



ASX Announcement | 27 March 2020
Seafarms Group Limited (ASX:SFG)
(SFG Announcement No. 644)

**Seafarms Groups raises A\$12.5 million under a placement to
sophisticated and professional investors**

Investment Highlights

- Seafarms Group has raised A\$12.5 million under a placement to institutional and professional investors
- The Placement is considered prudent given current market volatility and the Company's desire to continue to progress with the development of Project Sea Dragon
- Seafarms Group's major shareholder, Mr Ian Trahar will participate in the Placement, subject to shareholder approval

Sustainable aquaculture company Seafarms Group Limited (ASX:SFG) ('**Seafarms**' or 'the **Company**') is pleased to announce that it has received commitments for a share placement to institutional and professional investors to raise A\$12.5 million ('**Placement**') at A\$0.03 per fully paid ordinary share in the capital of the Company ('**Share**').

Background to the Placement

As was foreshadowed in the Company's half year 31 December 2019 report announced on 28 February 2020, the Company had been in the process of pursuing a necessary fundraising to ensure the Company would have sufficient cash flow to fund its operations during upcoming 12 months.

This was intended to ensure that the Company could continue with the planned development of Project Sea Dragon (PSD)

Since the release of those half yearly accounts, the rapid developments in the global pandemic emanating from the coronavirus (COVID-19) has impacted the global economy and financial markets alike. This unprecedented public health emergency has impacted the Company's ability to execute on its planned fundraising initiatives.

In response, the Company has in consultation with its financial advisors immediately sought funding to secure the Company's ongoing financial health. This has resulted in the Company securing commitments for the Placement, a raising which the independent directors consider is the best available fundraising structure to ensure the Company has sufficient cash reserves to immediately meet current expenditure requirements as they fall due and continue its business during what may be a prolonged period of ongoing market volatility.

Placement commitments

The Company has received placement commitments from a combination of existing shareholders and new sophisticated and professional investors to raise approximately A\$12.5 million at A\$0.03 per Share.

The Placement price of A\$0.03 represents a 21.05% discount to the Company's last close price on Friday, 20 March 2020 of A\$0.038 and a 25.32% discount to the 5 day volume weighted average price to Friday, 20 March 2020 of A\$0.040.

To ensure the Company was able to raise the full A\$12.5 million, the Company has entered into a subscription agreement with Avatar Industries Pty Ltd (**Avatar**), a company controlled by executive chairman Mr Ian Trahar.

Under that subscription agreement, Avatar had agreed to subscribe for up to \$6.25 million of the Placement (with that amount to be scaled back at the Company's discretion as a result of demand received by the Company and other persons introduced through the placement process). This commitment is unconditional with the scale back mechanism intended to operate to ensure that if there was insufficient demand the full raising amount was achieved. This was considered an important requirement to be able to raise funds from other investors.

As a result, Avatar's requirement is to subscribe for 187,979,999 Shares for total consideration of \$5,639,399.97. The issue of shares to Avatar will be subject to shareholder approval which will be sought at an extraordinary general meeting (**EGM**) to be convened as soon as possible and expected to be held in late May. Given Mr Trahar currently has a relevant interest in shares equating to 24.33% of the Company, approval is required for the purposes of item 7 section 611 of the Corporations Act 2001 (Cth) which will also require an independent expert's report to be prepared and sent to shareholders.

228,686,667 Shares (being the shares issued to persons other than Avatar) will be issued on or about 1 April 2020. These shares are issued under the Company's existing ASX Listing Rule 7.1 capacity.

The Shares to be issued to Avatar will, subject to receipt of the required shareholder approval, be issued shortly following the EGM.

Use of funds

As stated above, the funds raised will be used to meet current expenditure requirements as they fall due and continue the business during what may be a prolonged period of ongoing market volatility. These funds will principally be applied to:

- further expansion of Exmouth Founder Stock Centre to enable G3 (third generation) animals and grow the population (numbers) of specific pathogen free animals;
- further development of the Bynoe Harbour Broodstock Maturation Centre;

- undertaking required capital works on Legune Station which are beneficial for PSD and agricultural operations on the station, as agreed in the Sublease and Cooperation Agreement;
- progressing processing plant design and associated tender documents;
- facilitating the project funding process including negotiating with equity and debt funding participants and adviser costs;
- meeting SFG's ongoing contractual, regulatory and environmental compliance commitments relating to PSD; and
- the costs of the capital raising and general working capital requirements.

Timetable

Announcement of Placement	Friday 27 March 2020
Trade Date	Monday, 30 March 2020
Settlement of Placement Shares (ex-Avatar shares) on a T+2 basis	Wednesday 1 April 2020
Issue and commencement of trading of new Placement Shares (excluding Avatar)	Thursday 2 April 2020
Extraordinary general meeting to approve issue to Avatar	Late May 2020

Authorised by the Board of Seafarms Group Limited.

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) – Market Update & Capital Raising Overview March 2020
Australia's largest prawn producer: Transforming into a high quality, low-cost global producer

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Executive Summary



Seafarms Group Limited (**Seafarms** or **SFG**) has made significant progress in its development of Project Sea Dragon (**PSD**):

- the project is now shovel ready;
- SFG has secured the necessary major environmental and development approvals/licences and agreements needed to commence construction of PSD – a tier 1 asset development with an operating life of 90 years;
- development has already commenced on workstreams with longer lead-times;
- PSD has secured Major Project Status with the Northern Territory and Western Australian Governments;
- PSD has had its Major Project Status with the Federal Government extended with Minister Andrews stating that “The Morrison Government recognises the importance of this project to Northern Australia, and to strengthen Australia’s economy”¹.
- SFG has secured significant government financial infrastructure support including major road/bridge upgrades and land packages, with government expenditure underway;
- PSD breeding and domestication program is well advanced in its fifth year of development;
- all Native Title matters in respect of Legune Station have been resolved in a comprehensive Indigenous Land Use Agreement (**ILUA**);
- SFG has secured several major seafood industry partners in Nippon Suisan Kaisha Limited (**Nissui**) a global seafood company and Primstar one of Europe’s largest seafood companies. Additionally a marketing agreement has been reached with Sealord, one of the largest seafood companies in the southern hemisphere; and
- SFG has entered into a long term 90 year sublease at the PSD main facility – the grow out production centre at Legune Station in the Northern Territory.

Executive Summary cont.

- SFG continues to progress project funding options – PSD has had extensive independent vendor due diligence undertaken on all major aspects of the project for the whole of Stage 1 as well as industry partner signoff.
- Seafarms Queensland has already secured the necessary accreditations for exports into the major seafood markets of Japan, China and Europe.
- SFG has secured A\$12.5M of funding to be conducted via share placement capital raising at \$0.03 per share to continue to fast track programs that are targeted to deliver more product more quickly.
- Post capital raising SFG expects to be able to fund PSD early works and development construction, fund PSD through to final investment decision and assist in securing project finance.
- The capital raising is supported by several of SFG's largest shareholders, including Mr Ian Trahar (subject to shareholder approval).

