

Our Ref: SFG ASX Announce Entitlement Offer Booklet (440)

ANNOUNCEMENT 440

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

By ASX Online
Number of pages: 58
(including this page)

Dear Sir

Seafarms Group Limited Entitlement Offer Investor Presentation

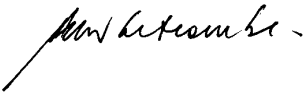
Enclosed is Seafarms Group Limited's Investor Presentation, Offer Document and Entitlement and Acceptance Form in respect of the Entitlement Offer announced on 7 July 2015, which will be sent to all eligible shareholders on the Register on the Record Date, 21 July 2015.

The Offer Document including the Investor Presentation and Entitlement and Acceptance Form will be dispatched, and the Offer will open, on 24 July 2015 with the Offer closing on 7 August 2015.

Seafarms will provide a BPAY® option for shareholders to exercise their rights.

Please telephone Harley Whitcombe on (08) 9321 4111 with any queries.

Yours faithfully
Seafarms Group Limited



Harley Whitcombe
Director and Company Secretary

ENC

Seafarms Group Limited

ACN 009 317 846

Offer Document

Non-renounceable pro rata entitlement offer

2 New Shares for every 9 Shares held at an issue price of \$0.065 per New Share to raise approximately \$10.6 million

The Entitlement Offer closes at 5.00pm (AWST) on Friday, 7 August 2015

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Offer Document is not a prospectus and does not contain all the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares.

You should read this Offer Document in its entirety before deciding whether to accept the offer of New Shares. If you do not understand any part of this Offer Document or are in doubt as to what you should do, you should consult your stockbroker, accountant, financial or other professional adviser immediately.

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Important information

This document and the accompanying information (**Information**) have been prepared by Seafarms Group Limited ACN 009 317 846 (**Company**).

The Entitlement Offer to which this Information relates complies with the requirements of section 708AA of the Corporations Act as notionally modified by the ASIC Class Order 08/35 and 07/571. The Information is not a prospectus under the Corporations Act and has not been lodged with ASIC.

The Information relates to a 2 for 9 non-renounceable Entitlement Offer to subscribe for New Shares at the Issue Price set out in this Offer Document, and as announced to ASX by the Company on 7 June 2015 (**Entitlement Offer**).

Terms used in this Offer Document are defined in the glossary on page 16

All dollar values are in Australian dollars (A\$).

Not investment or financial product advice

This Offer Document is not investment or financial product advice, does not purport to contain all the information that you may require in evaluating a possible acquisition of New Shares in the Company and has been prepared without taking into account the investment objectives, financial situation, tax position and needs of you or any particular investor.

Before deciding whether to apply for New Shares, you should conduct your own independent review, investigation and analysis of the Company and the New Shares in light of your personal circumstances (including financial and taxation issues). You should obtain any professional advice you require to evaluate the merits and risks of an investment in the Company before making any investment decision based on your investment objectives.

Information about the Company

The Information included in this Offer Document provides information about the Company's activities current as at 7 July 2015. It is information in a summary form and does not purport to be complete. It should be read in conjunction with the Company's other periodic and continuous disclosure announcements, the Company's annual report and full year statutory accounts for the year ended 30 September 2014, and the Company's other announcements to ASX available at www.asx.com.au.

Foreign jurisdictions

This Offer Document has been prepared to comply with the requirements of the laws of Australia. No action has been

taken to register the New Shares or otherwise permit an offering in any jurisdiction outside of Australia.

The New Shares are not being offered or sold to the public within New Zealand, other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). This Offer Document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand). This Offer Document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

See section 4.1 of this Offer Document for further details in relation to persons in other jurisdictions.

Governing law

The Entitlement Offer and the contracts formed on acceptance of your Application are governed by the law applicable in Western Australia and each Shareholder who applies for New Shares submits to the jurisdiction of the courts of Western Australia.

Future performance and forward looking statements

Except as required by law, and only to the extent so required, no person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Offer Document.

The forward looking statements in this Offer Document are based on the Company's current expectations about future events. Due care and attention has been taken in the preparation of forward looking statements.

Such forward looking statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Offer Document. There can be no assurance that actual outcomes will not differ materially from these statements.

This Offer Document details some important factors and risks that could cause the Company's actual results to differ from the forward looking statements in the Offer Document. You should have regard to the 'Risk Factors' contained in the investor presentation and in section 3 of this Offer Document.

Past performance information given in this Information is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Disclaimer of representatives

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Document. Any information or representation that is not in this Offer Document may not be relied on as having been authorised by the Company or its related bodies corporate in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, the Company and any other person do not warrant or guarantee the future performance of the Company or any return on any investment made pursuant to this Offer Document.

Chairman's Letter

Dear Shareholder

Seafarms Group Limited – non-renounceable pro-rata rights offer

On 7 July 2015, Seafarms Group Limited (**Company**) announced a pro-rata non-renounceable non-underwritten rights issue of ordinary shares at an issue price of \$0.065 per share (a discount of 30.1% to the 5 day VWAP prior to announcement) to be conducted on the basis of 2 New Shares for every 9 Shares, to raise approximately a further \$10.6 million before costs (**Entitlement Offer**).

The funds raised from the Entitlement Offer will primarily be used:

- to complete a bankable feasibility study on the Company's Project Sea Dragon;
- to repay \$3.5 million of the existing fully drawn \$8.5 million credit facility between the Company and an entity controlled by Ian Trahar; and
- for general working capital purposes.

This Offer Document provides you with the opportunity to participate in the Entitlement Offer. The Entitlement Offer is being made to eligible shareholders on the Company's register as at 5.00pm (AWST time) on Tuesday, 21 July 2015 (**Record Date**).

Eligible shareholders may, in addition to their initial entitlement under the Entitlement Offer, apply for Additional Shares. Applications for Additional Shares will be satisfied out of any New Shares for which applications have not been received from eligible shareholders before the closing date of the Entitlement Offer (**Shortfall**). Further information regarding the application process for Additional Shares is provided in this Offer Document.

The Entitlement Offer is not underwritten.

This Offer Document contains important information concerning your potential participation in the Entitlement Offer, including:

- the key terms of the Entitlement Offer;
- instructions on 'how to participate' should you choose to do so; and
- a personalised Entitlement and Acceptance Form which details your right to apply for New Shares, to be completed in accordance with the instructions provided.

To participate in the Entitlement Offer, you must ensure that applications for New Shares are received in accordance with the Entitlement and Acceptance Form on or before **5.00pm (AWST time) on Friday, 7 August 2015**.

If you have any doubt as to whether you should participate in the Entitlement Offer, you should consult your stockbroker, accountant, financial or other professional adviser.

On behalf of your Directors, I encourage you to consider this investment opportunity and thank you for your ongoing support of the Company.

Yours faithfully



Ian Trahar
Chairman

Entitlement Offer at a glance

Summary of Entitlement Offer

Issue Price	\$0.065 per New Share
Entitlement	2 New Shares for every 9 Shares held at 5.00pm (AWST time) on the Record Date
Discount to the VWAP on the 5 trading days prior to announcement	30.1%
Approximate number of New Shares to be issued under the Entitlement Offer	164,407,063
Approximate amount to be raised	\$10.6 million (before costs of the Entitlement Offer)
Additional Shares	Eligible Shareholders may apply for Additional Shares out of the Shortfall. See section 1.7 for more details.

Key dates

Announcement of the Entitlement Offer	7 July 2015
Release of investor presentation to ASX	7 July 2015
Lodgement of investor presentation, Appendix 3B, cleansing notice and Offer Document with ASX	7 July 2015
Notice of Entitlement Offer to shareholders	8 July 2015
Ex Date (date on which Shares trade without Entitlements attached)	17 July 2015
Record Date to determine Entitlements	5pm (AWST), 21 July 2015
Offer Document and Entitlement and Acceptance Form despatched Opening date of the Entitlement Offer	24 July 2015
Closing Date – last date for lodgement of Entitlement and Acceptance Forms and Application Money	5pm (AWST), 7 August 2015
Trading of New Shares commences on a deferred settlement basis	10 August 2015
ASX notified of under-subscriptions	12 August 2015
Issue of New Shares	13 August 2015
Normal trading of New Shares expected to commence on ASX Despatch of transaction confirmation statements for New Shares	14 August 2015
Last date for issue of Additional Shares	6 November 2015

These dates are indicative only and may be subject to change. Subject to the Corporations Act and the Listing Rules, the Company reserves the right to vary the timetable without prior notice including by extending the Closing Date or closing the Entitlement Offer early. The Company also reserves the right not to proceed with the whole or part of the Entitlement Offer at any time prior to allotment. In that event, Application Money will be returned without interest. See section 2.11 of this Offer Document for further details.

Enquiries

If you have any questions regarding your entitlement please contact the Company's share registry, Computershare Investor Services Pty Ltd by telephone on 1300 798 306 (inside Australia) or +613 9415 4830 (outside Australia).

General enquiries in relation to the Company or the Entitlements Offer can be made to the Company Secretary at Level 11, 225 St Georges Terrace, Perth, Western Australia or by telephone on +61 9321 4111 at any time between 8.30am and 5.00pm (AWST time) on any business day until the Closing Date, or consult your stockbroker, account or other professional advisor.

If you are beneficially entitled to Shares and those Shares are held on your behalf by a nominee or custodian, you should direct your enquiries to your nominee or custodian.

1 Details of the Entitlement Offer

1.1 The Entitlement Offer

Eligible Shareholders are invited to participate in a pro-rata non-renounceable Entitlement Offer of up to 164,407,063 New Shares. The Entitlement Offer will be conducted on the basis of 2 New Shares for every 9 Shares held at 5.00pm (AWST time) on the Record Date, at an issue price of \$0.065 per New Share, payable in full on application.

Fractional Entitlements to New Shares will be rounded down to the nearest whole New Share.

Your Entitlement to subscribe for New Shares is shown on your personalised Entitlement and Acceptance Form which accompanies this Offer Document.

The Entitlement Offer is non-renounceable, which means that if you do not accept all or part of your Entitlements, you will not be able to trade your Entitlements and they will lapse.

New Shares will rank equally in all respects with existing Shares.

The Entitlement Offer is being undertaken by the Company under section 708AA of the Corporations Act without a prospectus.

