX:SFG) ('Seafarms' or 'the Company') is pleased to release its Annual General Meeting & Market Update investor presentation.

The new investor presentation will be delivered by Seafarms Group's leadership to attendees at the Company's Annual General Meeting in Melbourne on Thursday, 28 November 2019.

Transforming from Australia's largest prawn producer into a global producer

Seafarms produces the premium Crystal Bay® Prawns and is developing the Project Sea Dragon (PSD) prawn aquaculture project in northern Australia.

Once completed, PSD will target high-quality year-round volumes for export markets and have a production capacity of up to 150,000 tonnes of prawns. The new investor presentation includes:

- FY19 financial highlights, operational and production overview
- PSD – key milestones, competitive advantages and global opportunity
- Outlook – market conditions, priorities and next steps

To access the full presentation please read below.

Seafarms Executive Director Dr Chris Mitchell said: "The 2019 financial year was a very significant one for Seafarms Group. We implemented a range of PSD initiatives, including opening a new office in Darwin and investment in infrastructure development to bolster our world-leading breeding and genetics program.

During the year, the Commonwealth Government renewed PSD's Major Project Status and we continue to receive strong support from the Northern Territory and Western Australian governments. We look forward to seeing our shareholders at the AGM and updating them on our progress and plans for the year ahead."

Ends.

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About Seafarms Group

Seafarms Group Limited (ASX:SFG) is a sustainable aquaculture company, producing the premium Crystal Bay® Prawns and developing the Project Sea Dragon prawn aquaculture project in northern Australia.

Seafarms Group uses environmentally sustainable processes and is currently Australia's largest producer of farmed prawns, its Crystal Bay® Prawns and Crystal Bay® Tigers are available year round in fresh and frozen formats. To learn more please visit: www.crystalbayprawns.com.au

Seafarms Group is investing in sustainable aquaculture for export through Project Sea Dragon, a large-scale, vertically integrated, land-based, prawn aquaculture project being developed in northern Australia. The standalone marine prawn production system will be capable of annually producing over 150,000 tonnes of prawns and the high-quality, year-round volumes will target export markets. To learn more please visit: www.seafarms.com.au



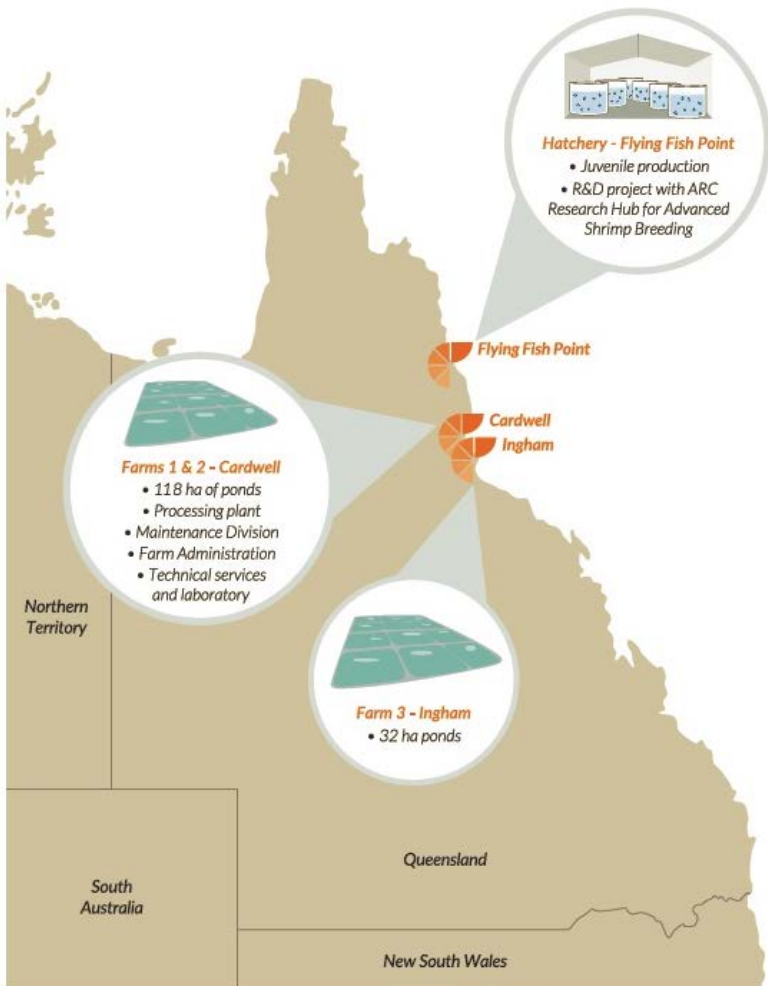
Seafarms Group Limited (ASX:SFG) - Annual General Meeting & Market Update - November 2019
Australia's largest prawn producer: Transforming into a high quality, low-cost global producer

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Seafarms Group Limited (ASX:SFG)

Australia's largest prawn producer: Transforming into a high quality, low-cost global producer



Seafarms Group Limited (ASX:SFG) "Seafarms" or "the Company" is a sustainable aquaculture company, producing the premium Crystal Bay® Prawns and developing the Project Sea Dragon prawn aquaculture project in northern Australia. Seafarms uses environmentally sustainable processes and is currently Australia's largest producer of farmed prawns, its Crystal Bay® Prawns and Crystal Bay® Tigers are available year round in fresh and frozen formats.

Seafarms is investing in sustainable aquaculture for export through Project Sea Dragon, a large-scale, vertically integrated, land-based, prawn aquaculture project being developed in northern Australia. The standalone marine prawn production system will be capable of annually producing up to 150,000 tonnes of prawns and the high-quality, year-round volumes will target export markets.



Acknowledgment of Country

Seafarms would like to begin by acknowledging the Traditional Owners of the land on which we meet today; the Wurundjeri, Boonwurrung, Taungurong, Dja Dja Wurrung and the Wathaurung people of the Kulin nation, and pay our respects to their Elders past and present.

Seafarms is committed to working respectfully with the traditional owners of all the lands upon which our operational sites are located.



Indigenous Land Use Agreement (ILUA) Committee meeting between Seafarms Group,
Native Title Holders and the Northern Land Council (NLC)
Kununurra, Northern Territory

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Part 3

Outlook

- Market conditions
- Project Sea Dragon
- Priorities & next steps



Chairman's address

“Welcome Ladies and Gentleman to Seafarms Group Limited (ASX:SFG) Annual General Meeting. The 2019 financial year (July 2018 – June 2019) has been a further significant year for the Company.

During the year Seafarms Group officially opened its Project Sea Dragon (PSD) development office in Darwin. This office will support the developing of PSD operations in the Northern Territory, including commencing Legune Station Grow-out Facility, a Broodstock Maturation Centre at Bynoe Harbour and a hatchery at Gunn Point.

As you are aware development of our shovel ready Project Sea Dragon (PSD) has commenced with further expansion and/or new infrastructure development programs targeted to support our world leading breeding/genetics program. This program which commenced in 2015 forms part of a critical long term biosecurity investment in the development of PSD and will “apply cutting edge genetic and genomic selection methodologies, leading to the most advanced and industry transformative improvement program for any prawn/shrimp species globally”¹.

Support from governments continues for PSD. Importantly the Commonwealth Government renewed PSD's Major Project Status and stated that the “Morrison Government recognises the importance of this project to Northern Australia, and to strengthened Australia's economy”². The Northern Territory and Western Australian Governments are also continuing to provide priority support including further government sponsored major road upgrades and land packages to assist in the development of PSD.”

¹ <https://www.jcu.edu.au/prawn-breeding-hub>

² The Honourable Karen Andrews Minister for Industry, Science and Technology Support extended for major prawn project 29 March 2019



Chairman's address

“Project Sea Dragon (PSD) industry partner is Nissui - the world's second largest seafood company globally continues to provide strong support in the Company's endeavours of developing its world class PSD – with a further investment of over \$3 million bringing Nissui's total investment to approximately A\$28 million.