A\$12.5M Placement

The Capital Raising will enable Seafarms to continue to develop its world class project, Project Sea Dragon, progress the project funding process for Step 1 of Stage 1 development of PSD from a stronger financial position and fast track programs that are targeted to deliver more product more quickly.

Placement	
Amount	A\$12.5M
No. of shares	416,666,666
Issue price	\$0.03 per Share
Investor	Institutional and sophisticated investors

- SFG has secured A\$12.5M of funding to be conducted via a share placement to institutional and sophisticated investors (**Placement**) at an issue price of A\$0.03 per share.
- The Placement is being supported by two existing shareholders:
 - The Company's largest shareholder, Avatar Industries Pty Ltd (a company controlled by the Executive Chairman of SFG, Mr Ian Trahar) has agreed to subscribe for up to A\$6.25M of new shares at an issue price of A\$0.03 per share subject to shareholder approval.
However, the subscription agreement also provides that the Company may scale back (in its discretion) this amount in the event that it receives valid applications from other third parties during the raising process. Avatar's commitment is not subject to any conditions precedent or termination events but the scale back mechanism is intended to operate to ensure that if there is insufficient demand the full raising amount is completed;
 - Additionally another significant shareholder has committed A\$6.25M to the Placement.
- In addition to the A\$12.5M Placement, the Board has agreed to provide Nissui with a 60 day period to determine whether it would like to make a further investment into SFG at A\$0.03 per share (i.e. the offer price for this capital raising). (Nissui has various top-up rights available under Shareholder Rights Agreement between Seafarms and Nissui dated 3 August 2018) (subject to any necessary regulatory approvals required at that time).
- As stated above, any issue of shares to Avatar will be subject to shareholder approval (which depending upon the final number of shareholder may be an approval for the purposes of item 7 section 611 of the Corporations Act 2001 (Cth) which will also require an independent expert's report to be prepared and sent to shareholders).
Mr Trahar's current holding the Company is 24.33%. If no subscribers were identified to participate in the placement and Avatar subscribed for its full subscription commitment, this percentage ownership would, subject to shareholder approval, increase to 28.74%.

Capital Raising – Use of Funds

USE OF FUNDS:

- Proceeds will continue to fund PSD long lead time biosecurity strategy, fund PSD through to final investment decision, assist in securing project finance for Step 1 of Stage 1 and advance PSD's ability to deliver more product more quickly.
- Proceeds from the Capital Raising will principally be applied to:
 - further expansion of Exmouth Founder Stock Centre to enable G3 (third generation) animals and grow the population (numbers) of specific pathogen free animals;
 - further development of the Bynoe Harbour Broodstock Maturation Centre;
 - undertaking required capital works on Legune Station which are beneficial for PSD and agricultural operations on the station, as agreed in the Sublease and Cooperation Agreement;
 - Progressing processing plant design and associated tender documents;
 - facilitating the project funding process including negotiating with equity and debt funding participants and adviser costs;
 - meeting SFG's ongoing contractual, regulatory and environmental compliance commitments relating to PSD; and
 - the costs of the capital raising and general working capital requirements.



Broodstock at Exmouth Facility

Seafarms – Corporate Snapshot

	Audited 31 DEC 2019 \$M	Capital Raising ¹ \$M	Pro forma 31 DEC 2019 \$M
Cash/Receivables	8.7	12.5	21.2
Net Assets	30.1	12.5	42.6
Debt	15.6		15.6
¹ assumes A\$12.5M raised under Share Placement (before fees & expenses)			

Capital Status (as at 23 March 2020)	
Share Price	\$0.038
Market capitalisation (undiluted)	A\$76M
Fully Paid Shares on issue	2,005,595,635
Preference Shares on issue	30.2 million
Options:	
Listed	153.9 million
Unlisted	120.3 million
Estimated fully paid shares on Issues post capital raising*	2,422,262,301
* assume A\$12.5M raised in placement	

Company Information	
ASX	www.asx.com.au (code: SFG)
Company Website	www.Seafarms.com.au
Share registry	Computer Investor Services Pty Ltd
Share registry contact	(08) 6188 0800

Directors Shareholding	
Directors Shareholding	40.7%
Note includes:	
<ul style="list-style-type: none"> Companies etc. associated with Ian Trahar hold 24.33%; and Nissui holds 14.12% and has a nominee director, Hisami Sakai 	

Seafarms Group Overview

Seafarms is currently Australia's largest producer of farmed prawns, with significant operational aquaculture expertise and a demonstrated track record of growth and innovation.

PROJECT SEA DRAGON

- PSD is a world class industrial scale project to be developed and constructed in stages with ponds located at Legune Station in the Northern Territory.
- Following 8 years of development and approximately A\$110M of investment, Seafarms has obtained the material regulatory approvals required for Stage 1 of PSD.
- PSD is shovel ready. Seafarms sponsored early work programs and Government sponsored infrastructure support commenced in the 2018 dry season, with the major upgrading of the Gunn Point Road, amongst other benefits, to "facilitate and progress Project Sea Dragon"², and the commencement of an upgrade of Keep River Road.

GOVERNMENT SUPPORT

- PSD has Major Project Status with the Federal Government (renewed for a further three years in December 2018) and both the Northern Territory and West Australian Governments and continues to attract strong local government, indigenous and local community support.

Seafarms Group Overview cont.

INDUSTRY PARTNERS

- PSD has already secured major equity and offtake agreements with Asian global seafood company, Nissui.
- Nissui, was formed in 1911 and has a market capitalisation in excess of US\$2B, with annual sales over US\$6.4B and employs 9,000 people globally (on a consolidated basis).
- Briefly, the equity and offtake agreements with Nissui included:
 - A\$24.99M equity investment in SFG, at a substantial premium to SFG's share price at that time, for a 14.99% shareholding in SFG. Nissui has the right to maintain its interest in SFG up to a maximum of 25% (subject to ASX waivers); and
 - an offtake agreement for 15% of Queensland production and between 10-20% of the total annual production of PSD depending on its ownership interest.
- Seafarms has recently secured a Project Sea Dragon product offtake agreement with one of Europe's largest seafood companies, Primstar.