1.2 Issue Price

The Issue Price is \$0.065 for each New Share and is payable in full upon Application.

The Issue Price represents a discount of 30.1% to the VWAP of Shares on the 5 trading days prior to announcement (being the last day Shares were traded on ASX before the Entitlement Offer was announced) of \$0.093.

The highest and lowest market price of Shares on ASX during the 3 months prior to announcement is \$0.098 on 3 July 2015 and \$0.065 on 22 April 2015 respectively.

1.3 Purpose of the Entitlement Offer

The funds raised from the Entitlement Offer will primarily be used:

- to complete a bankable feasibility study on the Company's Sea Dragon;
- to repay \$3.5 million of the existing fully drawn \$8.5 million credit facility between the Company and an entity controlled by Ian Trahar; and
- for general working capital purposes.

1.4 Who is eligible to participate

The Entitlement Offer is being extended to Eligible Shareholders only.

Eligible Shareholders are those holders of Shares who:

- are registered as a holder of Shares as at 5.00 pm (AWST time) on 21 July 2015 (the Record Date);
- have a registered address in Australia or New Zealand;

- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

The Company reserves the right to reject any Application that it believes comes from a person who is not an Eligible Shareholder.

See section 4.1 for more details.

1.5 Minimum subscription

There is no minimum subscription under the Entitlement Offer.

1.6 Opening and Closing Date for applications

The Entitlement Offer opens for acceptances on Friday, 24 July 2015 and all Entitlement and Acceptance Forms and payments of Application Money must be received by no later than 5.00 pm (AWST time) on Friday, 7 August 2015, subject to the Directors being able to vary the Closing Date and in accordance with the Corporations Act and the Listing Rules.

1.7 Applying for Additional Shares out of any Shortfall

Any New Shares not subscribed for by Eligible Shareholders pursuant to their Entitlements will form part of the Shortfall.

Eligible Shareholders may, in addition to their Entitlements, apply for Additional Shares, regardless of the size of their present holding, by specifying the total amount of New Shares they wish to apply for (including the Additional Shares) on their Entitlement and Acceptance Form.

Applications for Additional Shares may be satisfied out of the Shortfall at the same issue price as the Entitlements Offer.

In processing applications for the Shortfall and allocating the New Shares under the Shortfall, the Directors will give priority to applications for Shortfall by existing Shareholders, subject to compliance with all applicable laws including ensuring no Shareholder becomes entitled to more than 20% of total Shares on issue as a result of the allocation of Additional Shares.

In the event applications for Shortfall by existing Shareholders exceeds the total amount of the Shortfall after processing Applications, the Directors will allocate the available Shortfall on a pro rata basis having regard to Shareholders' interests at 5.00pm (AWST time) on the Record Date. Accordingly, the Company cannot guarantee that you will receive the Additional Shares you apply for in excess of your Entitlements.

It is an express term of the Entitlement Offer that Applicants for Additional Shares will be bound to accept a lesser number of Additional Shares allocated to them than applied for. If you do not receive any or all of the Additional Shares you applied for, any excess Application Monies will be returned to you without interest.

In the event that Eligible Shareholders do not subscribe for the Shortfall, the Directors reserve the right to separately place the New Shares not taken up within 3 months after the Closing Date at a price which is not less than the price for the Entitlement Offer, as permitted by the Listing Rules.

1.8 Effect of the Offer on the control of the Company

Any effect of the Entitlement Offer on the control of the Company will depend upon the extent to which Shareholders take up their Entitlements, and the extent to which the Shortfall (if any) is placed. The following information is provided to Shareholders:

- (a) If all Shareholders as at the Record Date take up their full Entitlements under the offer, the Entitlement Offer will have no effect on the control of the Company.
- (b) If some Shareholders do not take up their Entitlements (whether because they are Ineligible Shareholders or otherwise), their interest in the Company will be diluted. The interest of Shareholders who only take up part of their Entitlements will also be diluted, but to a lesser extent.
- (c) If there is a Shortfall, Eligible Shareholders who subscribe for Additional Shares may increase their proportionate holding, but no Shareholder (other than Mr Ian Trahar) will, following the Entitlement Offer and allocation of any Shortfall, obtain voting power in excess of 20%.

Mr Trahar and entities controlled by him currently own approximately 50.40% of the total number of Shares on issue at the date of this Offer Document. Upon the issue of shares under the proposed placement to sophisticated and professional investors detailed in the Announcement ("**Placement**"), Mr Trahar's shareholding in the Company will be 44.57%. Mr Trahar has provided a commitment to the Company that he will take up his Entitlements in relation to the Entitlement Offer but will not apply for Additional Shares.

Mr Favretto and entities controlled by him currently own approximately 4.59% of the total number of Shares on issue at the date of this Offer Document. Upon the issue of shares under the proposed Placement, Mr Favretto's shareholding in the Company will be 4.05%. Mr Favretto has provided a commitment to the Company that he will take up his entitlement in relation to the Entitlement Offer.

If the full amount of the Entitlements Offer, including any Shortfall, is not subscribed for, Mr Trahar's percentage holding in the Company may increase following the take up of his Entitlement. The potential increase in Mr Trahar's interest at various levels of take up under the Entitlement Offer is set out below:

Current interest	After Placement	Only Mr Trahar and Mr Favretto take up their rights	\$6 million of shares issued	\$8 million of shares issued	Full subscription
50.40%	44.57%	49.15%	48.43%	46.70%	44.57%

In allocating any Shortfall, the Company will ensure compliance with all applicable laws including ensuring no other Shareholder obtains voting power in 20% or more of total Shares on issue.

1.9 Allotment of New Shares and ASX quotation

It is expected that allotment of the New Shares will take place as soon as practicable after the Closing Date. It is expected that the New Shares will be allotted no later than Thursday, 13 August 2015 and holding statements posted shortly after. However, if the Closing Date is extended, the dates for allotment and posting may also be extended.

No allotment of New Shares will be made until permission is granted for their quotation by ASX.

2 How to participate

2.1 Read the Offer Document

Read the whole of this Offer Document including the Announcement, the Entitlement and Acceptance Form and other information made available

The Entitlement Offer is not being made under a disclosure document or prospectus. Accordingly, it is important for Shareholders to read and understand the publicly available information on the Company and the Entitlement Offer prior to accepting their Entitlements.

2.2 Consider the Entitlement Offer in light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant, financial or other professional adviser if you have any queries or are uncertain about any aspect of the Entitlement Offer. In particular, please refer to section 3 of this Offer Document ('Risk factors'), which describes some of the key risks in relation to an investment in the Company.

2.3 What you may do – choices available

The number of New Shares to which Eligible Shareholders are entitled is shown on the Entitlement and Acceptance Form. If you are an Eligible Shareholder you may:

Option	Further information
Take up your Entitlements in full or in part	Section 2.4
Take up your Entitlements in full and apply for Additional Shares	Section 2.5
Allow some or all of your Entitlements to lapse	Section 2.8

2.4 If you wish to accept your Entitlements in full or in part

Either:

Complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up in accordance with the instructions on the form. Return your completed Entitlement and Acceptance Form in the enclosed reply paid envelope, together with the Application Money at \$0.065 for each New Share to the Share Registry at the address set out in section 2.7 of this Offer Document. It must be received by no later than 5.00 pm (AWST time) on Friday, 7 August 2015. OR:

- Make a payment of \$0.065 for each New Share you wish to apply for by BPAY® in accordance with the instructions on the Entitlement and Acceptance Form by no later than 5.00 pm (AWST time) on Friday, 7 August 2015.

2.5 If you wish to accept your Entitlements in full and apply for Additional Shares

Either:

- Complete the Entitlement and Acceptance Form for your full entitlement of New Shares and the Additional Shares you wish to apply for in accordance with the instructions on the form. Return your completed Entitlement and Acceptance Form in the enclosed reply paid envelope, together with the Application Money at \$0.065 for each New Share to the Share Registry at the address set out in section 2.7 of this Offer Document. It must be received by no later than 5.00 pm (AWST time) on Friday, 7 August 2015.

OR:

- Make a payment of \$0.065 for each New Share you wish to apply for by BPAY® in accordance with the instructions on the Entitlement and Acceptance Form by no later than 5.00 pm (AWST time) on Friday, 7 August 2015.

2.6 Payment for New Shares

The issue price of \$0.065 per New Share is payable in full on Application.

All payments are to be made in Australian currency by cheque, bank draft or money order drawn on and payable at any Australian bank or by BPAY®.

Cheques, bank drafts and money orders should be made payable to "**Seafarms Group Limited**" and crossed "Not Negotiable".

Applicants are asked not to forward cash. Receipts for payments will not be issued.

BPAY® payments should be made in accordance with the instructions on the Entitlement and Acceptance Form using the BPAY® Biller Code and unique Customer Reference Number shown on the form. You are not required to return the Entitlement and Acceptance Form if you use BPAY® to pay the Application Money.

If you have multiple holdings you will receive multiple BPAY® reference numbers. To ensure you receive your Entitlements you must use the customer reference number shown on each personalised Entitlement and Acceptance Form.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by 5.00 pm (AWST time) on the Closing Date.

Application Money will be held in trust in a subscription account until allotment. Any interest earned on Application Money will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment takes place.

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

2.7 Address details and enquiries

Completed Entitlement and Acceptance Forms (including payment of Application Money) should be forwarded to the Company's Share Registry by mail in the enclosed prepaid envelope or delivered to the following addresses:

By hand:

Computershare Investor Services
Pty Limited

452 Johnston Street
Abbotsford Victoria 3067

By mail:

Computershare Investor Services Pty
Limited

or

GPO Box 505
Melbourne Victoria 3001

If you have any questions regarding your Entitlements please contact the Company's share registry, Computershare Investor Services Pty Ltd by telephone on 1300 798 306 (inside Australia) or +613 9415 4830 (outside Australia).

General enquiries in relation to the Company or the Entitlement Offer can be made to the Company Secretary at Level 11, 225 St Georges Terrace, Perth, Western Australia or by telephone on +61 9321 4111 at any time between 8.30am and 5.00pm (AWST time) on any business day until the Closing Date, or consult your stockbroker, account or other professional advisor.

If you are beneficially entitled to Shares and those Shares are held on your behalf by a nominee or custodian, you should direct your enquiries to your nominee or custodian.

