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31 August 2016

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Company Announcements Office
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SYDNEY NSW 2000

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Dear Sir

Seafarms Group Limited Financial Year 2016 Presentation

Enclosed is Seafarms Group's Financial Year 2016 Presentation.

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

Yours faithfully

Seafarms Group Limited

A handwritten signature in black ink, appearing to read "Harley Whitcombe", written over a horizontal line.

Harley Whitcombe
Company Secretary

ENC

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Operational Overview (FY16) and Market Update – Project Sea Dragon

August 2016

Transformation of Australia's largest aquaculture
shrimp producer into a global player

Seafarms Group Limited

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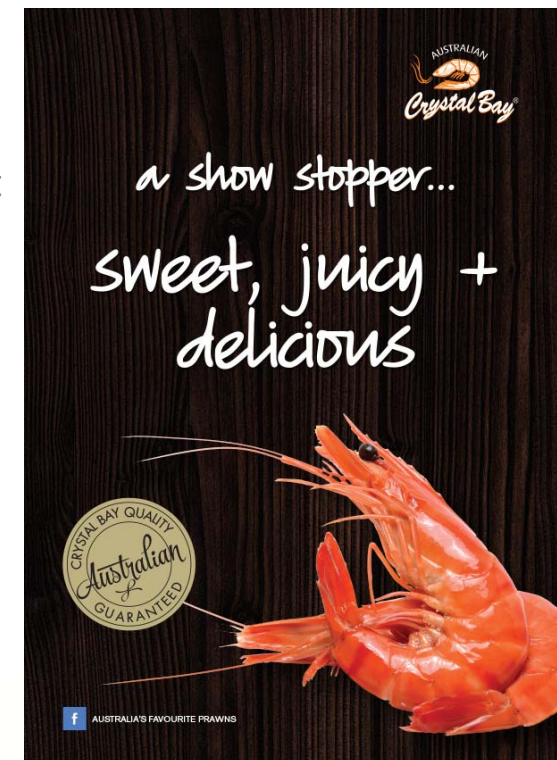
Seafarms Group Limited Overview

1. Overview of Seafarms Group
2. Operations
3. Project Sea Dragon

Overview of Seafarms Group

Australia's largest producer of farmed shrimps

- Seafarms Group Ltd ("Seafarms") is an ASX listed Australian agri-food company, and the largest producer of farmed shrimps in Australia. The farms have been operating since 1988.
- Seafarms existing aquaculture operations are in north Queensland, Australia
- Growing, processing and distributing ~1,500t per annum of the well-known Crystal Bay™ shrimp brand.
- Seafarms is currently developing Project Sea Dragon ("PSD")
 - a large-scale, integrated, land-based shrimp aquaculture project in northern Australia.



Seafarms Group Limited Financial Outcome for the 9 months ending 30 June 2016

- ❖ The Company's full year reporting period was changed from 30 September to 30 June at the Company's last Annual General Meeting in February 2016.
- ❖ For the 9 months reporting period to 30 June 2016, Seafarms has reported a loss in the order of \$18.7m, reflecting the contributions of domestic shrimp and carbon operations with the full expensing of all Project Sea Dragon development costs. The loss was below Directors expectations due to timing differences.
- ❖ A rise in reported revenues from shrimp sales (4.7%) to around \$19.2 million reflects 9 months of sales only.