Existing operations: Queensland

- Seafarms existing Queensland operations are Australia's largest producer of farmed prawns.
- 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 workings 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. Development has already commenced.
- 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.
- Recently secured further PSD offtake agreements with Primstar – one of the largest European seafood companies. Together, the Primstar agreement coupled with the previously announced Nissui offtake agreement, provide market based offtake arrangements for approximately 30% (up to 35%) of production from the initial stage development of PSD.
- 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 finalised offtake agreements with both Nissui and Primstar 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
- 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
- Recently secured PSD offtake with one of Europe's largest seafood companies Primstar
- 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

- Advancing negotiations regarding project finance with a number of international banks

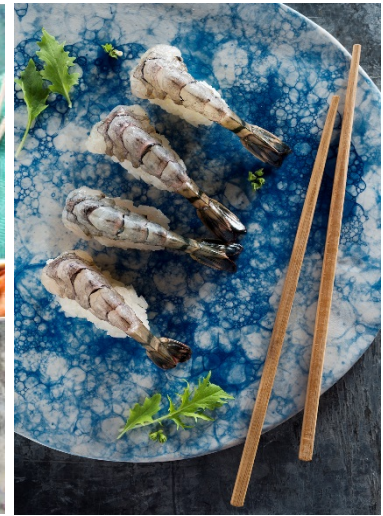
Recent significant milestones and major achievements

- Significant progress has been achieved over the last twelve months and more recently in a number of Project Sea Dragon areas including:
 - Registration of the Legune Indigenous Land Use Agreement (ILUA) by the National Native Title Tribunal
 - Securing further PSD offtake agreements with one of Europe's largest seafood companies Primstar;
 - Securing further financial support from our global industry partner Nissui with a further equity investment of approximately A\$3m, bringing Nissui's total investment in Seafarms to A\$28m;
 - Raising approximately A\$24m to further develop PSD's world leading breeding/genetics program and associated new aquaculture infrastructure needed to support this long term program;
 - Finalisation of PSD processing plant designed commenced. Development and work approvals granted.
 - Seafarms completed its first successful export of Black Tiger prawns to Nissui;
 - Federal Government renews Major Project Status for PSD
 - Commencement of both the PSD Ranger Program and assisting in the completion of the Marralum outstation on Legune Station;
 - Continued strong collaboration with governments, local communities and Traditional Owners;
 - Further prioritised infrastructure support for PSD from various government with the continued major upgrade of the Keep River Road;
 - Successful opening of PSD head office in Darwin; and
 - Further research and development trials at our Queensland operations to further enhance our biosecurity strategies for PSD.

Australia's Most Recognised Prawn Brand

SFG has established a premium and well recognised branded product under which to supply retail customers

- 🍷 The Crystal Bay Prawns brand has been sold in Australia since 1988
- 🍷 Production mix has shifted towards BTPs, which now constitute the majority of sales volumes
 - BTPs receive a meaningful pricing premium compared with other species
- 🍷 Retailer marketing driven by the following key themes:
 - Consistent medal winner at Sydney Royal Fine Food Show
 - Highest quality
 - Best tasting
 - Premium Australian product
- 🍷 Social media strategy has significantly driven brand engagement



Nissui / Crystal Bay® Prawn export packaging

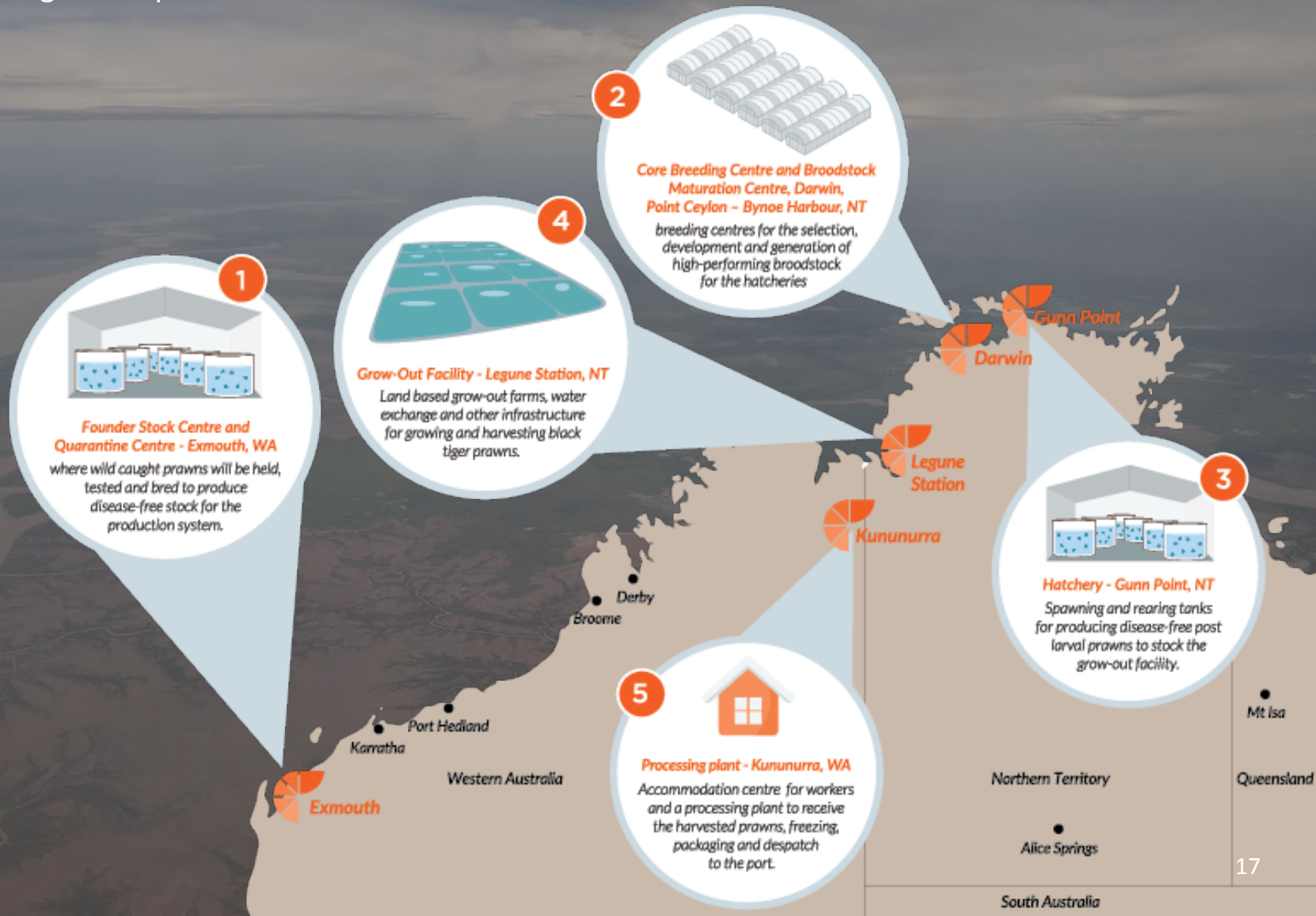
- Seafarms completed its first delivery of Black Tiger Prawns to Japanese seafood giant Nissui in October 2019.
- The delivery is under an offtake agreement announced in May 2018.
- Seafarms will supply 15% of its Queensland production to Nissui, which is a strategic investor in Seafarms. Once PSD is operational it will supply 10-20% of its production to Nissui. 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