2.8 If you do not wish to accept all or any part of your Entitlements

To the extent you do not accept all or part of your Entitlements, they will lapse. As the Entitlement Offer is non-renounceable, your Entitlements are not tradeable on ASX or otherwise transferable or able to be sold.

Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up. Shareholders who do not take up their Entitlements in full will have their proportionate interest in the Company diluted because the issue of New Shares will increase the total number of Shares on issue.

2.9 Consequences of accepting all or part of your Entitlements

Submitting an Application constitutes a binding offer by you to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged, cannot be withdrawn. The Entitlement and Acceptance Form does not need to be signed to be binding on you.

If an Application is not completed or submitted correctly it may still be treated as a valid Application for New Shares. The Company's decision on whether to treat an Application as valid and how to construe, amend, complete or submit the Application is final. By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by BPAY®, you:

- (a) agree to be bound by the terms of this Offer Document and the provisions of the Company's constitution;
- (b) authorise the Company to register you as the holder(s) of the New Shares allotted to you;

- (c) declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- (d) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer;
- (e) acknowledge that once the Company receives the Entitlement and Acceptance Form or your payment by BPAY®, you may not withdraw it except as allowed by law;
- (f) agree to apply for, and be issued with up to, the number of New Shares that you apply for at the Issue Price of \$0.065 per New Share;
- (g) authorise the Company and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (h) declare that you are the current registered holder(s) of the Shares in your name at the Record Date;
- (i) acknowledge that the information contained in this Offer Document is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- (j) acknowledge, represent and warrant that the law of any other place does not prohibit you from being given this Offer Document or making an application for New Shares; and
- (k) acknowledge, represent and warrant that you are an Eligible Shareholder and have read and understood this Offer Document and the Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements, contained in this Offer Document and the Entitlement and Acceptance Form.

2.10 When will you receive your New Shares?

It is expected that allotment of the New Shares will take place as soon as practicable after the Closing Date. It is expected that the New Shares will be allotted on or before Thursday, 13 August 2015 and holding statements posted shortly after. However, if the Closing Date is extended, the date for allotment and posting may also be extended.

No allotment of New Shares will be made until permission is granted for their quotation by ASX.

It is the responsibility of each Applicant applying for New Shares to confirm their holding before trading in those New Shares. Any person who sells New Shares before receiving confirmation of their holding in the form of the confirmation statement will do so at their own risk. The Company and the Share Registry disclaim all liability, whether in negligence or otherwise, to any person who trades in New Shares before receiving their confirmation statement.

2.11 Withdrawal of Entitlements Offer

The Directors may at any time decide to withdraw this Offer Document and the offers made under the Entitlement Offer, in which case the Company will return all Application Money (without interest) as soon as practicable.

3 Risk factors

Prior to deciding whether to apply for New Shares under the Entitlement Offer, Eligible Shareholders should read this Offer Document in its entirety and review all announcements made to the ASX in order to gain an understanding of the Company, its activities, operations, financial position and prospects. The risks included in this section are specific to the Company and its operations and are not exhaustive.

As the risks described in this section may impact upon the Company's future performance, the Company and its Directors have taken steps to safeguard the Company from, and to mitigate the Company's exposure, to these risks.

The risk factors listed below are not exhaustive of the risks faced by the Company or by investors in the Company. Potential investors should also have regard to the Company's prior publications and announcements.

3.1 Risks associated with the Company

Ability to raise sufficient capital to fund growth and development - the continued growth and development of its carbon and aquaculture businesses will be dependent upon the ability to access funds to finance required capital for growth through expansion of existing operations and new acquisitions and to continue studies into, and if applicable, develop Project Sea Dragon. There is a risk that access to capital on acceptable terms will not be available. Even if finance is available it may be on terms that materially dilute your equity position.

Carbon operation risks – national and state laws and changes in regulation affect many facets of carbon markets. Changes in regulation can impact on market conditions and thus business confidence. Carbon sinks are exposed to agricultural risk associated with weather and seasonal climatic conditions which may influence the growth of plantations.

Aquaculture operation risks - given the remote location of the Company's current and proposed aquaculture operations, the Company may be unable to attract and retain suitable staff, poor labour efficiency/productivity may result, equipment used may not meet expectations and difficulties may arise with respect to logistics and marketing. In addition, labour costs in Australia are high compared with many competitors.

Project Sea Dragon is an early stage opportunity - the Company is progressing studies into Project Sea Dragon. There can be no assurance that the studies will be successful or will result in a project being developed and, if developed, be a profitable operation. Key issues in relation to Sea Dragon include obtaining the support of a long-term off-take partner to support the capital required to establish the project, access to suitable land on commercial terms, obtaining the range of state and local government approvals which will be required and usual project development risks including those associated with engineering, unforeseen project construction delays or site specific challenges.

Insurance - the Company has taken out insurance to cover its current business operations. However, the Company's insurance policies, in some circumstances may not provide adequate insurance cover. 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.

Environmental regulations - national and local environmental laws and regulations affect nearly all existing and planned aquaculture operations. These laws and regulations set various standards governing certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards. The Company has environmental monitoring protocols in place, but changes in regulations or unforeseen events may create liability for the Company.

Dependence on key personnel – the Company is reliant upon its key management personnel. The loss of the services of certain personnel could have an adverse effect on the Company, as it may not be able to recruit replacements for the key personnel within a short time frame.

Research and Development - the Company's business activities and operations involve research and development, which has inherent risk.

3.2 Risks associated with the aquaculture industry

Aquaculture risks - 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 pest and disease, sudden changes in environmental conditions that impact growth performance, or even death arising from failures in systems, plant and equipment (including adverse changes in water temperature, oxygen concentrations or salinity levels).

Disease/Biosecurity – Disease is a major risk in any aquaculture project. Disease may enter the production system through the broodstock and hatchery system, from the environment via water or through wildlife or human vectors. 'Genetic pollution' is another risk factor. While steps can be taken to control the entry of pathogens, it is difficult to completely eliminate their entry into the sites. The company has minimised these risks by implementing tight operational biosecurity measures and minimising the use of externally sourced post-larvae, and through rigorous pond preparation. The company undertakes careful monitoring of prawn health which, combined with modern husbandry techniques that reduce the prevalence of pathogens, also mitigate the effects of any disease. The remote locations of the Company's current and proposed aquaculture operations geographic separation and the lack of water and air pollution also reduces the risk of disease and contamination.

Environmental Impacts - aquaculture operations have the risk of impacting on the environment, internally and externally. Externally, tail water from an aquaculture farm may fail to meet required specifications. Strategies to minimise the impact and risks to the environment, including surrounding vegetation, terrestrial and marine species and water discharge are in place for the Company's existing operations.

Water supply - aquaculture operations require sufficient access to quality water sources year round. The Company currently has access to adequate sources of water for its current operations in northern Queensland.

3.3 General risks

The business activities of the Company are subject to various general economic and investment risks that may impact on the future performance of the Company. These risk factors include, but are not limited to those summarised below.

Taxation and government regulations - changes in taxation and government legislation in a range of areas (for example, the Corporations Act, accounting standards and taxation law) can have a significant influence on the outlook for companies and the returns to investors.

Investment in capital markets - as with all stock market investments, there are risks associated with an investment in the Company. Securities listed on the stock market, can experienced price and volume fluctuations that may be unrelated to the operating performances of such companies. These factors may materially affect the market price of Shares regardless of the Company's performance. The price of Shares might trade below or above the Offer Price for the New Shares.

Accounting standards - Australian accounting standards are set by the Australian Accounting Standards Board (**AASB**). Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in the Company's financial statements.

General economic risks - 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 government policy, international economic conditions, significant acts of terrorism, hostilities or war or natural disasters.

3.4 Risks associated with the Entitlement Offer

There are certain risks associated with participating or not participating in the Entitlement Offer, including:

Dilution - your Shareholding in the Company may be diluted as a result of not taking up your full Entitlements;

Alternative funding - if the Company is unable to successfully complete the Entitlement Offer, it will have to consider alternative funding options, which may or may not be available on acceptable terms or may result in dilution to Shareholders; and

Future capital requirements - the Company is likely to require additional capital in the future. The Company's ability to do this at an appropriate price will be significantly impacted by commodity prices, market conditions and the capital raising environment at that time.

4 Other important information

4.1 Overseas and Ineligible Shareholders

Ineligible Shareholders

The Company is not extending the Entitlement Offer to Ineligible Shareholders having regard to:

- (a) the cost of complying with legal and regulatory requirements outside Australia and New Zealand;
- (b) the number of Ineligible Shareholders; and
- (c) the number and value of New Shares which could be offered to Ineligible Shareholders.

Where the Offer Document has been dispatched to Ineligible Shareholders, the Offer Document is provided for information purposes only.

ASIC relief / nominee appointment

The Company has applied for an ASIC declaration to allow Eligible Shareholders to rely on the rights issue exemption in item 10 of section 611 of the Corporations Act for the increase of an interest above 20% in the Company when taking up their pro rata interest under the Entitlements Offer, even though the Entitlement Offer is not extended to all overseas Shareholders (**ASIC Relief**). The ASIC Relief does not apply to the acquisition of Additional Shares under section 1.8. At the date of this document, the ASIC Relief had not been granted.

If the ASIC Relief is not granted, the Company will appoint a nominee approved by ASIC to sell the New Shares to which Ineligible Shareholders would have otherwise been entitled. If the nominee can sell the New Shares for a price in excess of the Issue Price, the nominee will remit the excess to the ineligible shareholders (net of costs, expenses or withholding or other tax required by law to be withheld).

General restrictions

This Offer Document and accompanying Entitlement and Acceptance Form do not constitute an offer outside Australia and New Zealand, or to any person to whom, it would not be lawful to make such an offer.

No action has been taken to register or qualify the New Shares, or to otherwise permit an offering of New Shares outside Australia and New Zealand. The New Shares may not be offered in a jurisdiction outside Australia and New Zealand.

New Zealand

The Entitlement Offer will be made in New Zealand pursuant to the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand). This Offer Document is not an investment statement or prospectus under New Zealand law and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

United States

This Offer Document and the accompanying Entitlement and Acceptance Form may not be released or distributed in the United States.

This Offer Document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this Offer Document have not been, and will not be, registered under the *US Securities Act* of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements under the US Securities Act and applicable US state securities laws.