Nissui's international presence will be extremely beneficial in the development of PSD and as such Seafarms successfully completed our first black tiger prawn shipment of product to Nissui. Commencing supply to Japan as a major export market and trade partner is an important strategic investment to support our export-focused PSD. This coupled with our existing Memorandum of Understanding with five major Chinese corporations provides PSD exposure to all major seafood markets globally. Seafarms has already secured all the necessary accreditations for exports into Japan, China and Europe.

Strong support from Indigenous stakeholders and local communities continues. Seafarms' recently finalised agreement with the Northern Land Council to bring forward the planning for the Ranger Program as part of the implementation of the Legume Indigenous Land Use Agreement. Pleasingly, there has already been a strong presence of local contractors for both Seafarms and Government sponsored infrastructure developments to date.

Financing of the initial phased development of Step 1 of Stage 1 of the PSD development has steadily been advanced during the year. Importantly, engagement with a number of financiers has continued to maintain momentum.

Finally I would like to thank my fellow directors, management, staff, advisors, research partners and our supporters in regional Northern Australia.”

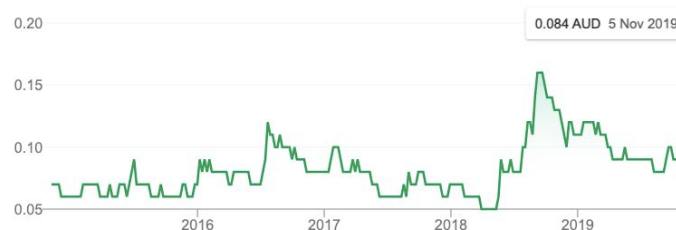
- Seafarms Executive Chairman, Ian Trahar



Seafarms' corporate overview

Seafarms has a market capitalisation of over A\$170 million and is currently Australia's largest producer of farmed prawns, with significant operational aquaculture expertise and a demonstrated track record of growth and innovation.

ASX Listing Code	SFG
Market capitalisation (October 2019)	~ \$170M
Fully Paid Shares on Issue	2.01B
Cash, Debtors & Inventories (as at 30 June 2019)	\$35.9M
Financial Year End	30 June
Directors Shareholdings	40.7% (including Nissui)
Current Directors	Ian Trahar (Executive Chairman) Harley Whitcombe Chris Mitchell Paul Favretto Hisami Sakai (Nissui representative)



Seafarms five year share price performance

Existing operations: Queensland

- Seafarms existing Queensland operations are Australia's largest producer of farmed prawns.
- This has been achieved in its first five years of operational management which has lifted production from around 600 tonnes in 2013 to over 1,770 tonnes today.
- The Queensland operations produce premium Black Tiger and Banana prawns marketed under the well-recognised Crystal Bay® Prawn brand.
- Importantly, the vertically integrated Queensland operations provide Seafarms with a commercially viable pilot to develop and test best practices for PSD and aquaculture facilities to undertake its world class breeding program in partnership with industry leading experts which commenced in 2015.
- R&D activities have been extensive and have included the incorporation of settlement and nursery ponds into the production system (an Australian first for black tiger prawns), testing automatic feeding systems etc.
- The out working of these programs have returned significant results, some of which have been incorporated into PSD design and operational procedures.



Project Sea Dragon (PSD): Northern Territory

- PSD is a world class industrial scale Tier 1 project with an operating life of 90 years which will be developed and constructed in stages with production ponds located at Legune Station in the Northern Territory.
- PSD will deliver a significant volume of a premium product at a low production cost and hence the ability to lower price to expand market demand. Strong interest in this premium product has already been generated in major seafood markets globally.
- Following 8 years of development and over A\$110M of investment, Seafarms has obtained all the material regulatory approvals, Project and Indigenous Land Use Agreements required for Stage 1 development of PSD.
- PSD is shovel ready. Seafarms PSD development has been focused on the expansion and development of infrastructure facilities required for its world class breeding program – a critical biosecurity measure with long lead times for PSD, whereas government sponsored PSD support infrastructure projects have involved major road upgrades and land packages.
- Seafarms continues to de-risk the PSD development as highlighted in this presentation.



Seafarms has successfully de-risked PSD



Sovereign and regulatory

- Major Project Status with Australian, WA and NT Government
- Project Development Agreement (State Agreement) with NT Government
- Tenure secure for all sites
- All approvals (environmental, construction) in place for Stage 1
- Indigenous Land Use Agreement in force



Construction

- Successful construction of trial ponds
- Local supply chains integrated into PSD design (more cost-effective and reliable)
- +\$100M of work issued to market for tender; tender prices returned from contractors within budgets
- Early works packages – Legune & Bynoe Harbour delivered on time & on budget



Market

- Negotiated a domestic marketing agreement with Sealord (50% owned by Nissui) – one of the largest seafood companies in the southern hemisphere
- Secured strong international demand via MoU with five Chinese corporates and agreement with Nissui for PSD premium product that significantly outweighs PSD initial production profile. Covers all key export markets
- Secured necessary accreditations for exports into major seafood markets of Japan, China and Europe
- Contracted long term off-take with Nissui
- Successfully exported first shipment to Japan under agreement with Nissui



Industry sponsorship & partnership

- Secured industry partner investments totalling approximately A\$110M (Nissui and AAM - major agriculture fund manager)
- Seafarms secured an early equity investment and offtake agreement (Queensland and PSD) with the world's second largest global seafood company Nissui
- Nissui global operations are much larger than the entire Australian fishing and aquaculture industries
 - Nissui manages over 1.6 million tonnes of seafood per annum
 - Aquaculture operations commencing in 1988 and represent approximately 45% of the size of the entire Australian aquaculture industry
- Strong support from existing and new shareholders including Nissui, with a further \$27.4M capital raised to further develop PSD with strong focus to fast track programs that are targeted to deliver more product more quickly
- AAM Investment Group settled Legune with PSD sub-lease



Technical - due diligence and sign-off

- Independent experts – vendor due diligence overseen by Lazard
- Partners, investment banks and advisors undertook additional due diligence



Supporting public infrastructure

- All supporting public infrastructure subject to government cost-benefit analysis
- Gunn Pt Road complete
- Keep River Road construction well advanced with bridge nearing completion



Funding

- Discussions ongoing with potential investors and new investors



FY19 Financial overview

Seafarms Group achieved revenue of \$24.4 million over the 2019 financial year while supporting continued investment into Project Sea Dragon

FY19 Financial highlights

- As previously stated the Queensland operations are primarily intended to demonstrate and trial operating concepts for PSD— a commercial pilot approximately 40% of the size of the initial PSD development and most importantly provide the platform to recruit a core operational workforce and support our graduate program needed for PSD.
- Aquaculture revenues for the FY19 reporting period were approximately A\$24.4M. The 2019 Christmas crop is in line with expectations.
- For the 12 months reporting period to 30 June 2019, Seafarms has reported a loss in the order of A\$30.9M, of which approximately A\$3.9M was contributed by the Queensland operations (which included over A\$0.8M in commissioning costs for the new processing plant). As required by Australian Accounting Standards, this loss included expensing all direct PSD development costs (approximately A\$19.0M) including approximately A\$7.3M in PSD expenses relating to both its R&D trials and infrastructure expenses relating to the domestication facility development program. The reported loss also included non-cash write downs and write offs relating to the demerger of CO2 Australia and all Seafarms corporate overhead costs which predominantly supports the development of PSD.
- The Queensland loss was substantially affected by the lower first half production outcomes as a direct result of poor wild black tiger broodstock availability, an ongoing and industry wide issue in FY2019 and as a direct consequence lead to a higher proportion of banana prawn production (a less profitable crop).
- Since the acquisition of Queensland aquaculture assets in 2014, adverse crop outcomes to date can predominantly be attributed to the use of wild broodstock. It should be noted that PSD will only use domesticated (specific pathogen free for at least 3 generations) broodstock, a major industry leading PSD bio-security strategy now in its fifth year of development.