Project Sea Dragon (PSD) Overview

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



Full Vertical Integration

Complete end to end control of operations will allow SFG to ensure a sustainable business with absolute biosecurity and process control

Key Process Steps in PSD Prawn Aquaculture



- 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 marker selection to enable productivity improvements and disease resistance
- Close cooperation with CSIRO and James Cook University
- SFG will own and control its own broodstock



- Hatchery to be set up near Darwin
- Discrete bio-secure 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



- 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
- Full project to comprise 9 stages to complete 10,000 Ha of ponds
- Good quality seawater with recirculation
- Sufficient fresh water to manage salinity in ponds



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



- 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
- Strong domestic and international demand for premium product. Already secured a global seafood equity partner – Nissui. Equity and offtake agreements in place

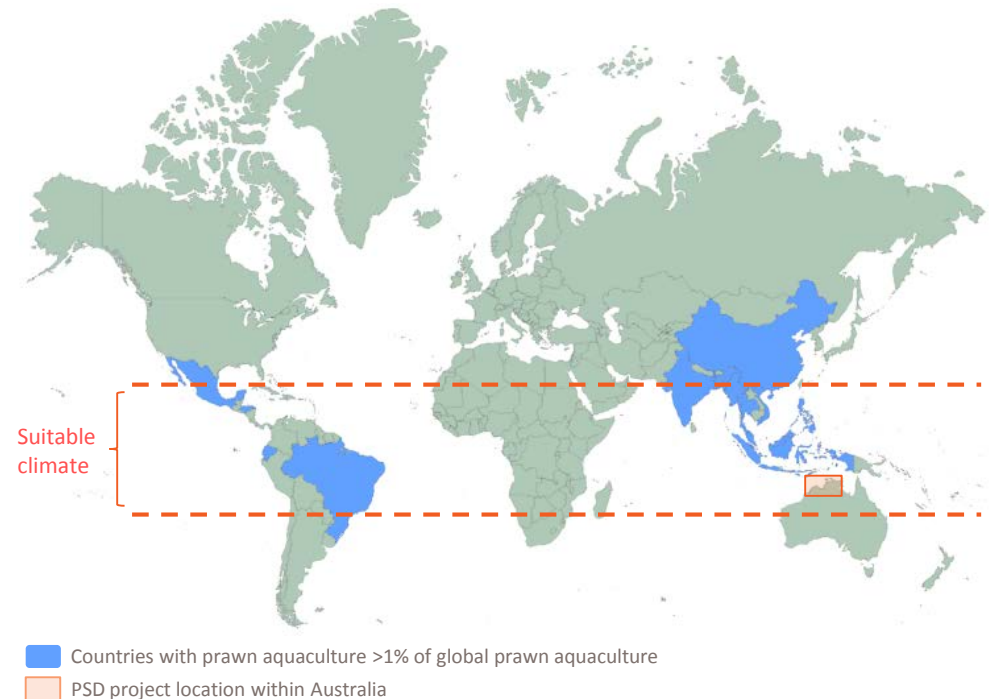
Limited Number of Suitable Sites Globally

The ideal site for industrial scale prawn aquaculture has a number of key required characteristics, which significantly constrain the number of suitable sites globally

Key Required Characteristics

- 1 Geographic remoteness to underpin biosecurity
- 2 Suitable climate and temperature
- 3 Disease free environment
- 4 Coast line with high tidal movements
- 5 Large land area with lack of competing uses
- 6 Large land area with flat topography
- 7 Access to labour
- 8 Access to export terminals
- 9 Proximity to end markets

Suitable Prawn Farming Regions Globally



📍 An extensive geospatial mapping exercise conducted by SFG (In conjunction with the CSIRO) of the Northern Australian coastline identified only a handful of sites that met the required site characteristics

PSD – Step 1 of Stage 1

The first step of PSD (S1S1) will involve the construction of 396 Ha of ponds producing 6,000 to 7,000 tonnes p.a. of high quality large Black Tiger Prawns while providing infrastructure for future stages

S1S1 of PSD will comprise:

- Founder stock centre
- Breeding facilities
- Grow out facility of first farms totaling 396 ha of ponds
- Processing Plant
- Supporting infrastructure for full scale project

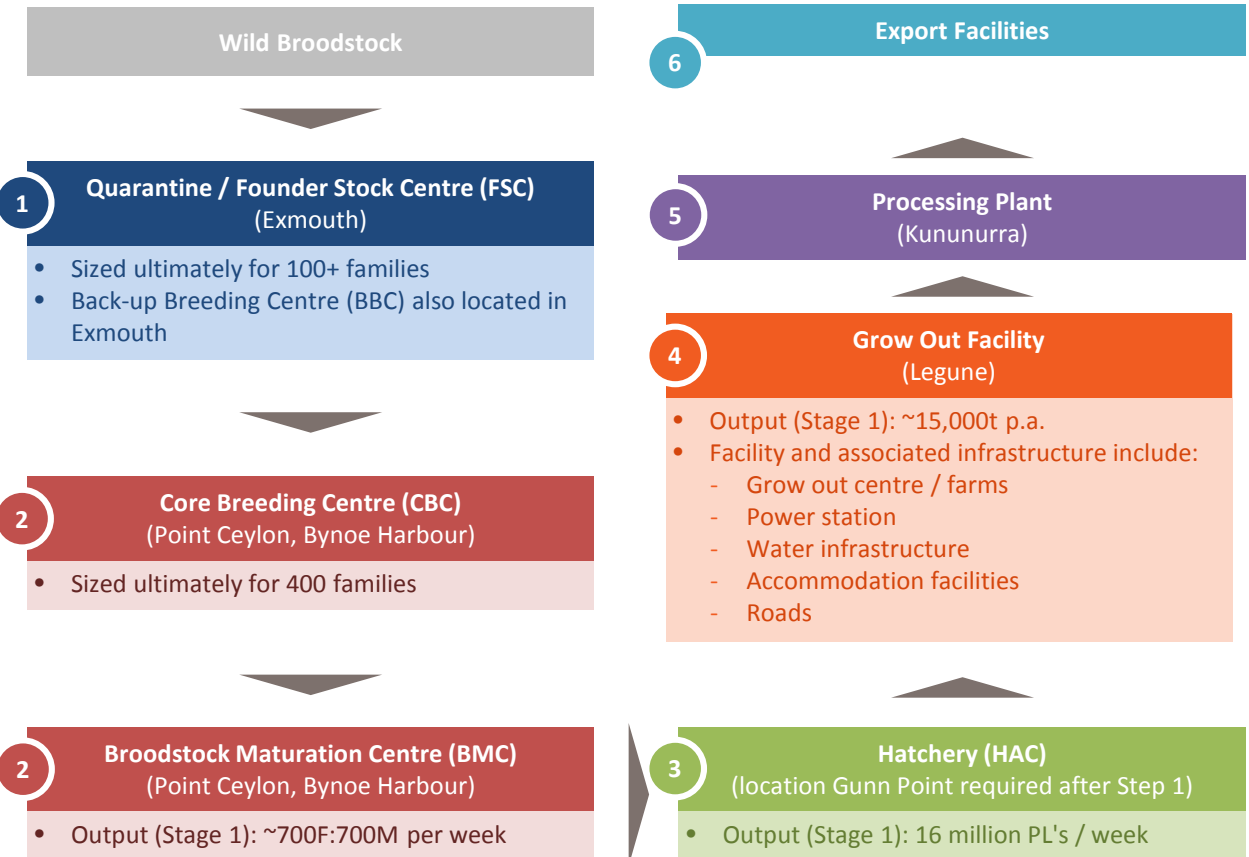
The S1S1 farm will consist of 36 ponds of approximately 10 Ha in size and 36 nursery ponds each of 1 ha