4.2 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot, in most circumstances, withdraw your Application once it has been accepted. Further, Entitlements cannot be traded on ASX or any other exchange, nor can they be privately transferred.

4.3 Taxation consequences

The taxation consequences of any investment in New Shares will depend upon your particular circumstances.

Potential investors must make their own enquiries concerning the taxation consequences of an investment in the Company. Applicants should consult their tax adviser for advice applicable to their individual needs and circumstances.

4.4 Privacy

The information about Applicants included on a Entitlement and Acceptance Form is used for the purposes of processing the Entitlement and Acceptance Form and to administer the Applicant's holding of New Shares. By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the form for the purposes set out in this privacy statement and may disclose it for those purposes to the Share Registry and the Company's related bodies corporate, agents and contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

The Corporations Act requires the Company to include information about each Shareholder (including name, address and details of the Shares held) in the Register. The information contained in the Register must remain there even if that person ceases to be a Shareholder. Information contained in the Register is also used to facilitate payments and corporate communications (including the Company's financial results, annual reports and other information that the Company wishes to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information held by, or on behalf of, the Company or the Share Registry. A fee may be charged for access. You can request access to your personal information by telephoning or writing to the Share Registry as follows:

Computershare Investor Services Pty Limited
GPO Box D182, Perth Western Australia 6000
Tel: +61 (08) 9323 2000

5 Glossary

Additional Shares	Additional Shares issued to Eligible Shareholders in accordance with this Offer Document as set out in Section 1.7 of this Offer Document
Announcement	The ASX announcement relating to the Entitlement Offer, as announced by the Company on 7 July 2015
Applicant	A person who makes an Application
Application	An application to subscribe for New Shares under this Offer Document
Application Money	Money payable by Applicants in respect of Applications
ASIC	The Australian Securities and Investments Commission
ASX	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as applicable
Board	The board of Directors
Closing Date	Friday, 7 August 2015
Company	Seafarms Group Limited ACN 009 317 846
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Director	A director of the Company
Eligible Shareholder	A Shareholder as at 5.00pm (AWST time) on the Record Date and who is not an Ineligible Shareholder
Entitlement Offer	The non-renounceable pro-rata rights offer of 2 New Shares for each 9 Shares registered and entitled to participate at 5.00pm (AWST time) on the Record Date at the Issue Price
Entitlements	The entitlement to 2 New Shares for every 9 Shares held at 5.00pm (AWST time) the Record Date as shown on the Entitlement and Acceptance Form
Entitlement and Acceptance Form	The Entitlement and Acceptance Form accompanying this Offer Document
Ineligible Shareholder	A Shareholder with an address in the Register outside Australia or New Zealand as at 5.00pm (AWST time) on the Record Date.
Information	The Offer Document and the accompanying information
Issue Price	\$0.065 per New Share
Listing Rules	The official listing rules of ASX, as amended or waived by ASX from time to time
New Shares	Shares offered under Entitlement Offer

Offer Document	This offer document
Opening Date	Friday, 24 July 2015
Record Date	Tuesday, 21 July 2015
Register	The register of Shareholders required to be kept under the Corporations Act
Share	A fully paid ordinary share in the Company
Share Registry	Computershare Investor Services Pty Ltd
Shareholder	A holder of Shares
Shortfall	The number of New Shares offered under the Entitlement Offer for which Applications have not been received from Eligible Shareholders before the Closing Date

Corporate Directory

Directors

Mr Ian Trahar (Executive Chairman)

Mr Harley Whitcombe (Executive Director)

Mr Christopher Mitchell (Executive Director)

Mr Paul Favretto (Non-executive Director)

Company Secretary

Mr Harley Whitcombe

Registered Office

Level 11,
225 St Georges Terrace
Perth, Western Australia 6000

Share Registry

Computershare Investor Services Pty Limited
GPO Box D182
Perth, Western Australia 6000

Website

www.seafarms.com.au

Annexure 1 - Investor Presentation



Seafarms Group Limited

ACN 009 317 846



Equity Raising Presentation

July 2015

Important Notice and Disclaimer

This investor presentation has been produced by Seafarms Group Limited ACN 009 317 846 (**Seafarms** or the **Company**) only in relation to a placement to sophisticated and professional investors (**Placement**) and a non-underwritten, non-accelerated, and non-renounceable rights issue (**Rights Issue**) (collectively, the **Equity Raising**). In accepting this presentation, you acknowledge and agree to be bound by the following terms and conditions.

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- ▶ any opinions expressed in this presentation are based on the knowledge and approach of the persons forming the opinion at the date that the opinion was formed and may have ceased or may in the future cease to be appropriate in the light of subsequent knowledge or attitudes; and
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5. Seafarms' Existing Aquaculture Business
6. CO2 Australia – Carbon and Environmental Services
7. Key Risks and Control Implications

Further information is available at www.seafarmsgroup.com.au

Executive Summary

Summary of Offer

- Seafarms Group Limited (**Seafarms** or the **Company**):
 - has raised \$6 million via a placement to sophisticated and professional investors at 7c per share (**Placement**); and
 - Is raising up to approximately \$10.6 million via a non-underwritten, non-accelerated, and non-renounceable rights issue offering 2 new shares for every 9 shares held at 6.5c per share (**Rights Issue**).
- Funds raised pursuant to the Placement and Rights issue (collectively, the **Equity Raising**) will be applied to:
 - the completion of a bankable feasibility study on the Company's Project Sea Dragon;
 - repayment of \$3.5 million of the existing fully drawn \$8.5 million credit facility between the Company and an entity controlled by Ian Trahar; and
 - for general working capital.
- The Placement price of 7c represents a:
 - 28.6% discount to the last traded price on Friday, 3 July 2015 (\$0.098)
 - 24.7% discount to the 5 day VWAP on Friday, 3 July 2015 (\$0.093)
- The Rights issue price of 6.5c represents a:
 - 33.7% discount to the last traded price on Friday, 3 July 2015 (\$0.098)
 - 30.1% discount to the 5 day VWAP on Friday, 3 July 2015 (\$0.093)
- Ian Trahar and his associated entities will take up their rights entitlement of \$4.76 million by reduction of his loan to the Company by \$3.5 million and contributing additional cash of \$1.26 million. Assuming the rights issue is fully subscribed, The interest of Mr Trahar and his associates in the Company after the Placement and Rights issue will reduce from 50.40% to 44.57%

Executive Summary

Why Aquaculture

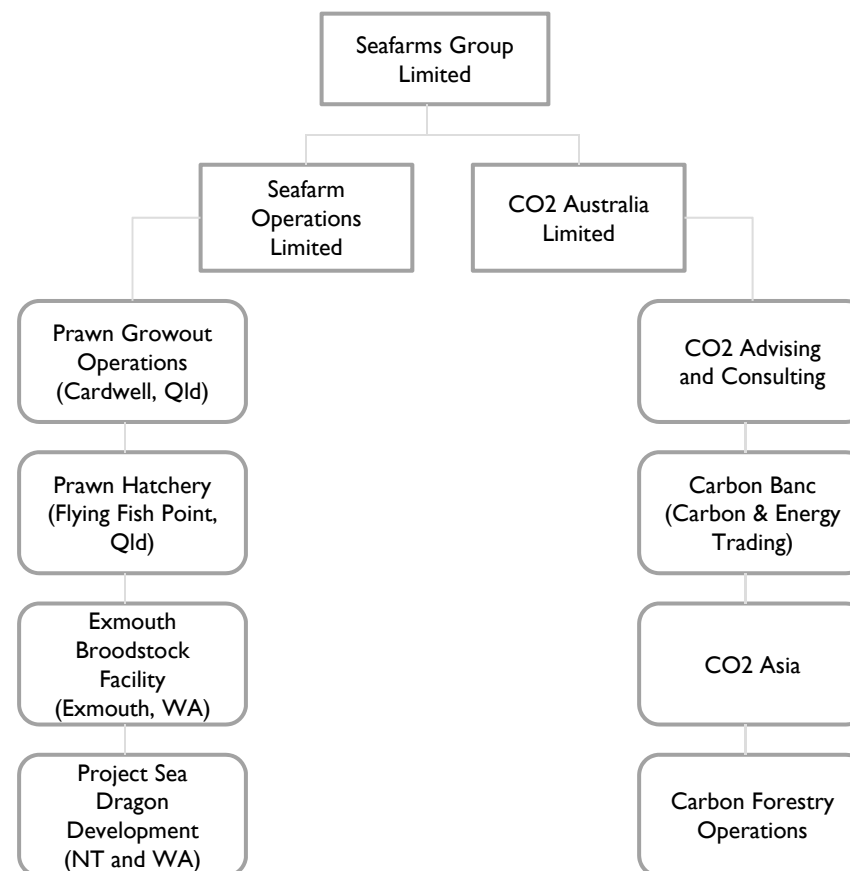
- Project Sea Dragon has the capacity to dramatically expand Seafarms' aquaculture business.
- Feasibility on Project Sea Dragon, the greenfield large scale (>100,000 tonnes per annum) world class prawn production facility is progressing.
- Politicians on both sides of politics are now supporting what Australian industry leaders and commentators have been stating for some time: that Australia has the opportunity to be a major food supplier in this "Asian century". This opportunity is already being reflected by a growing number of major Australian agricultural assets that have been acquired by international conglomerates over the last few years.
- Despite Australia being recognized as a global leader in aquaculture research and innovation, the Australian aquaculture industry is small by international standards and is highly fragmented. Economies of scale can be achieved through consolidation and increased production. Current Australian consumption of prawn products is in the order of 55,000 tonnes pa (\$750 million) with a current shortfall in supply estimated at 30,000 tonnes pa (\$420 million).
- There is growing demand for high quality food in Asia – US\$1,500 billion in 2007 growing to US\$3,000 billion by 2050. Demand cannot be met by diminishing wild catch. This significant and growing market shortfall is leading to the commencement of industrial scale production facilities such as that being proposed with Project Sea Dragon.