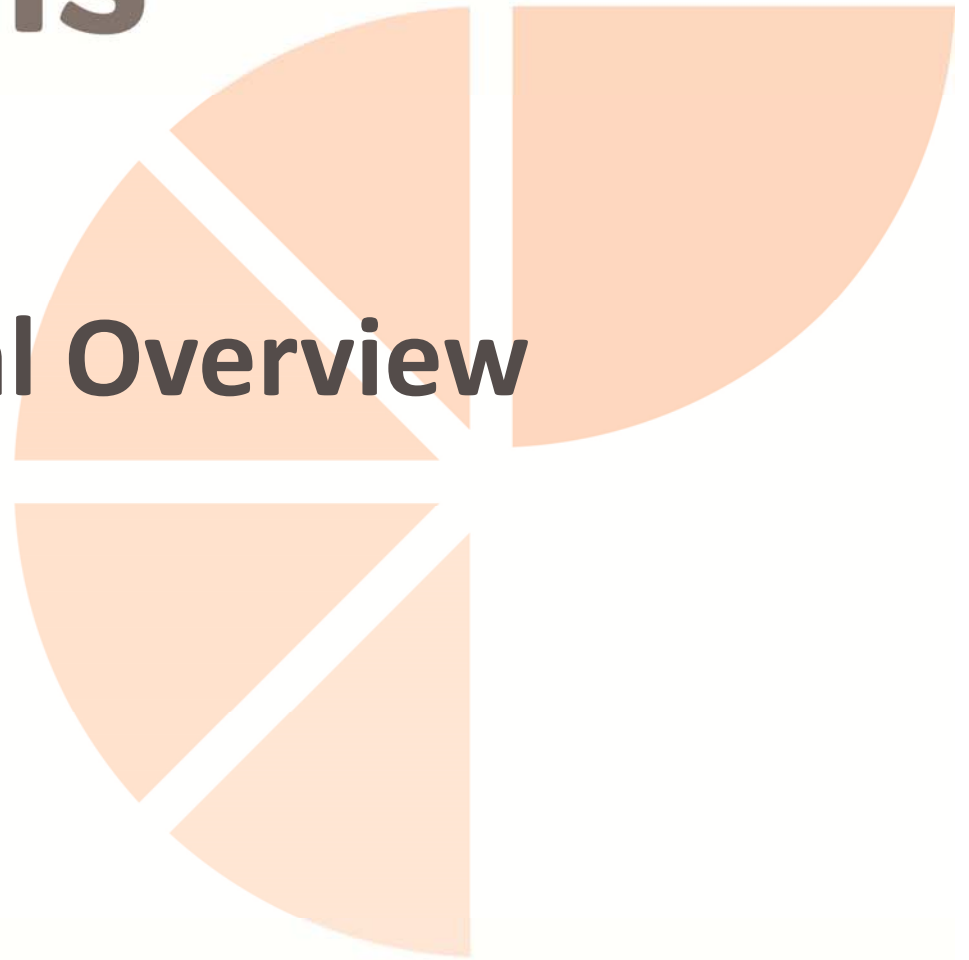
Seafarms Group Limited

Corporate Overview

ASX Listing Code	SFG
Market Capitalisation (at 26 August 2016)	\$108m
Shares on Issue	1,029m
Convertible Preference Shares	30m
Cash, Debtors & Inventories (at 30 June 2016)	\$19.5m
Current Debt (at 30 June 2016)	\$1.3m
Long Term Debt	\$8.8m
Financial Year End	30 June
Directors Shareholdings	44.41%
Directors	Ian Trahar (Executive Chairman) Harley Whitcombe Chris Mitchell Paul Favretto
Company Secretary	Harley Whitcombe





Operational Overview



Current Operations

Hatchery (A)





Innisfail

-  Domestication program
-  R&D Project with ARC Research Hub for Advanced shrimp Breeding



Farms

Cardwell (B)

-  128 ha of ponds
-  Processing plant
-  Maintenance division
-  Farm administration

Ingham (C)

-  32 ha of ponds



Founder Stock Centre

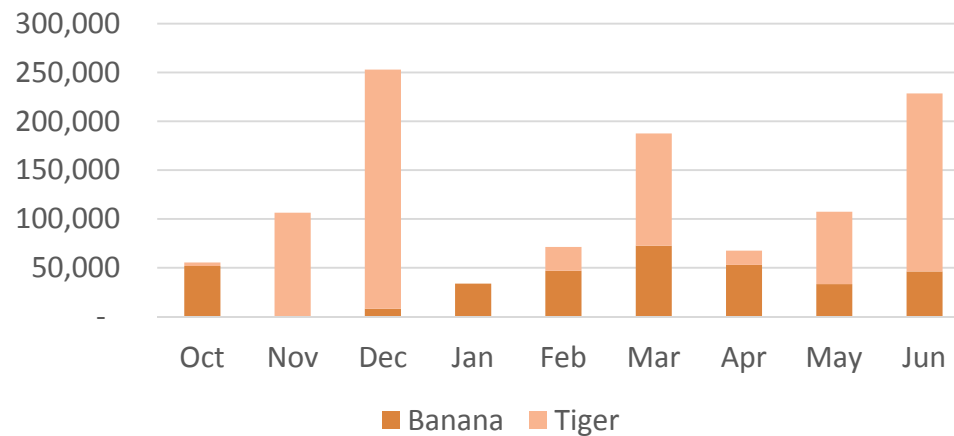
Exmouth (D)