FY19 Operational overview

Ongoing improvements across our Northern Queensland operations and production continues

Queensland farms at Cardwell are a fully vertically integrated business and have been operational for over 30 years:

- Seafarms acquired Cardwell in early 2014, continued its banana prawn production and commenced production of its premium Black Tiger prawn production and genetic/breeding program in 2014/2015, as part of its PSD development strategy. Later in 2014 a farm at Ingham 50kms to the south of Cardwell was acquired. This farm is a direct operational trial for PSD;
- PSD represents the first new major Australian prawn farm development since 2000.

In relation to PSD, the Queensland operations are primarily intended to:

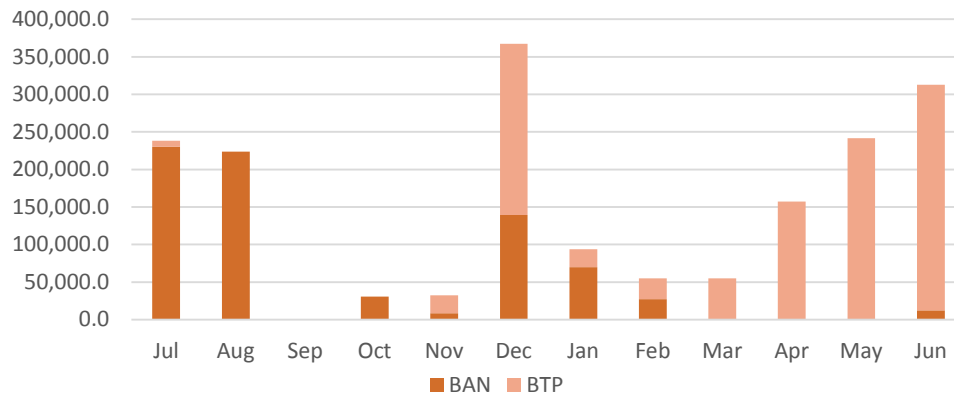
- Test operating concepts for PSD within the constraints of aged infrastructure, sub-optimal climate and sub-optimal economic scale;
- Practically test the benefits of potential design features to be adopted at PSD - settlement ponds, nursery ponds etc.;
- Provide a platform to attract highly experienced core operational management team needed for a project of PSD scale. Core operational team have managed projects greater than the entire Australian farm prawn industry;
- Provide a training facility for a workforce, graduates etc. needed for PSD;

- Undertake PSD R&D research projects in relation to stocking rates, feed mixture regimes and testing QA/QC of potential PSD suppliers. R&D expenditure for FY19 alone was around A\$4M;
- Commence internal sourcing of Post Larvae –another major PSD biosecurity measure;
- Provide a hub of aquaculture assets used as industry research laboratories for world leading black tiger genetic/breeding program – so called ARC program. Commencing in FY2015, this A\$9M program is the “most advanced and industry transformative improvement program for any prawn/shrimp species globally”¹;
- Early commencement of exporting premium black tiger product. Seafarms has secured all the necessary accreditation for exports into Japan, China and Europe. Ability to export now in readiness of PSD production. Has involved the installation of a semi-IQF (individual quick freeze) freezer an important valuable real-world data source that will be useful in finalising PSD processing facilities in WA;
- Refine biosecurity practices including: staff training, development of pathogen surveillance protocols, hatchery testing, PL screening, on-farm testing;
- Commenced export of premier product prior to PSD.

FY19 Production overview

- Production for the financial year was 1,770 tonnes, up 320 tonnes (22%) on FY2018.
- Product/species mix was changed to accommodate wild broodstock supply.
- Second half production in line with expectations with significantly larger animals (15% larger YoY).

2019 Production



Operational improvements

- A further A\$3.9M of PSD R&D trials were undertaken during FY19 (A\$3.4M in FY18).
- The farms significantly improved biosecurity outcomes with no biosecurity related losses.
- As a consequence of our on-farm R&D, a major reconfiguration of Farms 1 & 2 has occurred.
- This reconfiguration will enhance both water quality and biosecurity.
- The reconfiguration has led to a reduction in hectares under production but overall Farm 1 and 2 yields remain the same as previously.
- Significant efficiencies and production flexibility have been achieved.



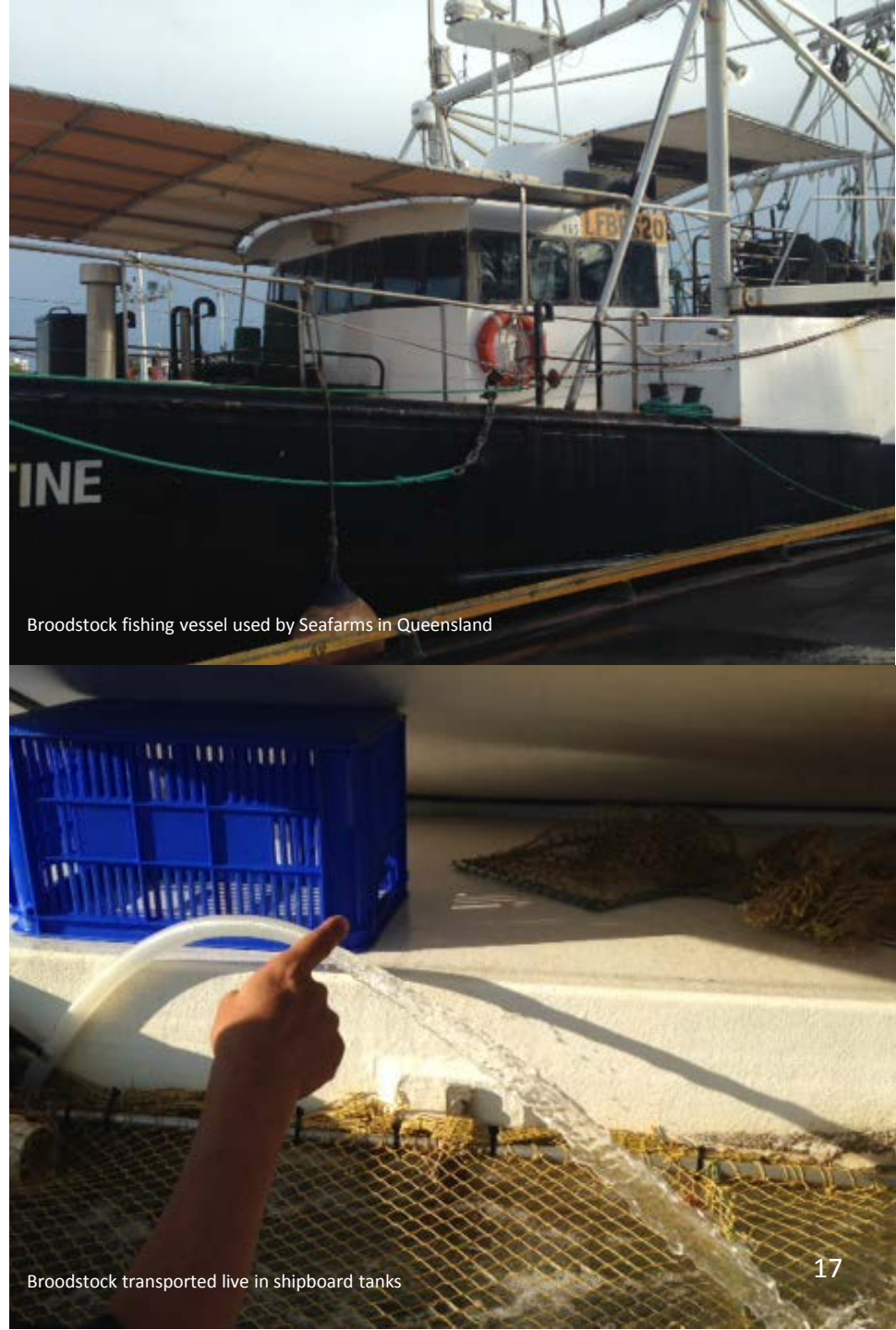
Broodstock maturation facilities at the hatchery



In-pond sampling

Addressing the wild broodstock challenge

- Wild broodstock, also known as “breeding prawns” remain the dominant source of breeders for Queensland operations and the industry as a whole.
- Industry dependence on wild animals is driven by high cost, long-lead times and scale of infrastructure required to develop a domestication and breeding program and to sustain the population.
- Use of wild broodstock, remains as a major industry-wide risk – has inherit issues of erratic supply, biosecurity risk of introduction of disease, variable health status, broodstock quality and insufficient quantity.
- PSD testing of wild broodstock confirms prevalence of pathogens in wild animals.
- This risk is highlighted by the adverse first half 2019 production results which were again affected by the timing, quality and quantity of wild broodstock.