Section 1 Company Overview

Corporate Snapshot

ASX Code	SFG
Market Capitalisation (at 3 July 2015)	\$67 million
Shares on issue	654.1 million
Convertible preference shares	30.15 million
Cash on hand (at 31 March 2015)	\$2,685,888
Net Assets (at 31 March 2015)	\$36.19 million
Debt (at 31 March 2015)	\$12.78 million
Financial year end	30 September
Directors' shareholdings	57.12%
Staff	110
Directors	Ian Trahar (Executive Chairman) Paul Favretto Harley Whitcombe Chris Mitchell
Company secretary	Harley Whitcombe



Financial information

PRO FORMA BALANCE SHEET

	Audited Balance Sheet 31 Mar 2015	Placement and Rights Issue	Pro-forma Balance Sheet 31 Mar 2015
<i>\$'000 unless otherwise noted</i>			
Cash and equivalents	2,685	12,786	15,471
Trade and other receivables	4,325		4,325
Inventories	8,904		8,904
Property, plant & equipment	22,898		22,898
Intangible assets	6,279		6,279
Other assets	9,656		9,656
Total assets	54,749	12,786	67,535
Trade and other payables	4,534		4,534
Loans and borrowings	12,784	(3,500)	9,284
Other liabilities	1,230		1,230
Total Liabilities	18,549	(3,500)	15,049
Net assets	36,199	16,286	52,485
Other financial information			
Net Tangible assets (NTA)	29,920		46,306
NTA per share (\$)	0.05		0.05
Shares on issue (<i>shares</i>)	654,117,497	250,121,349	904,238,846

Notes:

The pro forma balance sheet has been prepared for illustrative purposes to show the potential effect of the Equity Raising on the Company if the Equity Raising had occurred on 31 March 2015.

The information on which the pro forma balance sheet is based has been derived from the 31 March 2015 reviewed consolidated financial statements of the Company and should be read in conjunction with the notes and assumptions set out in those financial statements.

The costs of the Equity Raising is estimated to be approximately \$300,000.

Convertible preference shares

The convertible preference shares were issued at \$0.00001. To convert to fully paid ordinary shares each holder is required to pay \$0.06499. Conversion can occur at any time at the election of the holders. The NTA per share value does not include the Company's convertible preference shares. Convertible preference share holders will not participate in the Rights Issue.

Seafarms' Team

Directors of Seafarms Group Limited

Ian Trahar Chairman

- Successful experience within the resources and finance industries, having established and managed several businesses within these sectors.
- MBA from the University of Melbourne.

Chris Mitchell Managing Director

- PhD in Marine biology from the University of Melbourne and Adjunct Professor at the School of Environmental Science at Murdoch University.
- Foundation Director of the Centre for Australian Weather and Climate Research.

Harley Whitcombe Executive Director and Company Secretary

- Significant commercial and finance experience within a public-listed corporate environment.
- CPA certified accountant.

Paul Favretto Non-Executive Director

- 20 years in the financial services industry holding senior management positions with Citibank Limited and Bankers Trust Australia Limited.
- Previously Managing Director of Avatar Industries Limited.

Commercial Directors

Dallas Donovan Commercial Director Aquaculture Operations

- 18 years aquaculture experience, including technical and production management, harvesting, processing, marketing and project management.
- Six years leading aquaculture operations at National Prawn Company in Saudi Arabia, one of the world's largest fully integrated aquaculture operations.

Owen Stacy Commercial Director PSD Project Delivery

- 40 years experience in engineering and project management, with major infrastructure, mining, ports, power generation and industrial projects.
- Company governance, strategic planning, risk management and feasibility study processes.

Ian Leijer Commercial Director Business Development

- Chartered Accountant with over 20 years experience in corporate finance, strategy and business management. Previously CFO of former ASX listed company Avatar Industries Limited and interim CEO of ASX listed Kresta.



Section 2 Overview of the Equity Raising

Overview of Equity Raising

Placement

- Seafarms will undertake a placement to sophisticated and professional clients of Euroz Securities Limited (**Euroz**), Wilson HTM Investment Group Limited (**WIG**) and Moelis & Company (**M&C**) to raise \$6 million.
- Seafarms will issue 85,714,286 shares (**Placement Shares**) under the Placement (representing 13.1% of the 654,117,497 shares currently on issue in Seafarms) at a price of 7c per Placement Share (**Placement Price**).

Rights Issue

- Following the Placement, Seafarms will undertake a non-underwritten, non-accelerated, non-renounceable rights issue to raise up to approximately \$10.6 million.
- Seafarms will extend an offer to participate in the Rights Issue to all shareholders with registered addresses in Australia and New Zealand (**Eligible Shareholders**).
- Each Eligible Shareholder will be entitled to apply for 2 new shares (**Rights Issue Shares**) for every 9 shares held on the Record Date at a price of 6.5c per Rights Issue Share.
- Seafarms will issue up to 164,407,063 Rights Issue Shares, meaning that there will be a total of up to approximately 904,238,846 shares on issue in the Company following the Equity Raising.
- Each of the Directors of the Company except Harley Whitcombe who hold shares in the capital of the Company (Ian Trahar, Paul Favretto, and Chris Mitchell) have advised they intend to participate in the Rights Issue. In particular: Mr Trahar and his controlled entities (**Trahar**), Seafarms' largest shareholder with 50.40% of shares, is fully supportive of the Rights Issue and has notified Seafarms that he intends to take up his full entitlement under the Rights Issue (approximately \$5 million). Assuming full participation in the Rights Issue, Mr Trahar will hold 44.57% of the shares on issue in the Company (402,974,563 shares) following the Equity Raising. Mr Favretto and his controlled entities (**Favretto**), which currently holds approximately 4.59% of the shares on issue in the Company, has indicated that he will take up his full entitlement under the Rights Issue (an additional 6,666,667 shares). Favretto will hold 4.05% of the shares on issue in the Company (36,666,667 shares) following the Equity Raising (assuming full participation in the Rights Issue).
- The Rights Issue is not underwritten, but Eligible Shareholders may apply for additional shares under a shortfall facility. Any remaining shortfall may be placed by the Company to sophisticated investors within 3 months at a price which is not less than the issue price for the Rights Issue.

Indicative Timetable for Equity Raising

Event	Date
Announcement of Placement and Rights Issue	Tuesday, 7 July 2015
Settlement of Placement	Monday, 13 July 2015
Allotment of Placement Shares	Tuesday, 14 July 2015
Ex Date for Entitlement	Friday, 17 July 2015
Record Date for Rights Issue	5pm (AWST) Tuesday, 21 July 2015
Rights Issue Opens and Dispatch of Offer Documents	Friday, 24 July 2015
Closing Date for Rights Issue	5pm (AWST) Friday, 7 August 2015
New Shares quoted on a deferred settlement basis	Monday, 10 August 2015
Settlement of Rights Issue and Allotment	Thursday, 13 August 2015
Normal Trading Resumes	Friday, 14 August 2015
Placement of the Shortfall Shares	By Friday, 6 November 2015

All dates and times refer to Perth time. These dates are indicative only and may be subject to change. Subject to the ASX Listing Rules and other applicable laws, the Company reserves the right to vary the timetable without prior notice, including by extending the Closing Date or closing the Rights Issue early. The Company also reserves the right not to proceed with the Rights Issue.



Section 3 Project Sea Dragon

Project Sea Dragon

Overview

The Company continues to progress the development of Project Sea Dragon – a large-scale, integrated, land-based prawn aquaculture project in northern Australia designed to produce high-quality, year-round, reliable volumes for export markets.

Project Sea Dragon seeks to establish a prawn (shrimp) production enterprise of 10,000 hectares (ha) of ponds producing up to 100,000 tonnes per annum developed in 3 stages over a 7- 10 year development horizon. Stage 1 is expected to be approximately 1,080 ha of grow out ponds. Stage 1 has an estimated capex of US\$150 million. The project will have full vertical integration of production system components: broodstock – hatchery – growout – processing – export as well as key input infrastructure such as feed mill and electricity generation.

Rationale

- **Large Scale Industrialised Seafood Production :** Project Sea Dragon combines Australia's key bio-security advantages, strong commercial/technical capabilities and an established history of best practice sustainable agri-food production to deliver the benefits of scale to the production of seafood.
- **Increasing Demand for Animal Protein:** By 2050 global food demand is forecast to increase by 70% due to increases in the population and in the demand for animal protein resulting from increasing global affluence. Wild fish production has peaked and the relative cost efficiency of aquaculture and its health benefits means a large proportion of new animal protein demand will be met by seafood aquaculture. Fish, including crustaceans, have the best feed conversion ratios of any animals produced for food.
- **World Class Development Sites:** Northern Australia is a highly suitable but under-developed region for large scale aquaculture. Unlike other aquaculture zones the region offers much room to expand, with little competition for land from other agriculture or urbanisation, and has established ports and logistics infrastructure. This provides land availability and land acquisition cost benefits.
- **Leading Science:** Australia has leading research and development capabilities in aquaculture and Seafarms is working with James Cook University, the University of Sydney, the Australian Genome Research Facility and CSIRO (Australia's national science agency) in the domestication, genetics, genomics and selective breeding of the black tiger prawn. The planned commercial outcome of the research is faster growth with consequential reductions in production costs.

Project Sea Dragon

Rationale (continued)

- **Biosecurity and Food Safety:** Northern Australia as a province for Project Sea Dragon is removed from other aquaculture provinces and is thus geographically separated from other farms that might be a source of pathogens. It is a clean largely disease-free environment.
- **Proximity to Key Inputs Supply:** Western Australia is one of the world's largest exporters of grain – a key ingredient in the production of aquaculture feeds. In addition, Northern Australia has large undeveloped gas resources that provide the potential for long term, low-cost energy security for Project Sea Dragon.
- **Australia's natural advantages:** Australia has a number of other natural advantages for large scale aquaculture including climatic suitability, endemic species, biosecurity, access to key raw materials, a secure land tenure system, suitable infrastructure and labour, favourable trade arrangements with key markets, and expertise in large scale resource and agricultural development. Political stability is attractive for foreign investment

Project Status

- **Strong Operational Team:** Seafarms has assembled a strong team with demonstrable operational expertise in the fields of aquaculture operation, marine science, environmental sustainability, engineering, law and finance to deliver the project. The operations team is lead by Dallas Donovan who has over 16 years of aquaculture experience and was previously the head of aquaculture operations at National Prawn Company in Saudi Arabia, one of the world's largest fully integrated aquaculture operations.
- **Cardwell production hub operating as a pilot project:** The Company's existing commercial prawn farming operations at the Cardwell production hub in Queensland is also serving as a useful a pilot project for Project Sea Dragon. It has established important building blocks including recruitment of the farm management team, commencement of science projects, expansion of brand project range and trial of incremental husbandry approaches (feed, stocking level, oxygenation regimes, etc).
- **Bankable feasibility study commenced:** Following completion of the pre-feasibility study completed in June 2013 (which concluded that the Company proceed with a BFS, develop the business case for the early acquisition of founder stock and accelerate a Government Affairs strategy and environmental impact studies), the company has made excellent progress with the BFS.