-  Biosecure broodstock breeding facility

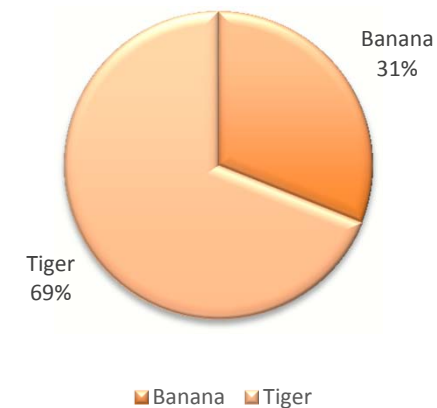
Production Overview

- Financial year (9 months) production 1,110 tonnes
- Black tiger production 69%

FY2016 Production



FY2016 Production Mix



Operational Outcomes

- 🍊 Black Tiger yields continue to improve
 - 37% improvement in 2nd half of FY2016
- 🍊 Growth rates, FCR and yield in-line with expectations
- 🍊 Clear feed trial outcomes; providing improved margins
- 🍊 Operational processes in place to improve management of East Coast endemic diseases
- 🍊 Recent stockings completed in-house, no third party hatcheries used
- 🍊 Commercial production of domesticated animals successfully completed
 - On-target yield, FCR & growth

Research & Development

ARC Hub for Advanced Shrimp Breeding

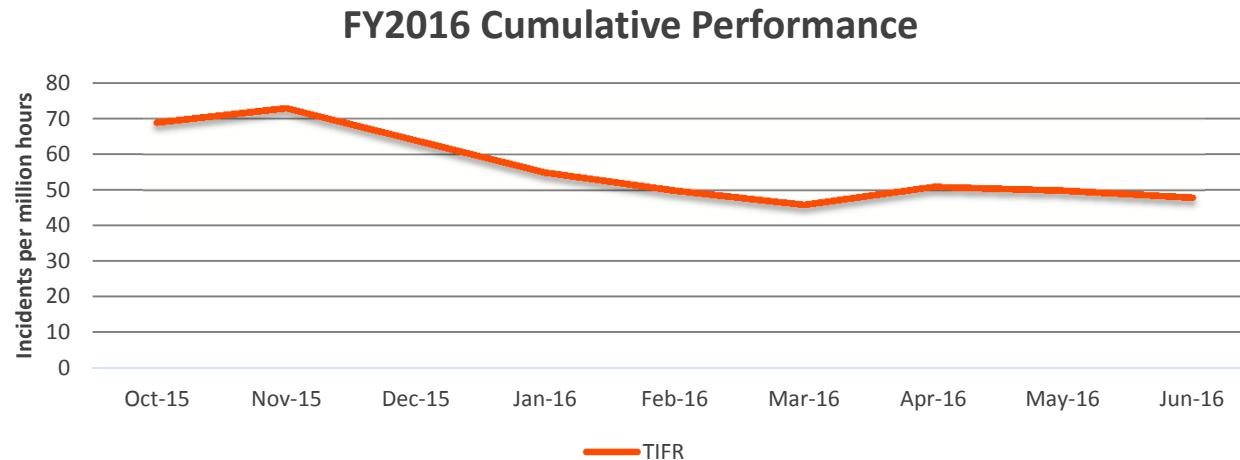
- To –date 391 families in total have been produced at Seafarms, consisting of 7 inbred families, 371 commercial families and 13 individual families.
- RNASeq data has been assembled in early 2016, into a final transcriptome of the Black Tiger shrimp.
- DArtSeq (Diversity Arrays Technology, a NGS technique) has reported the discovery of over 40,000 DNA markers from Black Tiger shrimp stocks from Joseph Bonaparte Gulf, Gulf of Carpentaria and Queensland East Coast regions. DNASeq data is currently being assembled for a first draft genome.
- 120 SNPs have been defined as sufficient for the determination of parentage and 2,000 SNP+ providing high accuracy for the genetic relationship matrix.