Broodstock fishing vessel used by Seafarms in Queensland

Broodstock transported live in shipboard tanks

Seafarms' solutions for wild broodstock

- Seafarms is solving the broodstock challenge through multiple approaches:
 1. Domestication program at Flying Fish Point (Qld) as part of the ARC Hub Program;
 2. Developing better management and husbandry practices to improve fecundity of broodstock;
 3. SPF and domestication at Exmouth.
- Major improvements in broodstock husbandry to improve fecundity (fewer broodstock required).
- The development of “Specific Pathogen Free” prawn families (see next slide).
- The goal is to cut reliance on any wild-caught broodstock.
- Long lead times so commenced in March 2015. Such a program allows for continuity and consistency of production that produces premium larger prawns that grow faster, have better survival and food conversion rates, are highly tolerant to endemic diseases and are more attractive to international markets.
- CSIRO has stated that the combination of breed and feed technologies have demonstrated tripling of production of seafood protein by area.



Broodstock within Seafarms' maturation shed at Exmouth at Flying Fish Point



Domesticated Broodstock

Domestication and breeding

Exmouth

- Seafarms has produced its first generation of SPF families;
- This is the second generation of prawns produced at the facility;
- Significant milestone for Project Sea Dragon;
- Founder Stock Centre (FSC) is at capacity.

East coast

- The domestication program with the ARC Hub has now produced 30 G2 and 60 G3 families with comprehensive genetic records;
- These domesticated families now ready for commercial trials.

Further expansion of Exmouth (WA) facilities are currently underway.

Initial development of Broodstock Maturation Centre commenced in NT.

Entrance to the Exmouth Founder Stock Centre



G1 broodstock at the Exmouth Founder Stock Centre

Breeding research and development (R&D)

- World leading research with James Cook University, CSIRO, University of Sydney and Australian Genome Research Facility (ARC Hub):
 - Work is placed in commercial context focused at FFP hatchery and also on-farm.
- Domesticated east coast prawns now undergoing trials (previous slide).
- Globally the most comprehensive prawn genetic data-base:
 - 15,000 tiger prawn genotypes;
 - Phenotypes – more than 429,000 measurements from 80,000 animals.
- High density, hard state genomic prediction array with 60,000+ markers in final stages of development.
- Highly accurate method viral selection strategy based on a pooled family challenge that can be used in future breeding programs.
- Digital phenotyping methodology from digital images collection of phenotypic data at industrial-scales.
- Researchers have identified distinct genetic populations of wild Australian tiger prawns.
- New insights into prawn health through:
 - Gut analysis (microbiome);
 - Simple index analysis of nutritional condition (BRIX).



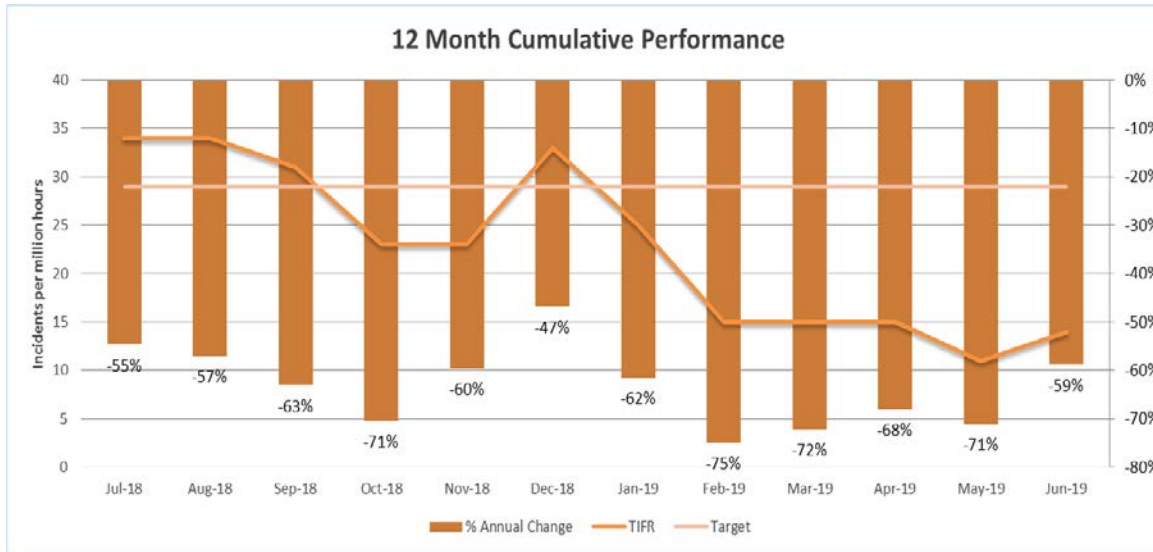
Breeding the perfect prawn
Courtesy of www.jcu.edu.au/prawn-breeding-hub



Almost 80,000 prawns have been phenotyped by Seafarms' scientists

Workplace health and safety

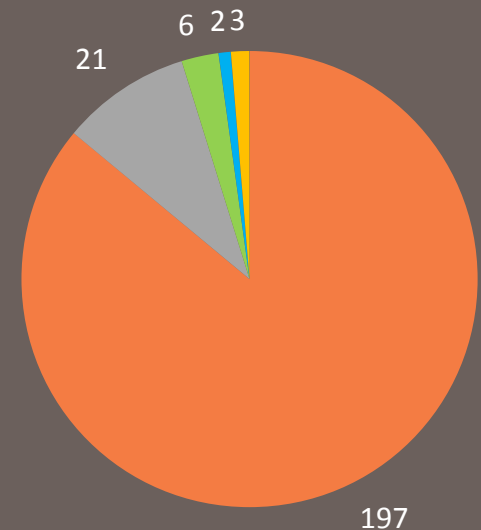
Further significant improvement in workplace health & safety performance with a 59% reduction in incidents



Seafarms current employment

- Seafarms currently employs approximately 234 people including consultants, advisers, engineering, environmental, legal, accounting, tax.
- These are directly paid positions and with other organisations.
- Labour profile includes PSD development, not solely Queensland operations.
- This employment is overwhelmingly in regional Australia.
- Seafarms has employed 17 graduates as part of its graduate program.