Project Sea Dragon

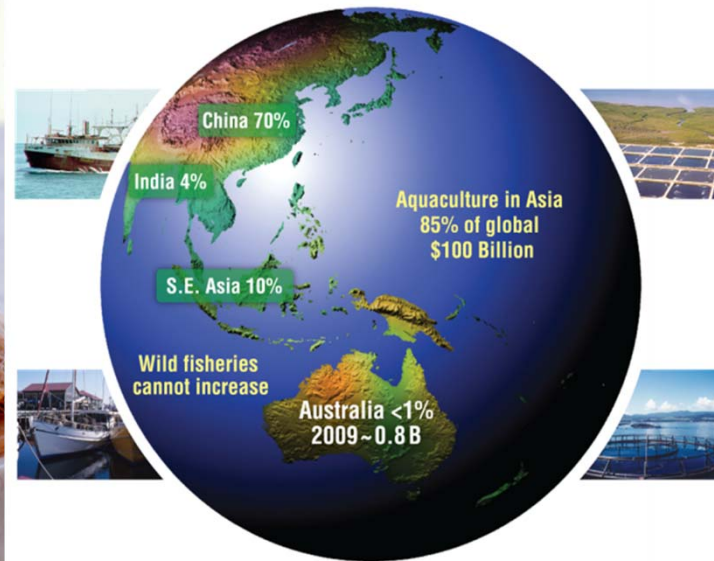
Project Status (continued)

- **Site identified and option to acquire obtained:** The PFS concluded that Legune Station was the preferred site for the grow-out farms for a potential 10,000ha investment; optimum location for the breeding program facilities is Darwin; workforce to be distributed to existing centres of Kununurra (for processing facilities) and Darwin (for breeding program facilities) to minimise the housing and transport requirements. In February 2015, the Company announced that it had secured a 3 year option to acquire Legune Station (a 180,000 hectare operating cattle station located in the East Kimberly Region of the Northern Territory).
- **Feasibility studies progressing:** A number of key sub-studies and options analysis have advanced the Project definition, including a water balance modelling exercise to help determine the freshwater availability and reliability, revised farm layouts and freshwater dam alternatives, redesigned to meet the specific site constraints, a power and energy study, a workforce and accommodation study, a transport and logistics study and a preliminary earthworks modelling. These studies have been used to progress the required Environmental Impact Study (EIS). Other studies and work which is progressing includes a lidar-survey of the proposed grow-out centre, pre-qualification of owners-engineer consultants complete design requirements for the founder stock centre.
- **Strong Government engagement:** The project has received strong engagement and support by the Commonwealth, WA and NT governments and the Company has been encouraged by the cohesive relationship with these governments. This is evidenced by the actions proposed by the Commonwealth Government the recently released White Paper (*Our North, Our Future: White Paper on Developing Northern Australia*, June 2015), the legislative changes in the Northern Territory to allow Non Pastoral Use Permits (which facilitates uses such as aquaculture) and the positive engagement from the Western Australian government in respect of project facilitation in Kununurra and Wyndham through the Department of Regional Development.
- **Key project approvals are progressing:** The company is progressing with the applicable processes to obtain key project approvals including a non-pastoral use permit for the proposed grow out- centre (as it is to be located on perpetual pastoral lease at the Legune Station); the environmental approval process, including the preparation of an EIS; and an Indigenous Land –Use Agreement with Traditional Owners (as Native Title has been applied over the project area) and Sacred Site Clearances from the Aboriginal Areas Protection Authority.

Project Sea Dragon

Impact of Northern Australia White Paper and Opportunities

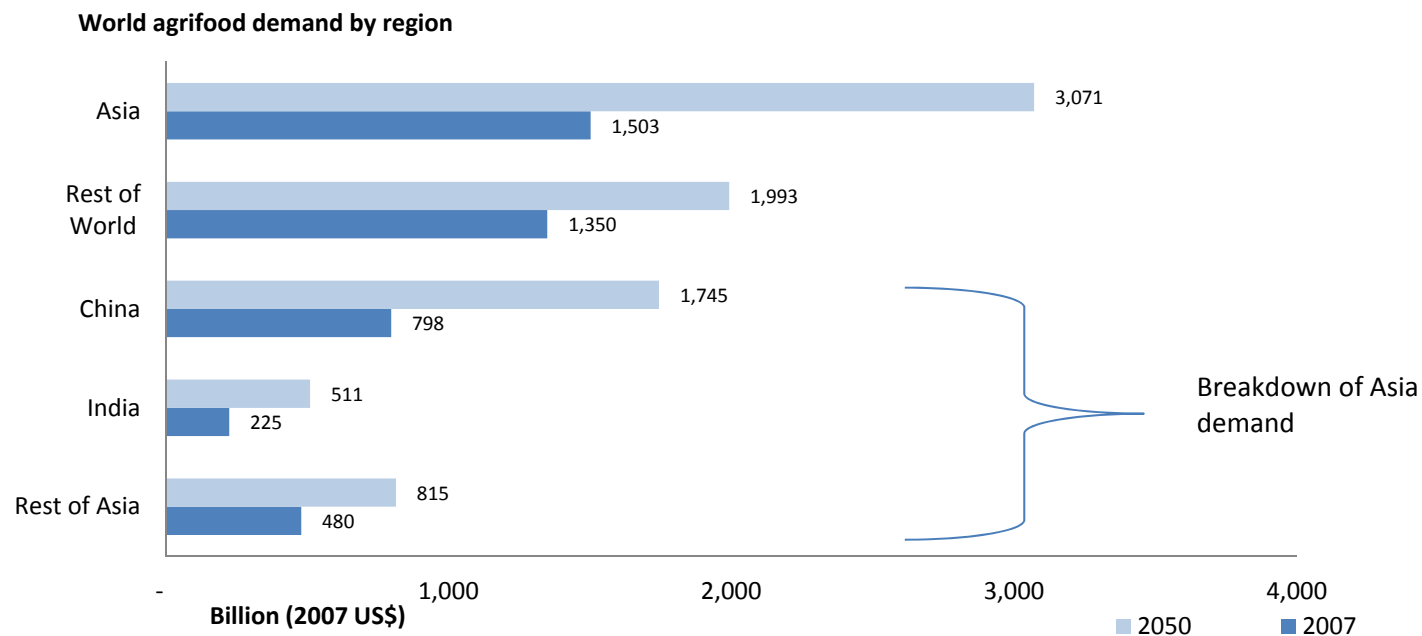
- **White Paper identifies aquaculture as a growth opportunity:** The Commonwealth Government's 'Our North, Our Future: White Paper on Developing Northern Australia' (White Paper) released in June 2015 identifies aquaculture as a key opportunity for the North, reflecting the significant economic growth opportunity the industry represents.
- **White paper initiatives should assist Project Sea Dragon:** The white paper identified a number of government initiatives in Northern Australia including the following:
 - Initiatives designed to assist in developing the workforce and creating sustainable jobs into the future; and
 - Recognition of the importance of public investment in road infrastructure (such as the Keep River Road); aviation infrastructure in places such as Kununurra; and funding mechanisms to facilitate such development.
- **Opportunities to capitalise in Asia:**
 - Measures in the White Paper and the recent signing of Free Trade Agreements with China, Japan and South Korea reduce barriers and provides increased opportunity for access to those markets for Seafarms Group.
 - Improvements in transport infrastructure, secure water and more streamlined approval processes will provide new opportunities to get quality Australian food to Asian markets, and increase the attractiveness of northern Australia to investors.



Section 4 Market Opportunity

Market Opportunity

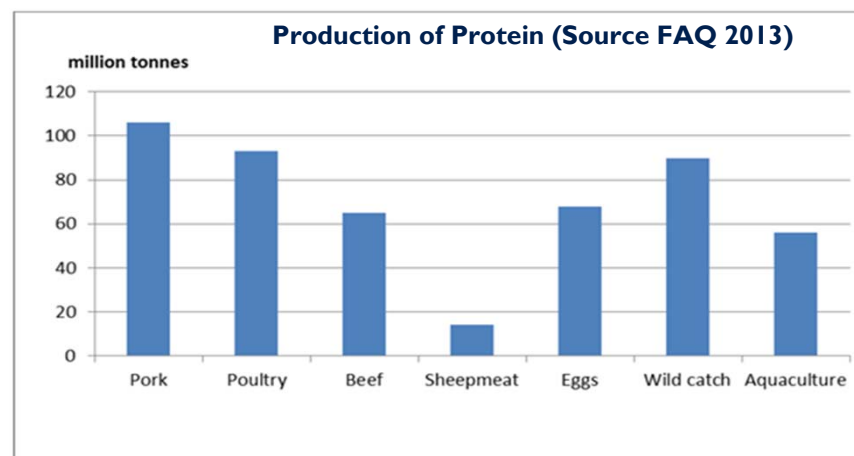
- **Growing population and increasing wealth are underpinning the demand for protein:** Global population is expected to increase from 7 billion today to 9 billion by 2050. Over that time the world's total food requirement is expected to increase by 70% in value due to increased aggregate food consumption and an increased share of animal protein due to the expansion of the middle class, particularly in Asia. The middle class is forecast to increase to 4.5 billion people by 2030.



Market Opportunity

➤ Why Aquaculture?