ARC Research Hub for
**Advanced
Prawn Breeding**

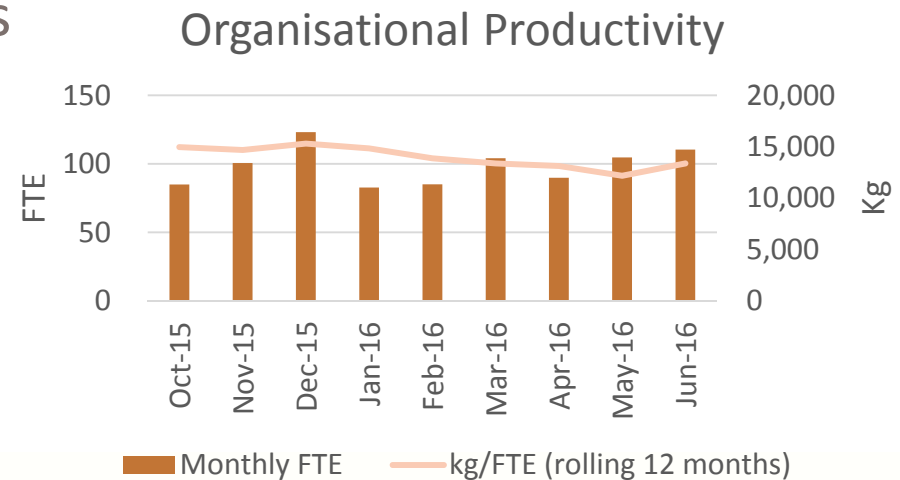
Safety

- 🍊 Dedicated Health Safety & Environment Manager appointed
- 🍊 17% improvement in incident numbers
- 🍊 Work commenced on corporate system and integration of HSE systems



Employment & Productivity

- 93 FTE across the aquaculture operations in Queensland
 - QLD operations being utilised as a training platform for PSD
 - Productivity 13.3 tonnes per FTE
- Continued focus on productivity improvements
 - Increase yield and outputs
 - Investing in efficiencies



Marketing Activities Driving Brand Growth

Key Marketing Successes 2016

- Brand positioning , strategies & activity plans activated
- Website, Facebook, Linkedin assets and recipes developed
- Video content developed
- New product development trials completed for value added products

In 2016 a consistent strategy will lead to continued successful growth



Sales & Distribution

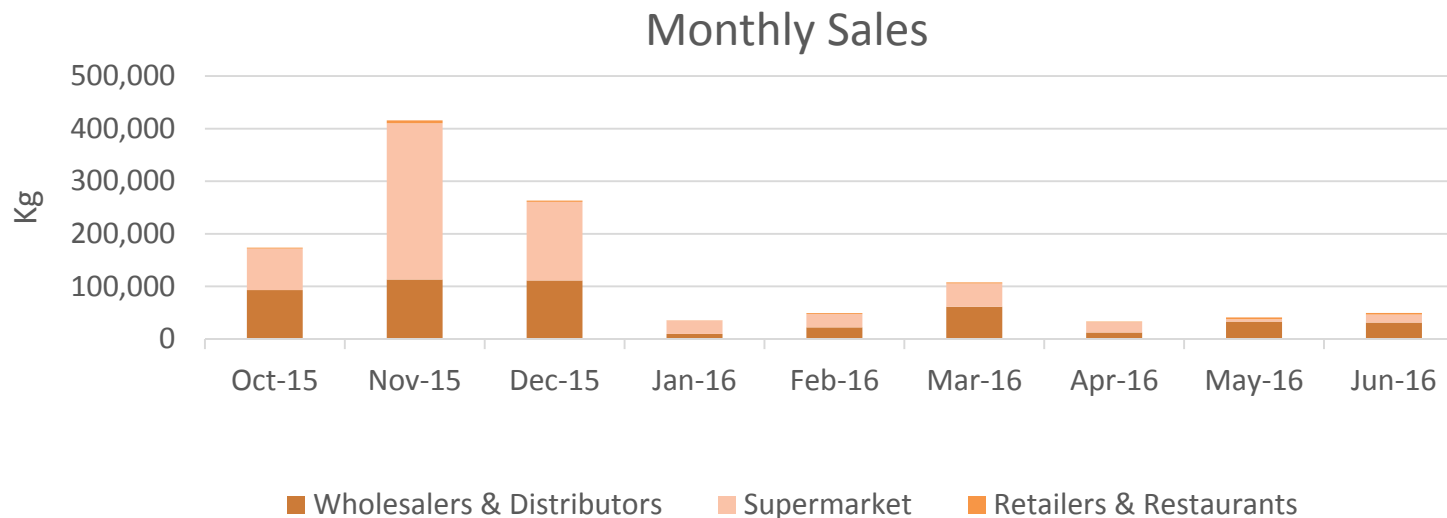
- 🍊 FY sales to \$19.2 million (9 months)