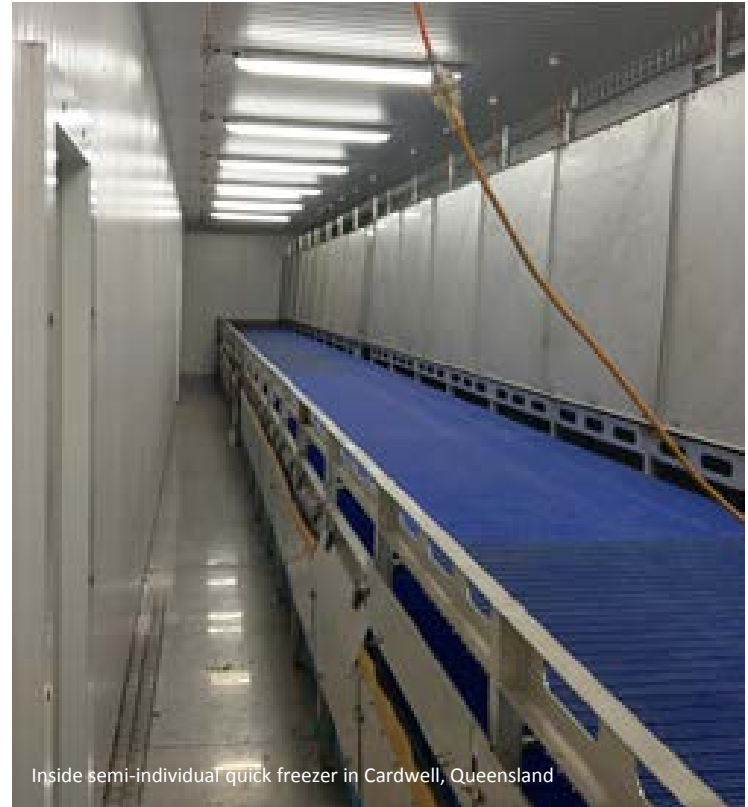
Seafarms Group Jobs Headcount



- Queensland
- Western Australia
- Northern Territory
- New South Wales
- Victoria

Investment in export market development

- Through its Queensland operations Seafarms commenced significant investment in export market development for PSD (>\$4.5M in FY 2019).
- Noting all initiatives are retrofitted to equipment and processes for Australian market requirements, they are undertaken to enhance delivery for PSD.
- Achievements include:
 - Procured, installed and commissioned semi-individual quick freeze (IQF) freezer – Cardwell;
 - Developed re-grading processes for export;
 - Shipped first test product to Japan – gathering important QA/QC information;
 - Completed packaging.
- Real-world market trials are also being used as input to detailed PSD engineering design and procurement specs and improve product quality.



Nissui / Crystal Bay® Prawn export packaging

- Seafarms completed its first delivery of Black Tiger Prawns to Japanese seafood giant Nissui in October 2019.
- The delivery is under an offtake agreement announced last May 2018.
- Seafarms will supply 15% of its Queensland production to Nissui, which is a strategic investor in Seafarms.
- Nissui invested A\$24.99 million in Seafarms in 2018 and invested a further A\$2.998 million in 2019.



Nissui-branded Seafarms Black Tiger Prawn

Australian domestic marketing initiatives

- In consideration of the insight that freshness and Australian are key purchase drivers, the “100% Aussie Freshness” message was driven at point of purchase throughout the fresh Crystal Bay® Tigers and Crystal Bay® Prawns seasons.
- The winter Crystal Bay® Prawns brand campaign delivered strong branding in the marketplace. The colour pink being used as a way to help differentiate Seafarms from other seafood brands at retailer level.
- Social media content shared the Australian Crystal Bay® Prawns journey from pond to plate, achieving a strong reach of half a million people over the last 12 months.

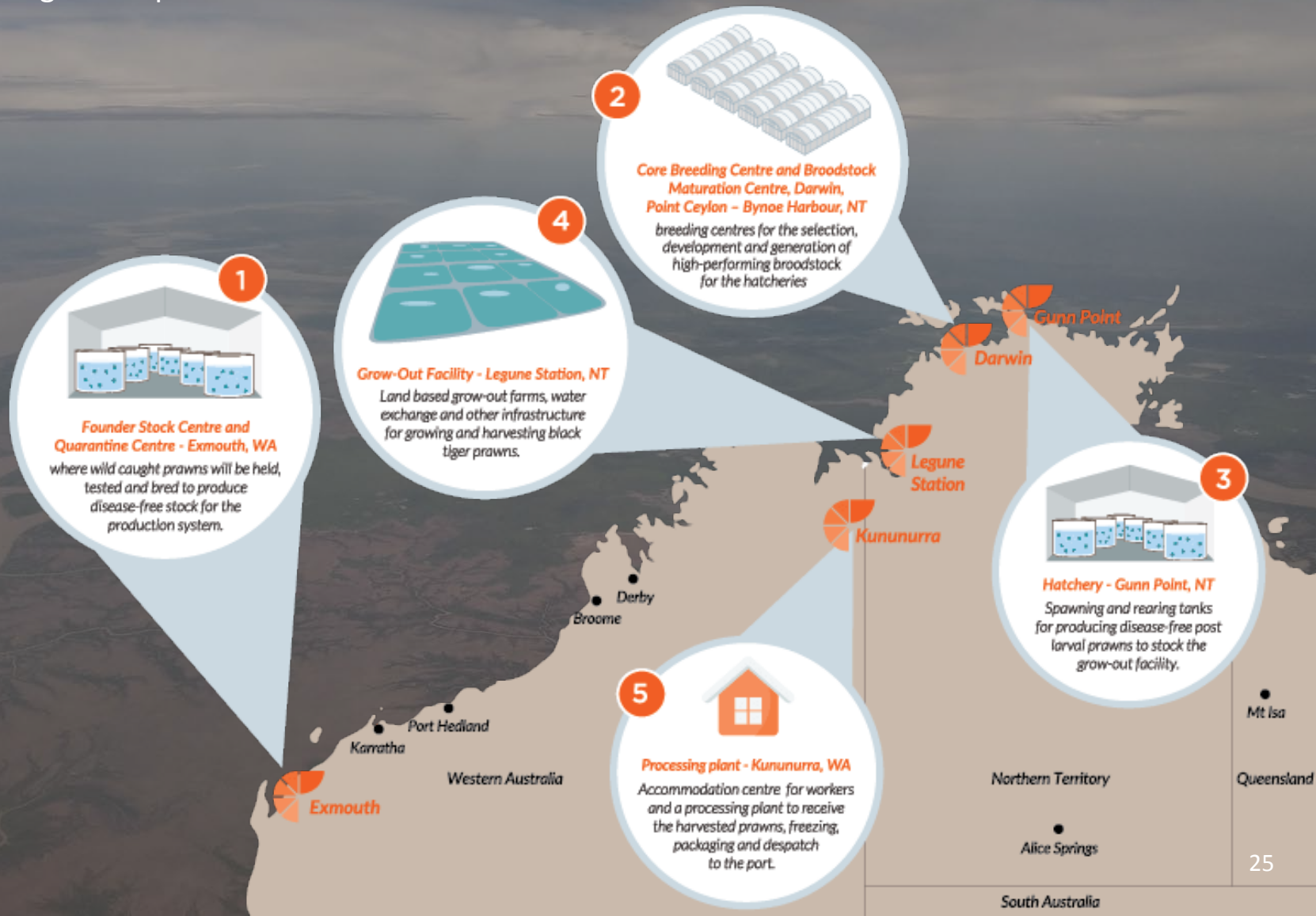
Winter Crystal Bay® Point of Sale

Posters
Static Stickers
Ice Sticks
Aprons
Beanies
Caps



Project Sea Dragon (PSD) Overview

Seafarms' proposed, large-scale, integrated, land-based prawn aquaculture project. Currently being developed in northern Australia.