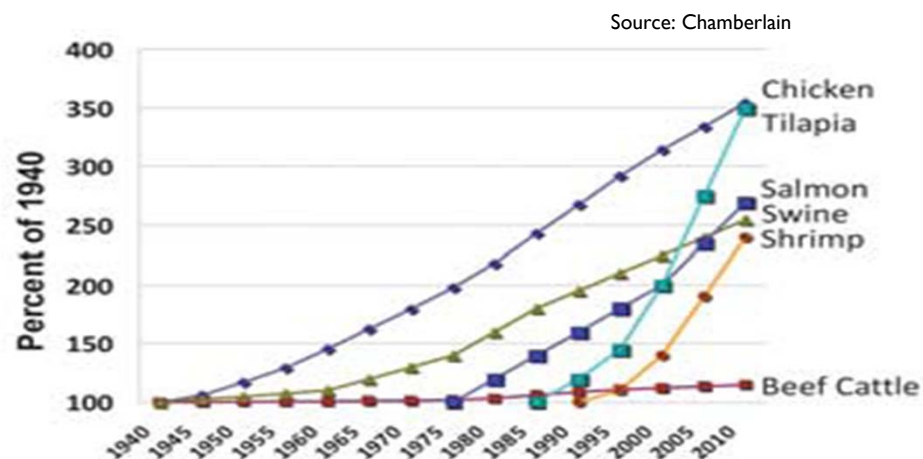
- Fish and other seafood are the largest source of animal protein (160 million tonnes) consumed globally, exceeding that of pork (114 million tonnes), poultry (106 million tonnes) or beef (68 million tonnes).
- Aquaculture, which represents nearly half of the total global fisheries production (70 million tonnes) has been the fastest-growing protein sector over the last 30 years.



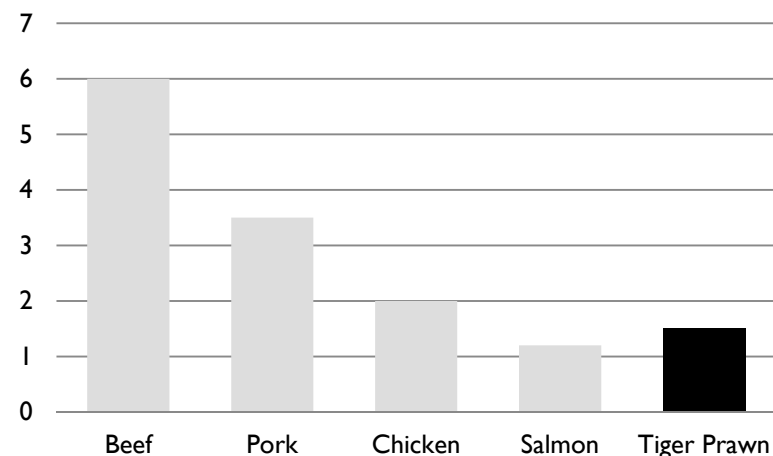
- The gross value of the wild-catch sector in Australia declined by 1 per cent to \$1.3 billion in 2011-12, whilst aquaculture production increased by \$100 million to \$1.1 billion, and accounted for 46 per cent of the gross value of Australian fisheries production.
- Farmed salmon continues to be the largest aquaculture species group produced (44,000 tonnes), and also the most valuable fisheries product in Australia. The value of farmed salmon rose by 20 per cent to \$513 million in 2011-12. Salmon accounted for 49 per cent of the total value of Australian aquaculture production and 22 per cent of the total value of fisheries production
- Fish (and marine invertebrates) have the lowest feed conversion ratio, i.e. they produce more available kilograms of protein per kilogram of feed than other sources of animal protein.

Market Opportunity

Relative Genetic Gain in Growth Rates



Feed Conversion Ratio

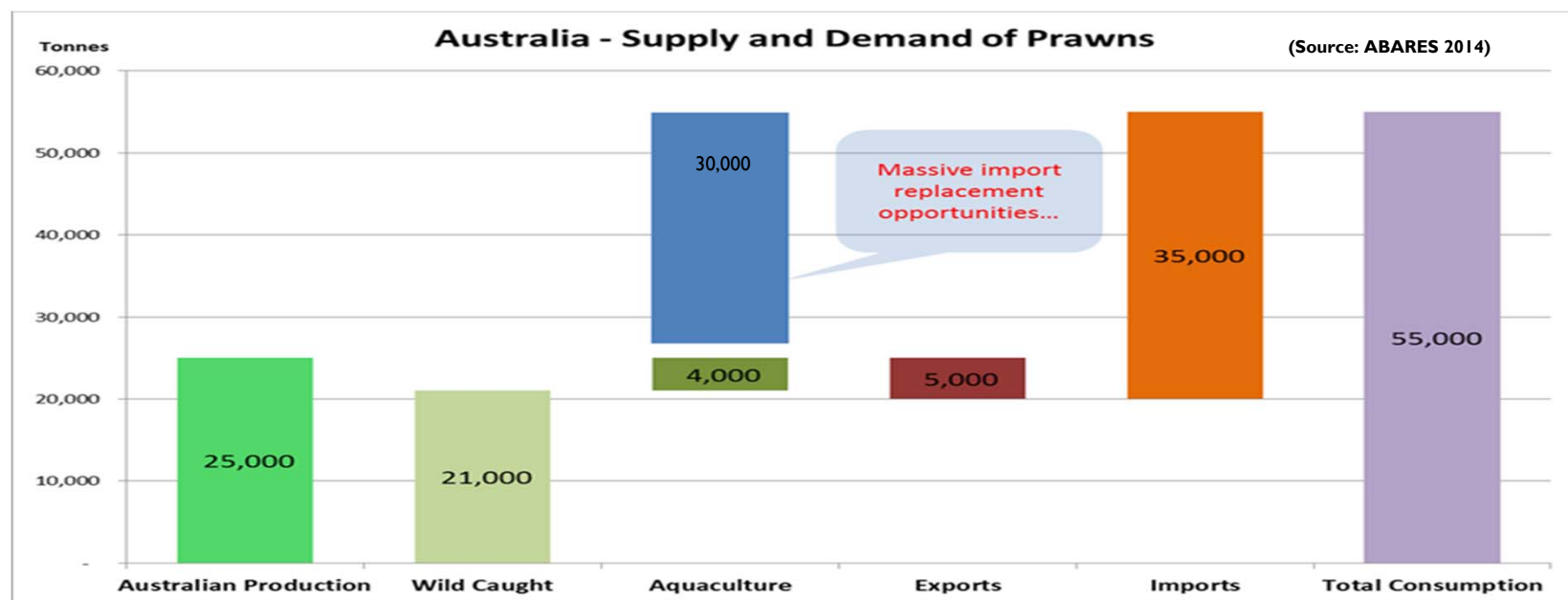


Why Prawns?

- Prawn (or shrimp) is the largest internationally traded fish commodity (in value). Total shrimp fisheries production in 2011 was about 7 million tonnes with 3.9 million tonnes farmed.
- Shrimp is the top-selling seafood item in many countries (in USA – 33% of all supermarket seafood sales) and is the top seafood consumed on a per-capita basis.
- Shrimp also sell at a premium price – more expensive than all other animal protein (apart from some other seafood products such as lobster & abalone).
- Current Australian consumption of prawn products is in the order of 55,000 tonnes pa (\$750 million) with a current shortfall in supply estimated **at 30,000 tonnes pa (\$420 million)**.

Market Opportunity

- **Chinese shift from exporter to importer of seafood:** The growing consumption of seafood in China and the rise in aquaculture production is a leading indicator of the significant role that aquaculture will play in global food production over the next 40 years. China currently accounts for two-thirds of world aquaculture production but has recently switched from being a net seafood exporter to a net importer.
- **Domestic market opportunity:** There are opportunities to replace imported seafood in the domestic Australian market.





Section 5 Seafarms' Existing Aquaculture Business

Seafarms existing aquaculture business

Overview

Seafarms is currently the largest producer of farmed prawns – growing, processing and distributing the well-known Crystal Bay Prawns® premium brand – and one of Australia's largest aquaculture enterprises. It owns and operates Australia's longest established and largest integrated prawn farm in Cardwell North Queensland, breeding, growing, processing and wholesaling both Crystal Bay Prawns® (Banana Prawns) and Black Tiger Prawns.

Crystal Bay Prawns® -- Australia's only branded prawns – are a high-quality, award-winning product available fresh and frozen year-round at supermarkets and leading seafood suppliers. Crystal Bay Prawn dishes also appear on menus in many leading Australian restaurants and food-service businesses.



Seafarms existing aquaculture business - Properties

Flying Fish Point Hatchery



Capacity :27 mil post-larvae
per run
Domestication program
R&D Project with ARC
Research Hub for Advanced
Prawn Breeding

Cardwell (Farms 1 and 2)



128 ha of ponds
Processing plant
Maintenance division
Farm administration
20t/day capacity
Fresh/frozen
Cooked
MAP line

Exmouth Hatchery



Biosecure breeding facility

Ingham (Farm 3)



32 ha of ponds
Processing (at Cardwell)



Section 6 CO2 Australia – Carbon and Environmental Services

Carbon and Environmental Services

CO2 Australia:

Management of carbon sinks - Having established over 26,400 ha of forest carbon sinks, CO2 Australia is now focussed on the long term management of these assets on behalf of a broad variety of blue chip clients. Arrangements are in place to manage these sinks for the long term.

ACCUs created - With the introduction of the Carbon Farming Initiative CO2 Australia's projects can now produce carbon credits recognised by the Australian Government (**ACCUs**). During the half year CO2 Australia's created more ACCUs from reforestation projects than any other developer. CO2 Australia's balance sheet pipeline of ACCU's has been forward sold under contract as part of the Australian Government's Emission Reduction Fund.

New plantings by CO2 Australia - Continuing to implement bio-diverse plantings on behalf of government clients.

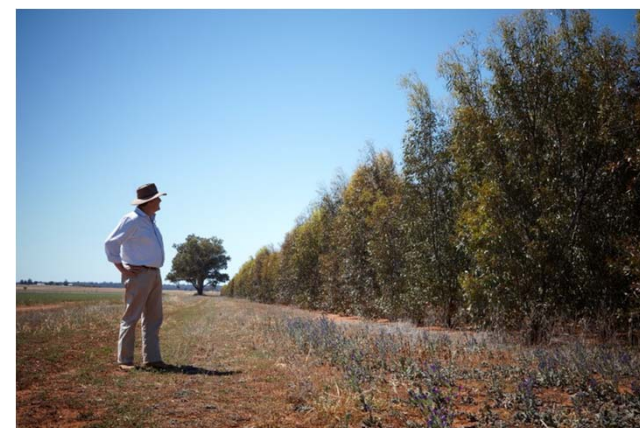
Environmental advisory services - CO2 Australia's advisory team has developed steadily. In addition to carbon services the team is recognised as offering unique expertise in the field of biodiversity offsets. Our set of capabilities include spatial analysis, environmental survey and planning as well the ability to cost-effectively manage all aspects of complying with biodiversity offset requirements.