- 🍊 Q4 Sales up 21% year on year

- 🍊 Healthy distribution mix

- 🍊 Positive uptake by major retailers

- 🍊 Maintenance of volume to the wholesale market



Export Markets

- First export shipment to Europe completed
- Whilst domestic demand remains strong, export markets are offering better pricing and better terms of trade
- Discussions continue for growth opportunities
 - Wholesaler / distributor in Europe
 - Global supermarket chain
 - Japanese sashimi wholesaler
 - Distributors in Hong Kong
- Focus
 - High quality, niche supply
 - Provenance story to be strong demand driver

Why is Cardwell Important for PSD

- When the Cardwell operation was acquired in early 2014, the operation was only producing banana shrimps. Post acquisition Cardwell operations were redesigned (where practical) as a pilot project for the company's PSD. As such the product shrimp mix went to bananas and black tigers – using wild catch broodstock (disease status unknown).
- Operating achievements at Cardwell since acquisition are highlighted below:
 - Total production up 121%
 - Black tiger yield up 37%
 - Processing rates up +100%
- The PSD financial forecasts assumes further improvements in black tiger production yields as a direct result of the company's domesticated selective breeding and genetic programs which will deliver specific pathogen disease free PL's into PSD's production system.



Project Sea Dragon

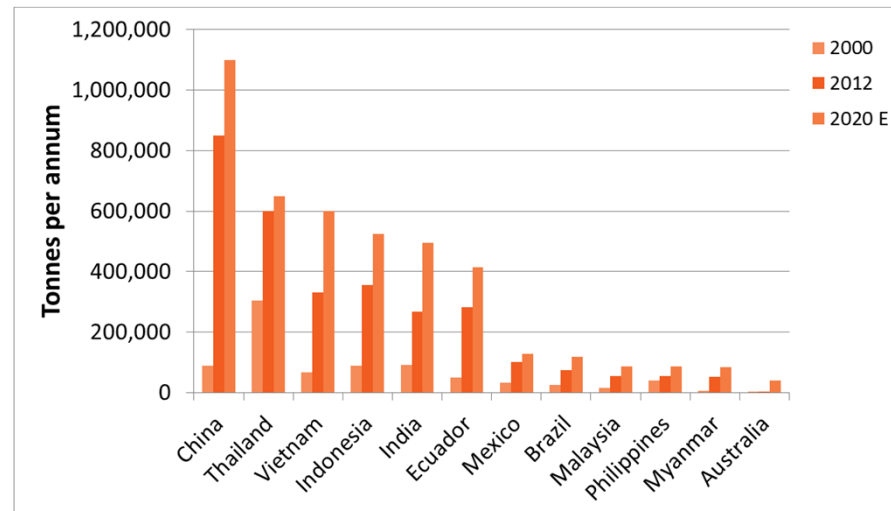


Overview

- ❖ Project targets investment ready by the end of calendar 2016. Over \$65m spent and five years of work to date.
- ❖ Government support remains strong, evidenced through federal election infrastructure commitments.
- ❖ Investor/Joint Venture partner interest in PSD is strong and gaining momentum. Over 60 non-disclosure agreements signed with major domestic and international corporations.
- ❖ Key Regulatory Approvals and Indigenous Land Use Agreements progressing rapidly.
- ❖ Early financial commitment to R & D programs ongoing and already providing significant operational outcomes.
- ❖ The development and/or expansion of key facilities for PSD has commenced.

Global Opportunity

- Growing population and wealth underpinning global demand for protein particularly in Asia.
- Large global growth in shrimp aquaculture.
- Strong demand for larger animals (40-45grams). Currently being supplied by wild catch only with fisheries delivering variable outputs and in decline.