PSD: Key milestones in 2019

- Completed first black tiger export to Nissui – a significant milestone in the PSD development strategy.
- At the Exmouth Founder Stock Centre:
 - Construction is well advanced on upgraded water systems and 3 buildings (FSC1,2,3) with commissioning commenced in FSC1;
 - The Board authorised the construction of an additional two buildings with associated tanks and systems to further advance the broodstock development.
- Construction of the Bynoe Harbour Broodstock Maturation facility has commenced.
- Early works to de-risk schedule and cost at the Legune Grow Out Centre has commenced.
- Design of the Kununurra Processing Plant is being finalised.
- A Darwin office has been established to enable better communication with government, local contractors and a quicker team build.
- Approximately A\$100M of budgeted work program tenders have been returned within Seafarms detailed budget estimates to date.
- Secured a renewed 3 year extension to the Federal Government's Major Project Status.
- Secured an aquaculture licence for Legune Station.
- Secured a number of PSD partners including:
 - Nissui second largest seafood company globally. Investment, offtake, technical and international marketing partner;
 - Sealord one of the largest seafood companies in the southern hemisphere. Domestic (Australia and NZ) marketing partner;
 - AAM. Major agricultural investor as our land partner that enables long term land tenure security at Legune.
- Advancing PSD project funding. A further A\$27.4M raised to further develop major biosecurity PSD infrastructure - designed to produce more product more quickly. Nissui participates a further A\$3M taking its total investment in Seafarms to approx. A\$28M.
- Simplified corporate structure with the demerger of carbon/environmental business to Seafarms shareholders.
- PSD world leading domesticated/genetics breeding program heading to specific pathogen free G3 animals.
- Further Government (NT and Federal Governments) sponsored infrastructure PSD support with \$58M upgrade of Keep River Road with further construction commencing late in 2019.

PSD: Strong competitive advantages

- Strong competitive advantage over the Asian black tiger where sourcing white spot (WSSV) free, genetically diverse broodstock is becoming increasingly difficult. Australia enjoys a genetically diverse wild black tiger population that are distributed over a very broad coastal range and have relatively low viral loads by global standards.
- This has enabled Seafarms and its research partners to develop the “most advanced and industry transformative improvement program for any prawn/shrimp species globally”¹.
- Other competitive advantages include:
 - Low sovereign risk;
 - Geographic remoteness and a relative lack of development have provided a natural biosecurity barrier;
 - Higher water temperatures contribute to higher growth and reduced production times. 2 crops per annum;
 - Long coastline with high tidal movements, pristine waters, availability of suitable land;
 - Population free waters;
 - Availability of suitable hatchery and grow out sites with ideal climatic conditions for the growth of black tigers – isolated locations;
 - Well established disease detection and prevention technology;
 - Cost effective feeds and operating systems;
 - Significant volumes and bigger higher premium animals produced;
 - Proximity to rapidly growing seafood markets in Asia.
- Australia has already an established reputation of a producer of high quality seafood and exports approximately A\$1.4B of fishery and aquaculture products. Asian exports account for some 84% or some A\$1.2B.

¹<https://www.jcu.edu.au/prawn-breeding-hub>

PSD: Legume Station

An Ideal Location for Mass-Production of High-Quality Seafood

- Based upon study originally done by CSIRO from Pilbara to Cape York but Seafarms spent a further A\$1M on a more detailed review.
- Pristine environment with no other aquaculture operations.
- Multiple crop location as water temperature above 25°C all year round. Ideal for black tiger production. Currently Australian industry at 1.2 crops pa.
- Flat lying ground minimising cut and fill costs with minimum land clearing required.
- Black clay soil profile – no need for pond lining, compaction test work completed.
- Australia's largest privately owned fresh water dam with a usable capacity of 35GL.



Trial Pond at Legume Station in Northern Territory



Aerial view of Legume Station February 2019

PSD: Estimated annual revenue

Expected to be more than \$3 billion at full production

Complete end to end control of operations will allow SFG to ensure absolute biosecurity and process control.

A fully vertically integrated project. Key Process Steps in PSD Prawn Aquaculture

1

Eggs, Genetics
& Broodstock



- Founder Stock Centre has been established at Exmouth
- PSD has its own proprietary selective breeding program
- Wild stocks domesticated for minimum two years to ensure specific pathogen free prawns
- Program already commenced
- Continuous advanced genetic market selection to enable productivity improvements and disease resistance
- Close cooperation with CSIRO and James Cook University
- SFG will own and control its own broodstock

2

Hatching /
juveniles



- Hatchery to be set up near Darwin
- Discrete biosecure location
- Will supply PSD with Post Larvae ("PL") ready for release into ponds
- Stage 1 of the hatchery will produce over 16 million PLs/week
- PLs will be trucked to the Grow-Out farms at Legune in special tanks

3

Farming



- To be built at Legune Station
- Separate "farms" of c. 360 to 400 Ha each, consisting of 36-40 ponds of 10 Ha each
- Stage 1 permitting for 1,120 Ha of ponds. Step 1 (400 Ha) of Stage 1 now underway
- Full project will comprise 10,000 Ha of ponds
- Good quality seawater with recirculation
- Sufficient fresh water to manage salinity in ponds

4

Processing



- Processing plant to be constructed near Kununurra ~100km on all weather road to be built by state governments from Legune station
- Expansion along with project stages
- Processing primarily frozen Head on Shell on shrimps
- Cooking for domestic markets
- Modern processing equipment

5

Sales, marketing
and logistics



- PSD is targeting export markets
- Leverage off the recognised Crystal Bay® Prawn brand in both existing and new markets
- Product will be packed into reefer containers and trucked to the best available port and shipping line (Darwin, Wyndham or Adelaide)
- Strong domestic and international demand for premium product. Already secured a global seafood equity partner – Nissui. Equity and offtake agreements in place

PSD: Queensland operations comparison

Table below highlights a broad comparison between PSD and Queensland operations. It should be noted that PSD yield assumption is considered conservative – given current Queensland operational results, particularly Farm 3 which more assembles PSD design features.

PSD	Queensland
Black tiger prawns	Banana and black tiger prawns
SPF Domesticated Broodstock	Wild Broodstock (BTP)
10 hectare ponds & dedicated nurseries	1 hectare ponds
Stocking at 27/m ²	Stocking at 40/m ²
10 kW/ha aeration	14 kW/ha aeration
7.5 tonnes per hectare yield/crop	Up to 10 tonnes per hectare yield
Large prawns (37 grams)	Medium Prawns (24 grams)
Production year round	Seasonal production (F3 1 crop only)
New farm	Old farm
New optimised design and major biosecurity design measures	Decades older design with some retrofitting underway
Automated feeding	Truck based feeding
35 tonnes per FTE	16 tonnes per FTE

PSD: Seafarms Farm 3

A Significant Upgrade on Farms 1 and 2

As highlighted below, from a production perspective Farm 3 more closely simulates PSD farms.

	Farm 1/2	Farm 3	PSD
Age of Assets	+30 years	+19 years	First new development in Australia since circa 2000
Produce own Post Larvae (PLs)	✓	✓	✓
Settlement Ponds*	✓	✓	✓
Long Crops	✗	✓	✓
Unconstrained by Seasonality	✗	✗	✓
Broodstock Sourced in House	✗	✗	✓
SPF Broodstock and Post Larvae (PLs)	✗	✗	✓