The S1S1 Processing Plant will be largely sufficient for full Stage 1 production

Feed for PSD will be sourced predominantly from South East Asia

- Significant supply competition likely to keep pricing pressure low
- SFG is considering building its own feed mill for later stages to reduce costs further

Stage 1 Production System (All Steps 1 -3)



Denotes flow of prawns in value chain

PSD – Step 1 of Stage 1

Step 1 of Stage 1 of PSD will involve the construction of 36 Nursery Ponds and 36 Large Ponds totalling 396 Ha as well as significant amounts of supporting infrastructure for full Stage 1 and subsequent stages

Step 1 of Stage 1 is

- Expansion of the existing facilities at Exmouth
- New Breeding Facilities near Darwin
- New Grow-out facility 'farms' at Legune Station
- New Processing Plant and Cold Store at Kununurra

Supporting infrastructure established for the full stage 1 of the project at Legune Grow Out and the Processing Plant in Kununurra

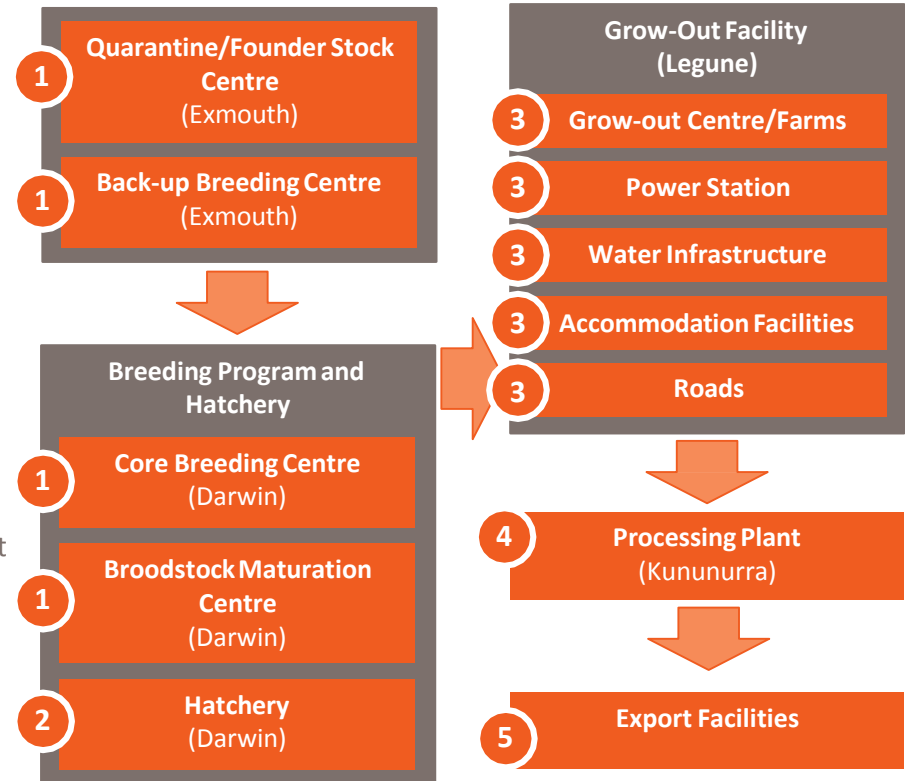
The construction works have been broken down into defined work packages with a significant proportion of cost forecasts based upon market testing

Components of project construction risk mitigated by use of specialist third-party contractors with specific risk knowledge

SFG has completed a detailed test pond construction program at Legune proving compaction levels and suitability of the material

Project Delivery	
Project Component	Construction Party
Earthworks	Third party contractor - hybrid
Facilities, plants and roads	Third-party contractor, largely fixed price basis
Power station	Third party BOOM

Key Stage 1 Project Components



Industry-Leading Biosecurity Control

PSD's strategic choice of locations is one aspect of a holistic approach to make PSD one of the most biosecure aquaculture projects in the world

Industry-Leading Biosecurity Standards and Control

Natural and Designed Geographic Biosecurity

- Selected locations are free of internationally listed prawn diseases
- Geographic isolation from centres of population and all other prawn producers
 - Nearest prawn producer is on Australia's east coast, 1,700km away
- Separate locations for breeding, grow out and processing activities to mitigate disease risk
 - Multiple levels of redundancy and restocking opportunities

Specific Pathogen Free Domesticated Animals

- Full vertical integration allows for selection of healthy, Specific Pathogen Free (SPF) broodstock, eliminating pathogen entry pathway through broodstock
- World-class genetic breeding program in collaboration with James Cook University and ARC
- Control over the entire aquaculture value chain allows SFG to rapidly react to issues and any disease events

Project Design Considerations Specifically for Biosecurity

- Buffer zones between farms
- Best practice water management
 - Water is treated by Ozone and UV light before used in the breeding centres and hatchery
 - Extensive use of recycled water at grow-out facility to limit introduction of potential disease vectors
- Strict personnel and vehicle access controls and movement protocols

Isolation, geographic separation across facilities and SPF high health broodstock limit entry pathway for pathogens

PSD: Queensland operations comparison

Table below highlights a broad comparison between PSD and Queensland operations. It should be noted that PSD yield assumption is made considering Queensland operational results, particularly Farm 3 which more resembles PSD.

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 30/m ²	Stocking at 40/m ²
12.5 kW/ha aeration	14 kW/ha aeration
9.3 tonnes per hectare yield/crop (8.3 tonnes initially)	Up to 10 tonnes per hectare yield
Large prawns (40 grams)	Medium Prawns (24 grams)
Production year round	Seasonal production (Farm three - 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)	✗	✗	✓

- 🌱 Farm 3 (F3) crops black tiger yield of over 9t/ha using wild black tiger broodstock.
- 🌱 PSD assumes initial crop yields of +7t/ha using G5 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.