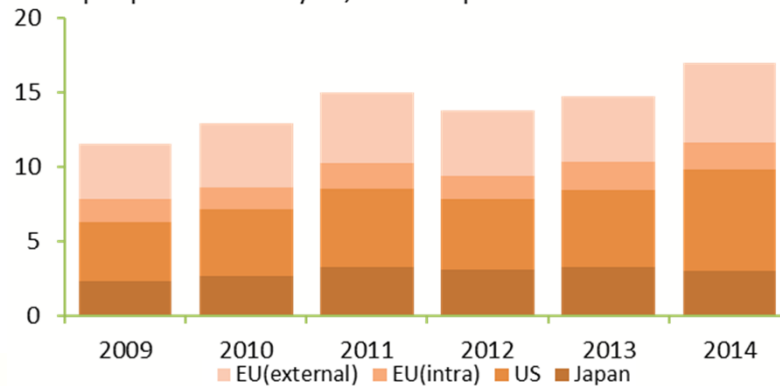
- Current international market dominated by small producers predominantly based in Asia
 - Unsophisticated operational and husbandry practices
 - Disease outbreaks a continuing issue
 - Capital constrained
- Limited capacity to establish new farming regions globally driven by
 - Biosecurity
 - Increasing market focus on quality of product and environment

Need for New Shrimp Farming

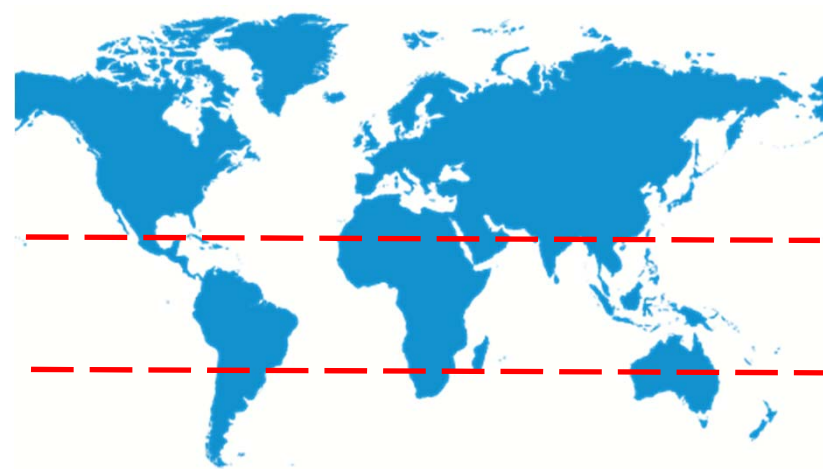
Strong underlying demand for shrimp

- Shrimp is one of the world's most traded seafood products
- Major part of the daily Asian diet.
- A high value seafood product which is benefiting from the growing middle class in developing countries
- Future demand growth is expected to occur within the producing regions