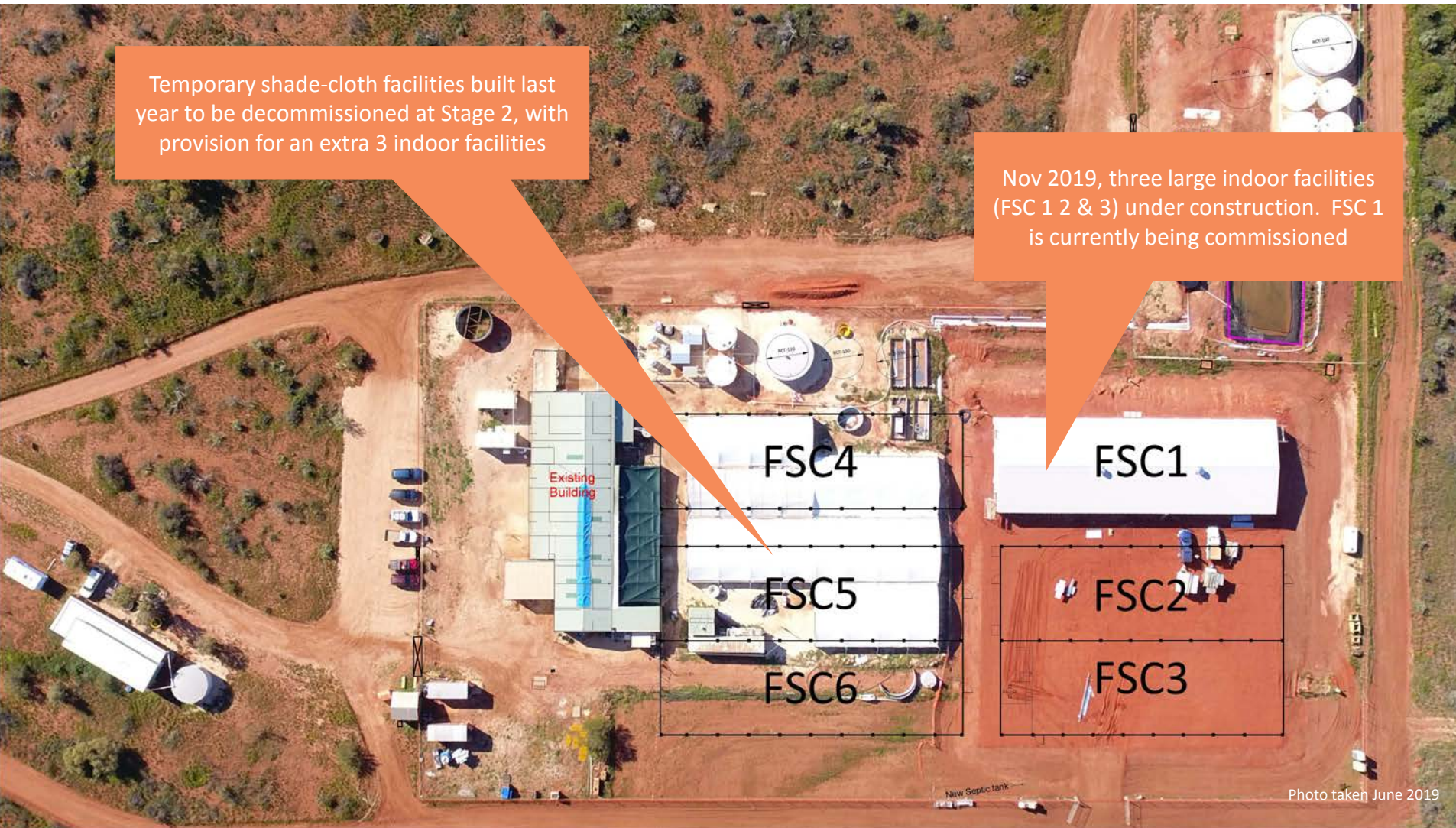
- ✎ The last two Farm 3 (F3) crops have averaged a black tiger yield outcome of 9.6t/ha using wild black tiger broodstock.
- ✎ PSD assumes initial crop yields of +7t/ha using G3 domesticated specific pathogen free animals.
- ✎ According to CSIRO, novel genetic and viral health screening and mating allocation has achieved yields up to 24.2t/ha.

* newly installed on farms 1 and 2

PSD: Exmouth Founder stock centre expansion

Temporary shade-cloth facilities built last year to be decommissioned at Stage 2, with provision for an extra 3 indoor facilities

Nov 2019, three large indoor facilities (FSC 1 2 & 3) under construction. FSC 1 is currently being commissioned



Founder stock centre: Construction Nov 2019

- The building works and fit-out for building 1 at Exmouth is complete, commissioning has commenced; buildings FSC2/3 erected.
- Water treatment systems continue to be developed and upgraded with installation of new water reservoirs and water cleaning systems to support future processes.
- All of the site building works has been undertaken by local Exmouth contractors. Electrical works undertaken by contractor from the adjacent regional area.



FSC 1 fitted out and commissioning in progress

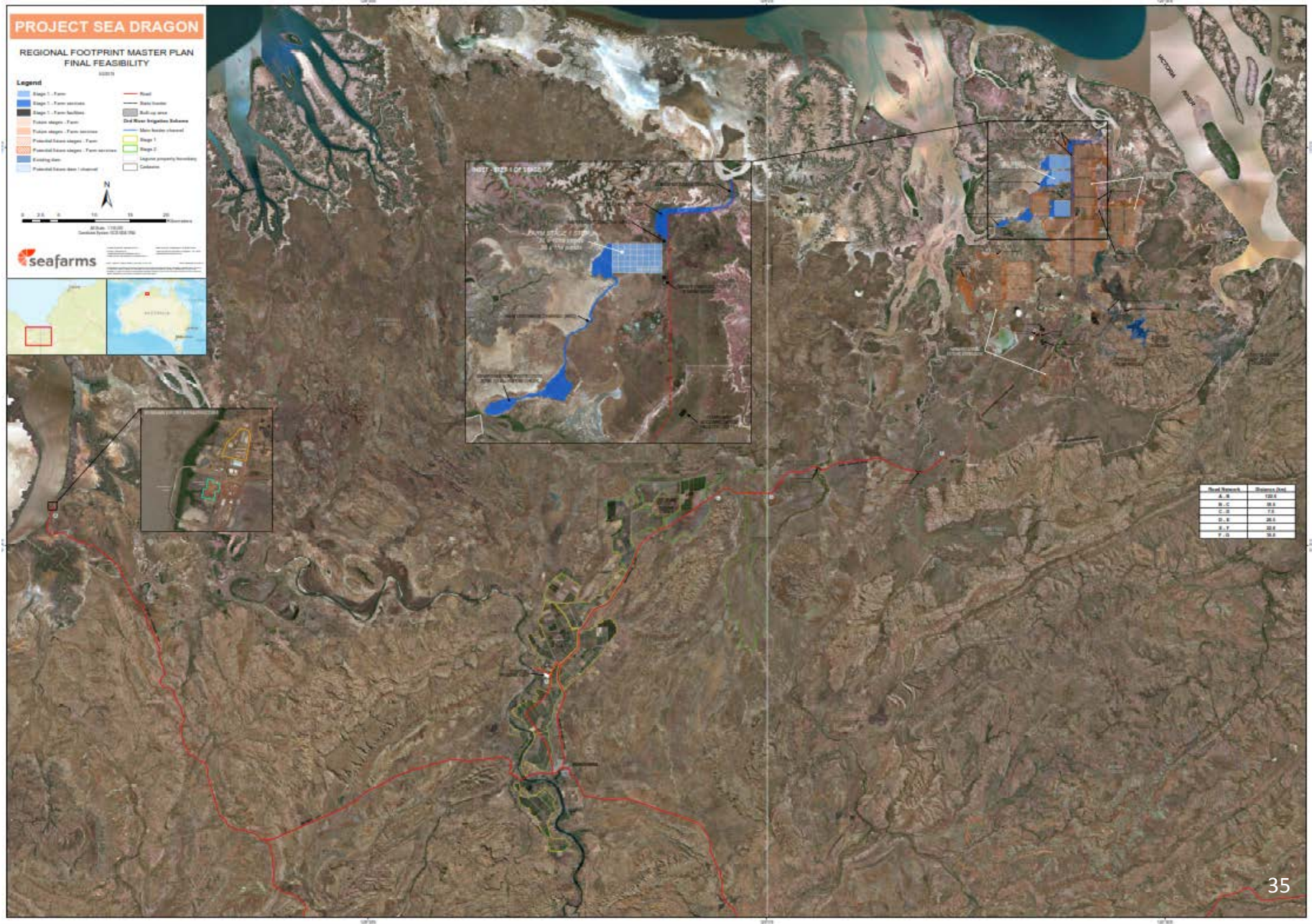


Bynoe Harbour - Broodstock Maturation Centre

- Local contractors were engaged to perform earthworks and fencing for the site
 - Earthworks completed including:
 - access roads;
 - inlet and outlet ponds with liners;
 - residential sites;
 - erosion control.
 - Fencing completed by Larrakia Development Corp which is owned and managed by the Traditional Owners of the land.
- Main access road into the site completed
 - Earthworks;
 - Bitumen laying.