Extensive Design Work Has Been Completed

Through leveraging the knowledge of existing operations in QLD and the completion of bespoke design studies including a detailed feasibility study, SFG has de-risked PSD project development

Commentary

☛ All required preliminary and detailed design studies have been completed:

- Concept study
- Pre-feasibility study
- Water Balance modeling to determine freshwater availability and reliability
- Power and energy generation study
- Workforce and accommodation study
- Transport and logistics study
- Detailed Feasibility study

☛ In addition, SFG has already commenced acquisition and commencement of operations at a number of sites:

- Acquisition of prawn brood-stock and breeding facility in Exmouth
- Transfer of best practice techniques and knowledge from QLD operations

Significant Research and Resources Invested So Far



PSD – Project Status

SFG has received all regulatory approvals for Stage 1 (1,120 ha's) and has also entered into a Project Development Agreement with the Northern Territory Government and an Indigenous Land Use Agreement with the Traditional Owners for the whole project.

Key Project Work stream Status

	Workstream	Status
1	Project Design	<ul style="list-style-type: none"> Earthwork studies ✓ Feasibility study ✓
2	Site access and agreements	<ul style="list-style-type: none"> Legune Station ✓ Crown Leases for Bynoe Harbour and Kununurra ✓ Exmouth Quarantine and Founder Stock Centre operational ✓
3	Approvals and permits	<ul style="list-style-type: none"> Environmental Impact Statement (EIS) assessment complete ✓ <ul style="list-style-type: none"> Legune Station ✓ Bynoe Harbour Breeding Facilities ✓ All approvals for Stage 1 ✓
4	NT Government	<ul style="list-style-type: none"> Project Development Agreement executed ✓
5	Traditional land owners	<ul style="list-style-type: none"> Registered ILUA agreed with traditional land owners ✓
6	Capital Raising Due Diligence	<ul style="list-style-type: none"> Engagement with independent due diligence experts ✓

Received Federal Government's approval for Stage 1 at Legune Station under the Environment Protection and Biodiversity Conservation Act in May 2017. Key conditions of the approval include:

- Developing and implementing a water quality monitoring and management program
- Establishing a scientific advisory group to advise on matters relating to threatened and migratory waterbirds, including a waterbird impact mitigation and monitoring program
- Specific precautions during construction and operation to avoid potential impacts to marine life, including turtles, sawfish and river sharks

Indigenous Land Use Agreement (ILUA) with Traditional Owners

- ILUA applies to all stages of PSD, with no further agreement required

Signed the Northern Territory Government Project Development Agreement (PDA) on 1 September 2017 which provides:

- Pathway for development through to full scale
- Certainty over land tenure outcomes

Extensive 8-year project evaluation completed, including:

- 2 years of validation, de-risking and refinement
- Validation of core project assumptions through comprehensive independent Vendor Due Diligence, a 12-month process

Project Status – FSC at Exmouth

- The building works and fit-out for building 1 at Exmouth is complete, commissioning has commenced; Founder Stock Centre Buildings 2 & 3 buildings erected.
- Water treatment systems further 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.
- Animals successfully transferred into facility



FSC 1 fitted out and commissioning in progress



Project Status – BMC at Bynoe Harbour

- Local contractors were engaged to perform earthworks and fencing for the site
 - Earthwork 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.



Project Status – Legune Grow Out Centre

Early works on site and on-going design for critical path activities continues 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.



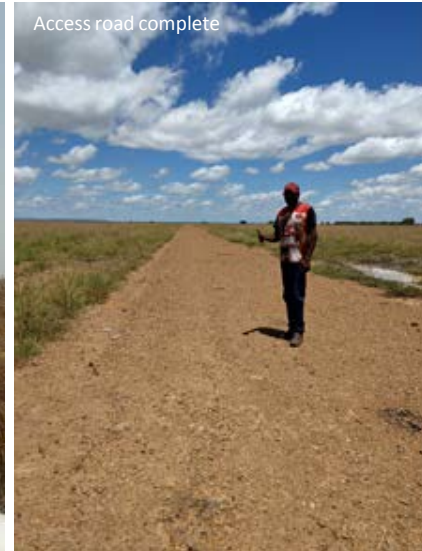
Filled test ponds at Legune



Access road being formed

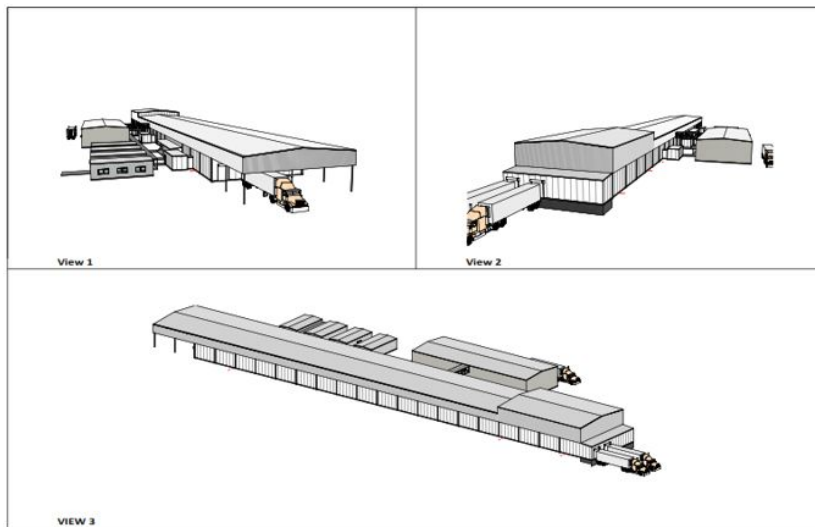


Access road complete



Project Status – Processing Plant

- Design of the Processing Plant has commenced – 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

Key Sources of Government Support for PSD

Strong Federal and State / Territory Government support for PSD will help facilitate project development and delivery of supporting infrastructure

Component	Benefit for PSD	Description						
1 Major Project Status	 Priority and streamlined access to individual governments via relevant ministers to facilitate approvals process	 PSD was awarded Major Project Status <table><tr><td>Northern Territory Government</td><td>July 2015</td></tr><tr><td>Federal Government</td><td>Renewed in March 2019</td></tr><tr><td>Western Australia</td><td>Sep 2015</td></tr></table>	Northern Territory Government	July 2015	Federal Government	Renewed in March 2019	Western Australia	Sep 2015
Northern Territory Government	July 2015							
Federal Government	Renewed in March 2019							
Western Australia	Sep 2015							
2 China-Australia Free Trade Agreement (ChAFTA)	 Elimination of Chinese tariffs on Australian prawns at 1 st January 2019 will improve cost competitive position of PSD’s product further  Various other negotiated free trade agreements all have strong seafood focus  China is expected to account for 38% of global seafood demand by 2030 ¹	 ChAFTA enacted by both governments in June 2015						
3 Project Development Agreement	 Government support package <ul style="list-style-type: none">Valued at ~AUD150m, primarily to upgrade access roads to all facilities  Superior and secure land tenure at all sites: Legune, Bynoe Harbour, Gunn Point and Kununurra	 Signed Project Development Agreement <ul style="list-style-type: none">Pathway for development through to full scaleCertainty over land tenure outcomes						
4 Other	 More efficient licence and permit approval processes for PSD, including Legune Station use as aquaculture	 Joint Select Committee on Northern Australia recommendations regarding scaling up the aquaculture industry in Northern Australia						