Shrimp imports in value by EU, US and Japan



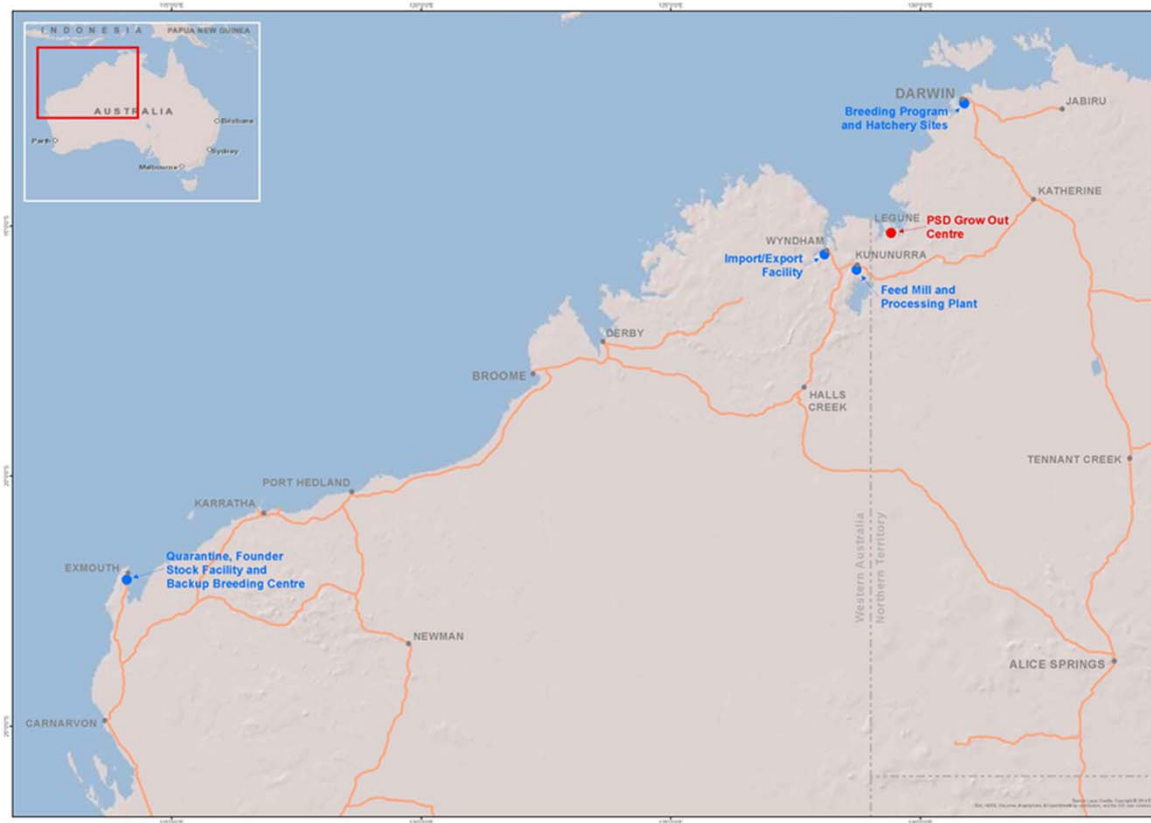
Limited new shrimp farming regions



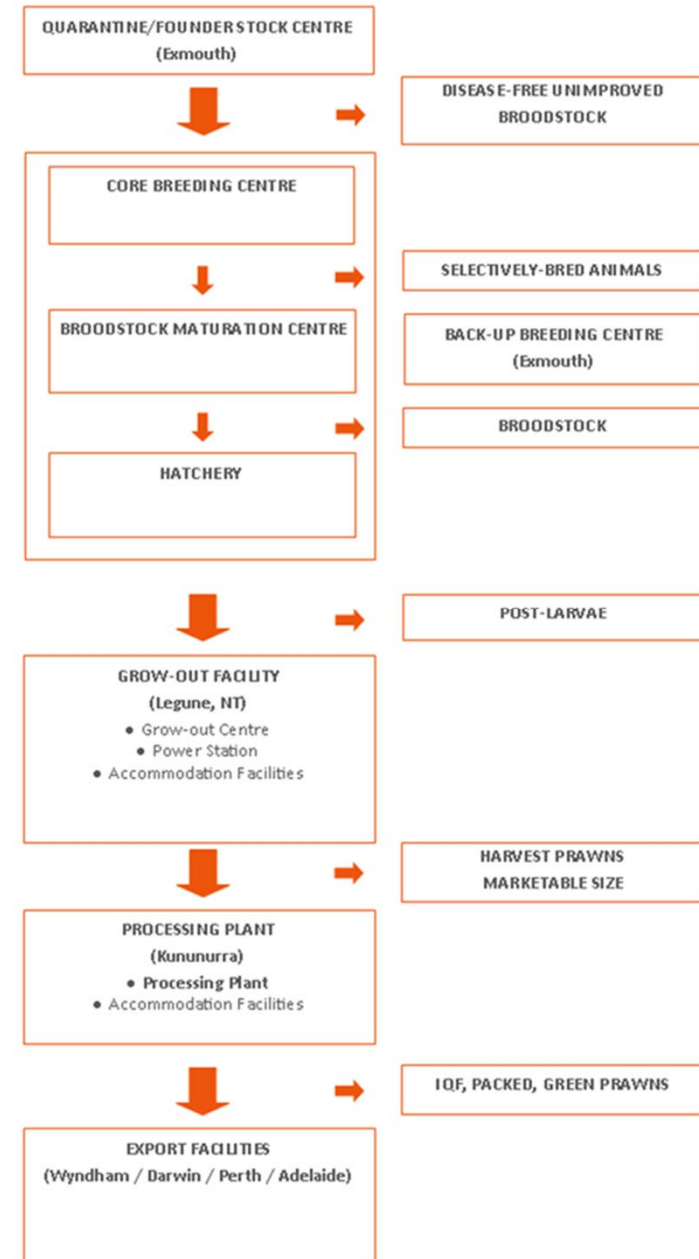
- Warm water shrimp require tropical and sub-tropical temperatures