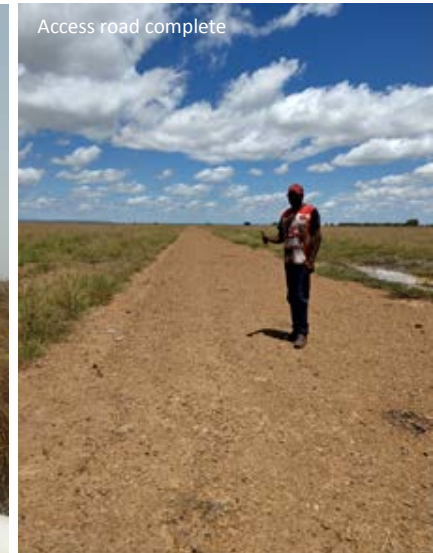
Legune Grow-Out Centre Regional Map



Legune Grow-Out Centre

Planned Early Works Completed

- Early Works undertaken to de-risk construction.
- Various sizes of rock have been quarried graded and stockpiled to ensure material is available for first bulk earthworks contracts.
- Access road built to enable access to lower lying areas earlier in the dry season.
- Design works under-way to enable earliest purchase of long lead items.
- Major earthworks bids received to form a basis of quicker contract finalisation as funds become available.

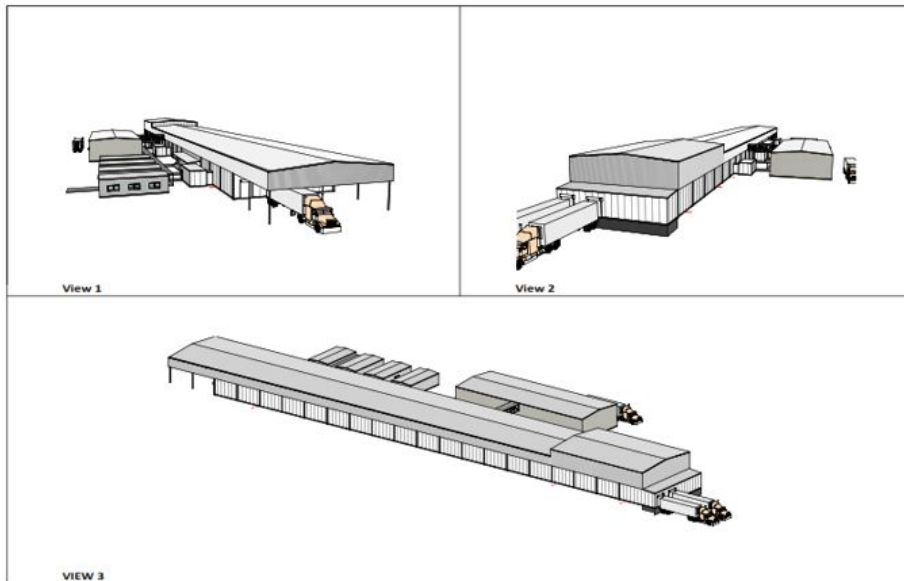


Processing Plant

Progressing Design and Development

- Design of the Processing Plant has advanced – site plan completed.
- Processing equipment specification for the process plant is being refined based on feed-back of east coast product to Japan and other export markets.

- Development and works approvals granted.
- Ground water licence granted.
- Deposited Plan survey lodged.
- Fish processors licence required upon completion of construction.



Concept design drawings for Kununurra Processing Plant



Development plan for Kununurra Processing Plant

Cardwell settlement ponds

Farm 1



Farm 2



Newly constructed incoming water settlement ponds at Farm 1 and Farm 2
This retrofit improves water quality and reduces biosecurity risk

Seafarms Group's Outlook

Seafarms Group forecasts strengthening market conditions to underpin demand for our operations as we transform into a high quality, low-cost global prawn producer

- Seafarms currently produces around **1,800 tonnes** of prawns per annum
- Following funding Seafarms expects to generate **+5,000 tonnes** per annum
- Project Sea Dragon is expected to bring Seafarms' capacity to **150,000 tonnes** per annum



Market conditions: Forecast to strengthen

- Strong growth in demand for prawns both domestically and internationally, in particular in Asia where distributors are seeking more product more quickly, means Seafarms' PSD is well poised to take advantage of market conditions.
- Seafarms has already generated demand/interest that far exceeds initial production profile for PSD and has secured export accreditations for Japan, Europe and China markets.
- This demand growth has been fuelled by the rapidly growing Asian middle class. For instance, a recent Austrade Report (November 2018) has estimated that only 28 million Chinese could comfortably afford Australian food in 2017. This is forecast to grow to 102 million by 2022.
- The Commonwealth Government has recognised this market opportunity with various free trade agreements having a strong seafood export focus.
- An example of this is the free trade agreement with China, whereby the Chinese government has removed tariffs on Australian seafood, effective 1 January 2019.



PSD: The US\$200B global opportunity

A growout pond at Seafarms' Cardwell farm



- Global aquaculture market to grow by US\$58 billion up to 2020 to over US\$200billion.
- Middle class population growth and per capita consumption increase of seafood particularly China.
- Growth of Asian middle class:
 - Almost 5 fold increase in Chinese middle class by 2022 to over 100 million;
 - The race to meet this significant rise in middle class consumer demand has already commenced. Recent examples include:
 - Recent Belt and Road Conference (April 2019) – President Xi confirms Chinese demand for quality western food products;
 - Alibaba chasing US\$200B of high quality western goods over next 5 years;
 - Country Garden establishing a leading enterprise in modern agriculture with global competitiveness;
 - Already seen NZ/Canada experience strong seafood export growth into Asian Markets.

PSD: The US\$200B global opportunity

- ✦ Importantly shrimp already part of Asian diet. As at 1st of January 2019 China has removed all tariffs on Australian seafood exports.
- ✦ PSD will be a low cost producer and the only producer in the developed world with significant volume of a premium product (150,000 tonnes pa at full production scale) at lower prices to drive demand:
 - Already have Memorandum of Understanding totalling some 14,000 tonnes pa of demand with a number of Chinese corporations that collectively significantly exceed Step 1 of Stage 1 development production profile (some 5,000 tonnes).
- ✦ Globally the race for further seafood production diversification and more seafood product offering into the growth markets of Asia are gaining real momentum. This is being lead by the major seafood companies wanting to reduce their exposure to declining wild catch production and the limited major growth opportunities in the salmon industry.
- ✦ Some of the world's largest seafood companies are moving into whitefish and shrimp/prawn.
- ✦ Major shrimp/prawn acquisitions include:
 - Nissui (second largest seafood company globally)/ Seafarms (Australia's largest farm prawn producer). Product black tiger;
 - Nissui has announced that it:
 - Wants to develop prawn business to be a core business in the same way as its salmon/trout/whitefish business unit that generated sales of over US\$2B a year;
 - Has an estimated A\$430M/3years to invest in marine products growth businesses and M&A.
 - Cook Aquaculture (largest private seafood globally)/Seajoy/Farallon. Product white shrimp;
 - Minhu Phu (largest Vietnam seafood producer)/Mitsui (Japan's second largest general trading house. Product white shrimp and black tiger.

Project Sea Dragon: Advancing to funding



- Seafarms has successfully de-risked PSD over the 2019 financial year and secured all the necessary government and indigenous approvals.
- Seafarms is now ready to progress to commencing the first steps of Project Sea Dragon when funding is secured.
- Subject to the achievement of timely funding Project Sea Dragon expects to commence construction of its facility early in the dry season of 2020 with a view to stocking ponds in November 2021 with first product to market early in the second quarter of 2022.
- Having established the position as Australia's largest producer of prawns through Seafarms' Queensland operations the Company is now shovel ready to commence building Project Sea Dragon facilities in the Northern territory, the first step toward becoming a producer of quality high volume producer.



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