Government Support for PSD

- ✿ The Federal Government renewed PSD Major Project Status in March 2019, Minister Andrews stating that “the Morrison Government recognises the importance of this Project to northern Australia and to strengthen Australia’s economy”;
- ✿ The project also has Major Project Status with both the Northern Territory (July 2015) and Western Australia Governments (September 2015);
- ✿ Seafarms has entered into a Project Development Agreement with the Northern Territory Government which provides a pathway for the grant to secure tenure over the proposed project sites for PSD and upgrades to public roads;
- ✿ The Northern Territory Government has completed the road to Gunn Point at an estimated cost of A\$38 million and has commenced the upgrade of the Keep River Road with an estimated cost of A\$40 million in mid-2019. This upgrade will provide all-weather access across the Keep River.
- ✿ The Western Australian Government has agreed to provide land tenure to Seafarms over the Kununurra land for the processing plant, under Crown Lease convertible to Freehold and agreed to upgrade the WA portion of the road between Kununurra and Legune Station.



Keep River Bridge Construction

Project Delivery Strategy

The project delivery strategy of PSD as a modular project underpins its scalability for future stages

Project Delivery Strategy

- Nine stages to complete 10,000 ha ponds with an annual output of 150,000 tonnes
- Stage 1 consists of three steps to complete three farms comprising 1,120 ha and producing 15,000 tonnes annually
- This opportunity, Step 1 of Stage 1 (S1S1) comprises one farm with 360 Ha of grow out ponds and 36 Ha of Nursery ponds with a substantial proportion of the necessary S1S1 infrastructure adequate for full Stage 1 and beyond
- Project delivery of S1S1 will comprise two main phases

Execution Phase

- Includes detailed design, engineering, procurement, construction and commissioning of all the required capital works

Operational Ramp Up Phase

- Includes handover, commencement and progressing increase in production

- The completion of Stage 1 will be positioned as a fast follow on from S1S1.

Contract and Procurement Plan

- The key strategies proposed for the Execution Phase include:
 - Contract strategy and work packages having been developed to enable and attract good Tier 2 Northern Australian contractors who have capacity
 - Open tendering consistent with PSD's approved Australian Industry Plan facilitates Australian and offshore sourcing to offer the best solution for cost, quality, schedule, reliability, commissioning, warranties and ongoing technical support
 - The contract packaging is designed to enable local businesses an opportunity in a competitive environment particularly where experience of local conditions is highly beneficial
 - Bids already received are being used to finalise critical path contracts to enable an early start after funding
 - Packaging to enable the use of local and indigenous contractors/suppliers where appropriate and as agreed in the ILUA
 - Risk spread by using smaller contract packages
 - Recognition that the capital expenditure will be over an extended period providing opportunities for term contracts for other parts of the scope
 - Assembling an Owners team with requisite experience and local knowledge sized and structured to optimize procurement, cost & delivery

Project Sea Dragon: Advancing to funding



- Further offtake agreement secured with Primstar, another important milestone to securing financing of PSD.
- All major premium markets now for PSD product secured, Japan, Europe and Australia.
- Seafarms continues to work closely with its Australian marketing partner Sealord to secure and expand its Australian market opportunities.
- Seafarms has successfully de-risked PSD over the 2019 financial year and secured all the necessary government and indigenous approvals.
- Seafarms continues to see major market opportunities for PSD product and will continue to refine processing design to capture these superior pricing opportunities.
- Seafarms is now ready to progress to commencing the first steps of PSD when funding is secured. Long term investment in PSD world class breeding program and associated new infrastructure needed to support this program is ongoing.
- Subject to the achievement of timely funding PSD 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 PSD facilities in the Northern territory, the first step toward becoming a significant producer of premium quality Black Tiger prawns.

PSD - Risks

KEY RISK FACTORS

Introduction

There are a number of factors, both specific to the Company and of a general nature, which may, either individually or in combination, affect the future operation, development and financial performance and/or financial position of the Company, its prospects, and/or the value of the Shares. Many of the circumstances giving rise to these risks are beyond the control of the Company, the Directors or its management.

Set out below are the areas the Directors regard as the major risks associated with an investment in the Company. There may also be additional risks (including financial and taxation risks) that you should consider in light of your own personal circumstances.

The following list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The following factors, and others not specifically referred to below, may in the future materially affect the financial performance of the Company and the value of the new Shares offered as part of the Offer.

The Offer of new Shares carries no guarantee with respect to the payment of dividends, returns of capital or the market value of those new Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for new shares offered under the Offer.

PSD - Risks

KEY RISK FACTORS

COVID-19 and associated market risk

The global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has already had, and will continue to have, a significant impact on a wide range of factors impacting the Company including global capital markets, produce prices, availability of labour and contractors, foreign exchange rates, free movement across borders and a whole range of associated matters.

Any infections on site at any of the Company's operations could result in the Company's operations being suspended for an unknown period with an adverse impact on the Company's ability to either earn revenue or continue the development of Project Sea Dragon. Similarly, Federal and State Government responses to the current pandemic are likely to impact the Company. For example, on 21 March 2020 the Northern Territory Government announced that from Tuesday 24 March, all non-essential travellers arriving at Northern Territory borders will be required to go through a police control checkpoint to verify their medical status and purpose of their travel into the Territory. Whilst the announcement is expressed to not affect lawful trade or commerce, it is not yet clear how this may impact Project Sea Dragon. Any and all of these issues may have adverse implications on the Company's ability to meet its financial obligations.

Supply chain disruptions resulting from the COVID-19 pandemic and measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the COVID-19 pandemic, also adversely impact the Company's operations, financial position and prospects.

The Company has moved to implement a COVID-19 management plan across its business at all locations in order to minimise the risk of infection for individuals and impact on produce. This plan details the measures required from staff, contractors and people attending the Company's worksites and includes procedures, work practices and restrictions covering the health of individuals, fitness for work, travel, flights (business / private), site accommodation, food preparation and cleaning. Whilst the plan is reviewed and updated based on the latest guidance from health professionals and the government as the situation develops, there can be no guarantee it can prevent business interruption.

PSD - Risks

KEY RISK FACTORS

Financing risk

The Company's continued ability to operate its business and effectively implement its business plan over time will depend in part on its ability to raise additional funds for future operations and to repay or refinance debts as they fall due. The Company will require additional financial resources to continue funding the future development of PSD and any other projects. It is difficult to predict the level of funding that may be required with any accuracy at this time. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms acceptable to the Company or its Shareholders.