CO2 Australia's services have been delivered to a wide variety of clients.

Carbon Banc - Carbon Banc continues to trade across a variety of environmental and electricity markets. Activity in these markets is strongly linked to the identification of key value opportunities.

CO2 Asia - CO2 Asia continues to hold economic interests in a portfolio of Clean Development Mechanism projects that will generate carbon credits into the future.

Summary - Alongside its management revenue stream, CO2 Australia maintains a carefully weighted portfolio of capabilities that deliver services in a number of environmental market segments. This positions the company to move quickly as market opportunities arise.





Section 7 Key Risks and Control Implications

Key Risks

Risks associated with the Company

- **Ability to raise sufficient capital to fund growth and development** - The continued growth and development of the Company's carbon and aquaculture businesses will be dependent upon the ability to access funds to finance required capital for growth through expansion of existing operations and new acquisitions and to continue studies into, and if applicable, develop Project Sea Dragon. There is a risk that access to capital on acceptable terms will not be available. Even if finance is available it may be on terms that materially dilute your equity position.
- **Carbon operation risks** - national and state laws and changes in regulation affect many facets of carbon markets. Changes in regulation can impact on market conditions and thus business confidence. Carbon sinks are exposed to agricultural risk associated with weather and seasonal climatic conditions which may influence the growth of plantations.
- **Aquaculture operation risks** - given the remote location of the Company's current and proposed aquaculture operations, the Company may be unable to attract and retain suitable staff, poor labour efficiency/productivity may result, equipment used may not meet expectations and difficulties may arise with respect to logistics and marketing. In addition, labour costs in Australia are high compared with many competitors.
- **Project Sea Dragon is an early stage opportunity** - the Company is progressing studies into Project Sea Dragon. There can be no assurance that the studies will be successful or will result in a project being developed and, if developed, being a profitable operation. Key issues in relation to Sea Dragon include obtaining the support of a long-term off-take partner to support the capital required to establish the project, access to suitable land on commercial terms, obtaining the range of state and local government approvals which will be required and usual project development risks including those associated with engineering, unforeseen project construction delays or site specific challenges.

Key Risks

- **Insurance** - the Company has taken out insurance to cover its current business operations. However, the Company's insurance policies, in some circumstances may not provide adequate insurance cover. 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.
- **Environmental regulations** - national and local environmental laws and regulations affect nearly all existing and planned aquaculture operations. These laws and regulations set various standards governing certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards. The Company has environmental monitoring protocols in place, but changes in regulations or unforeseen events may create liability for the Company.
- **Dependence on key personnel** - the Company is reliant upon its key management personnel. The loss of the services of certain personnel could have an adverse effect on the Company, as it may not be able to recruit replacements for the key personnel within a short time frame.
- **Research and Development** - the Company's business activities and operations involve research and development, which has inherent risk.

Key Risks

Risks associated with the aquaculture industry

- **Aquaculture risks** - 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 pest and disease, sudden changes in environmental conditions that impact growth performance, or even death arising from failures in systems, plant and equipment (including adverse changes in water temperature, oxygen concentrations or salinity levels).
- **Disease/Biosecurity** - Disease is a major risk in any animal husbandry or aquaculture project. Disease may enter the production system through the broodstock and hatchery system, from the environment via water or through wildlife or human vectors. The Company has minimised these risks by implementing tight operational biosecurity measures and minimising the use of externally sourced post-larvae, and through rigorous pond preparation. The Company undertakes careful monitoring of prawn health which, combined with modern husbandry techniques that reduce the prevalence of pathogens, also mitigate the effects of any disease. The remote locations of the Company's current and proposed aquaculture operations geographic separation and the lack of water and air pollution also reduces the risk of disease and contamination.
- **Environmental Impacts** - aquaculture operations have the risk of impacting on the environment, internally and externally. Externally, tail water from an aquaculture farm may fail to meet required specifications. Strategies to minimise the impact and risks to the environment, including surrounding vegetation, terrestrial and marine species are in place for the Company's existing operations.
- **Water supply** - aquaculture operations require sufficient access to quality water sources year round. The Company currently has access to adequate sources of water for its current operations in northern Queensland.

Key Risks

General risks

The business activities of the Company are subject to various general economic and investment risks that may impact on the future performance of the Company. These risk factors include, but are not limited to those summarised below.

- **Taxation and government regulations** - changes in taxation and government legislation in a range of areas (for example, the Corporations Act, accounting standards and taxation law) can have a significant influence on the outlook for companies and the returns to investors.
- **Investment in capital markets** - as with all stock market investments, there are risks associated with an investment in the Company. Securities listed on the stock market, can experience price and volume fluctuations that may be unrelated to the operating performances of such companies. These factors may materially affect the market price of Shares regardless of the Company's performance. The price of shares might trade below or above the offer price for the new shares.
- **Accounting standards** - Australian accounting standards are set by the Australian Accounting Standards Board (AASB). Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in the Company's financial statements.
- **General economic risks** - 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 government policy, international economic conditions, significant acts of terrorism, hostilities or war or natural disasters.

Key Risks

Risks associated with the Equity Raising

There are certain risks associated with participating or not participating in the Equity Raising, including:

- **Dilution** - your shareholding in the Company may be diluted as a result of not taking up your full entitlement;
- **Alternative funding** - if the Company is unable to successfully complete the Equity Raising, it will have to consider alternative funding options, which may or may not be available on acceptable terms or may result in dilution to shareholders; and
- **Future capital requirements** - the Company is likely to require additional capital in the future. The Company's ability to do this at an appropriate price will be significantly impacted by commodity prices, market conditions and the capital raising environment at that time.

Control implications

Director interests

The Directors of the Company (and their related parties) currently hold the following interests in the Company:

➤ Ian Trahar – 50.40%	➤ Harley Whitcombe – 1.84%
➤ Paul Favretto – 4.59%	➤ Chris Mitchell – 0.29%

Director participation

Each of the Directors of the Company, except Harley Whitcombe have advised they intend to participate in the Rights Issue.

Mr Trahar has confirmed that he will not apply for any additional shares under the shortfall facility.

Control Implications

Mr Trahar and his related parties hold 50.40% of the issued shares in the Company. Post-Placement they will hold 44.57% of the shares in the Company. Mr Trahar and his associates are the only substantial shareholders in the Company.

The potential effect of the Equity Raising on Mr Trahar's interest in the Company at different levels of shortfall under the Rights Issue is set out below:

	Current holding	Post-Placement	Only Mr Trahar and Mr Favretto takes up rights under Rights Issue	\$6 million raised under Rights Issue	\$8 million raised under Rights Issue	Rights Issue fully subscribed
% Holding	50.40%	44.57%	49.15%	48.43%	46.70%	44.57%
No. of shares	329,706,461	329,706,461	402,974,563	402,974,563	402,974,563	402,974,563

Seafarms Group Limited

ABN 50 009 317 846

For all enquiries:

Phone:



(within Australia) 1300 798 306

(outside Australia) +613 9415 4830

000001 000 SFG
MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Make your payment:



See overleaf for details of the Offer and how to make your payment

Non-Renounceable Entitlement Offer — Entitlement and Acceptance Form

Your payment must be received by 5.00 pm (AWST time) on Friday, 7 August 2015

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Registration Name

Please check the details provided and if any of the details are incorrect please go to www.investorcentre.com for information on how to update them. If you have a CHESS sponsored holding, please contact your Controlling Participant to update your registration details.

Step 2: Entitlement taken up

You can apply to accept either all or part of your Entitlement. Enter overleaf the number of New Shares you wish to take up from your Entitlement.

Step 3: Additional Shares applied for

If you take up your Entitlement in full, you may also apply for Additional Shares. Enter overleaf the number of Additional Shares you wish to apply for (if any).

No Eligible Shareholder is guaranteed of receiving any Additional Shares, and you may be issued fewer Additional Shares than the number you applied for or no Additional Shares.

Step 4: Make Your Payment

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Offer Document dated 7 July 2015.

Choose one of the payment methods shown below.

BPAY®: See overleaf. Do not return the slip if you are making payment using BPAY.

By Mail: Complete the reverse side of the slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to "**Seafarms Group Limited**" and cross "**Not Negotiable**". Cheques must be drawn from an Australian branch of a financial institution. Payment will be processed on the day of receipt. Sufficient cleared funds must be held in your account, as cheques received may not be re-presented and may result in your acceptance of the Offer being rejected. Paperclip (do not staple) your cheque, bank draft or money order to the slip. Receipts will not be issued. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

Turn overleaf for details of the Offer →

STEP 1

Registration Name & Offer Details

Registration Name: MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

For your security keep your SRN/
HIN confidential.

Entitlement No: 12345678

Offer Details: Existing shares entitled to participate as at
Tuesday, 21 July 2015:

Entitlement based on a 2 New Shares
for every 9 Shares held basis:

Amount payable on full acceptance
at \$0.065 per New Share:

STEP 2

Make Your Payment

Billers Code: 28688
Ref No: 1234 5678 9123 4567 89

Contact your financial institution to make your
payment from your cheque or savings account.

Pay by Mail:

Make your cheque, bank draft or money order payable to "**Seafarms Group Limited**" and cross "**Not Negotiable**".

Return your cheque with the below payment slip to:
Computershare Investor Services Pty Limited
GPO BOX 505 Melbourne Victoria 3001 Australia

Lodgement of Acceptance

If you are applying for New Shares and your payment is being made by BPAY, you do not need to return the payment slip below. Your payment must be received by no later than 5.00 pm (AWST time) on Friday, 7 August 2015. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor Seafarms Group Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order the payment slip below must be received by CIS by no later than 5.00 pm (AWST time) on Friday, 7 August 2015. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Shareholders will need to affix the appropriate postage. Return the payment slip below with cheque attached. Neither CIS nor Seafarms Group Limited accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

[Detach here](#) _ _ _

Seafarms Group Limited Acceptance Payment Details

Entitlement taken up:

Number of Additional (shortfall)
New Shares applied for:

Amount enclosed at \$0.065 per
New Share: **A\$**



Entitlement No: 12345678

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Payment must be received by 5.00 pm (AWST time) on Friday, 7 August 2015

Contact Details

Contact Name

Daytime Telephone

Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$