If additional funds are raised through the issue of equity securities, the capital raising may be dilutive to Shareholders and such securities may, subject to requisite Shareholder approval, have rights, preferences or privileges senior to those of the holders of the company's Shares then on issue. Debt finance, if available on terms acceptable to the Company, may involve restrictions on financing and operating activities. If sufficient funds are not available from either debt or equity markets to satisfy the Company's short, medium or long-term capital requirements, when required, the Company may be required to limit the scope of its anticipated operations, which could adversely impact on its business, financial condition and value of its Shares.

PSD - Risks

KEY RISK FACTORS

Company specific risks

(a) Commodity prices

The value Company's assets may be affected by fluctuations the price of prawns and exchange rates. These prices can fluctuate rapidly and widely, and are affected by numerous factors beyond the control of the Company. These factors include the price and availability of key inputs such as feed, any material disruption to distribution channels and fluctuations in consumer demand.

(b) Aquaculture

Aquaculture is a form of primary production and has the normal and usual risks associated with primary production. These risks include but are not limited to, weather and climate risk, risk of natural catastrophe such as storm surge or wind damage, risks from pests and disease, sudden changes in environmental conditions that impact growth performance, or even unusually high mortalities arising from failures in systems, plant and equipment (including adverse changes in water temperature, oxygen concentrations or salinity levels).

(c) Environment

The operations and proposed activities of the Company are subject to State and Commonwealth laws and regulations concerning the environment. If such laws are breached, the Company could be required to cease its operations and/or incur significant liabilities including penalties, due to past or future activities. As with all aquaculture operations, the Company's activities are expected to have an impact on the environment. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including in compliance in all material respects with relevant environmental laws. Nevertheless, there are certain risks inherent in the Company's activities which could subject the Company to extensive liability.

The cost and complexity in complying with the applicable environmental laws and regulations may affect the viability of development of the Company's projects, and consequently the value of those projects, and the value of the Company's assets. Further there can be no assurances that any future environmental laws, regulations or stricter enforcement policies will not have a material effect on the viability of development of the Company's projects, including PSD, and consequently the value of those projects, and the value of the Company's assets.

PSD - Risks

KEY RISK FACTORS

Company specific risks

(d) Human resources

The Company is dependent on the experience of its key management personnel. Whilst the Board has sought to and will continue to ensure key management personnel are appropriately incentivised, their services cannot be guaranteed. The loss of any one of the key management personnel may have an adverse effect on the performance of the Company pending replacements being identified and retained.

As the Company grows, it will need to employ and retain appropriately motivated, skilled and experienced staff. Given the remote location of the Company's current and proposed aquaculture operations, the Company may find it difficult to attract and retain staff. Difficulties in attracting and retaining such staff may have an adverse effect on the performance of the Company.

(e) Project Sea Dragon

The development of the Company's PSD is subject to numerous risks, many of which are beyond the Company's control. These risks include many of the company specific risks outline in this section and that the development of PSD is subject to state and local government approvals, the finalisation of stakeholder agreements and an affirmative final investment decision being made. Similarly the construction of PSD will be subject to typical construction risks including design faults, delays or specific site challenges.

PSD - Risks

KEY RISK FACTORS

Company specific risks

(f) Construction risk

The construction of PSD, by its nature, contains elements of significant risk with no guarantee of success. Seafarms' ability to commence production in the future will depend in a significant respect on:

- the success of its engineering and construction program; and
- the economic returns from and the costs of developing the project.

The purchase of long lead time capital items, early works and construction of material infrastructure for PSD, including capital expenditure items described in the "Use of Funds" and in the "Capex" section of the PSD overview are based on certain assumptions with respect to the method and timing of the development of PSD. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's development program for PSD. Although this presentation sets out the Company's current intentions, the actual PSD development timelines and expenditure will depend on many factors. As such, actual expenditure may differ from the budgeted expenditure presented.

(g) Dependence on external contractors

The Company intends to outsource substantial parts of its development activities pursuant to services contracts with third party contractors. Such contractors may not be available to perform services for the Company, when required, or may only be willing to do so on terms that are not acceptable to the Company. Once in contract, performance may be constrained or hampered by labour disputes, plant, equipment and staff shortages, and default. Contractors may not comply with provisions in respect of quality, safety, environmental compliance and timeliness, which may be difficult to control. In the event that a contractor underperforms or is terminated, the Company may not be able to find a suitable replacement on satisfactory terms within time or at all. These circumstances could have a material adverse effect on the Company's development of PSD and ongoing operations and give rise to claims against the Company.

PSD - Risks

KEY RISK FACTORS

Company specific risks

(h) Insurance

The Company intends to ensure that insurance is maintained to address insurable risks within ranges of coverage the Company believes to be consistent with industry practice, having regard to the nature of the Company's activities. However, no assurance can be given that the Company will be able to obtain insurance cover for all risks faced by the Company at reasonable rates or that the insurance cover it arranges will be adequate and available to cover all possible claims. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

PSD - Risks

KEY RISK FACTORS

Company specific risks

General risks

(a) Economic conditions

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, oil prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors including international economic conditions, significant acts of terrorism, hostilities or war or natural disasters.

(b) Changes in law, government policies and accounting standards

The Company's activities may be impacted by regulatory or other changes implemented by the Commonwealth or State Governments. A change in laws that impact on the Company's operations, such as land access, Native Title, environmental protection, carbon emissions, labour and taxation, could have an adverse impact on the Company's operations. Aquaculture industry activities are subject to discretionary regulations and approvals, the exercise of which cannot always be predicted. Changes in accounting standards or the interpretation of those accounting standards that occur after the date of this presentation may impact adversely on the Company's reported financial performance.

PSD - Risks

KEY RISK FACTORS

General risks

(c) Market conditions

There are a number of risks associated with any stock market investment. Factors affecting the price at which the Shares are traded on the ASX may be unrelated to the Company's operating and financial performance and beyond the control of the Directors. As such, Shares offered under this Offer may trade at prices above or below the Offer Price or the net asset value of the Company per Share.

(d) Liquidity and realisation risk

There can be no guarantee that an active market in the Shares will develop or continue, or that the market price of the Shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares, as there may be relative few, if any, potential buyers or sellers of the Shares on ASX at any time. Volatility in the market price for Shares may result in Shareholders receiving a price for their Shares that is less or more than the Offer Price.

(e) Other general risks

The future viability of and profitability of the Company is also dependent on a number of other factors which affect the performance of all industries, and not just aquaculture and food processing. These include, but are not limited to: default by a party to any contract to which the Company is, or may become, a party; insolvency or other managerial failure by any of the contractors used by the Company in its activities; industrial disputation by the Company's workforce or that of its contractors; litigation; natural disasters and extreme weather conditions; and acts of war and terrorism or the outbreak or escalation of international hostilities and tensions.



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