Project Sea Dragon

A north Australia Project



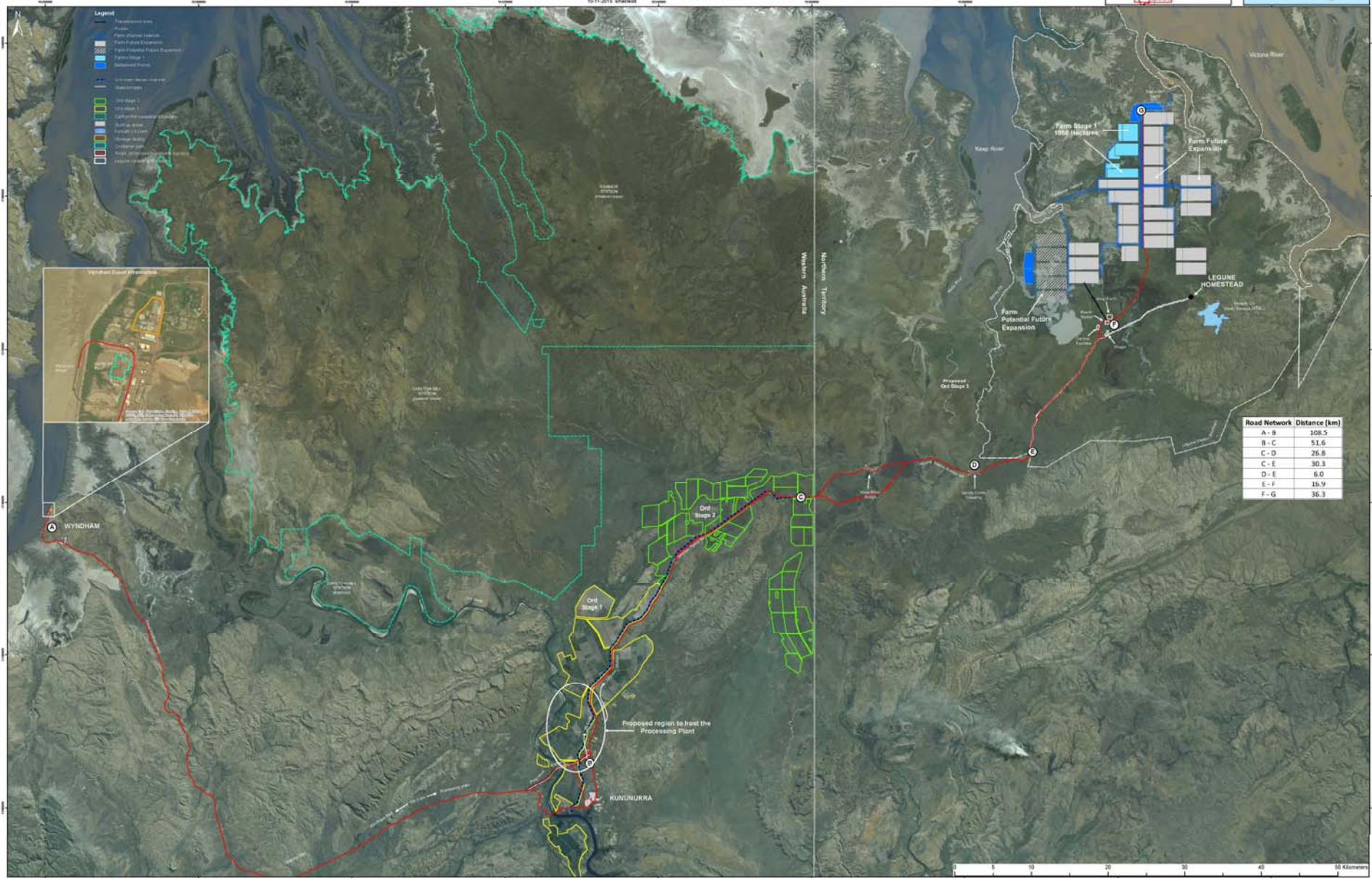
FUNCTIONAL RELATIONSHIPS



PROJECT SEA DRAGON - Regional Footprint

Wyndham, Kununurra and Legune Station

Coordinate System: WGS 1984 Web Mercator Auxiliary Sphere
 Projection: Mercator Auxiliary Sphere
 Datum: WGS 1984
 Map ID: 8000_GEN_MP_RF007
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Road Network	Distance (km)
A - B	108.5
B - C	51.6
C - D	26.8
C - E	30.3
D - E	6.0
E - F	16.9
F - G	36.3

Competitive Advantages

Infrastructure

- Towns, ports, road and airports
- Economies of scale – reduce major cost inputs: feed, people, power
- Key objective: industry lowest quartile cost structure

Improved production techniques

- Further cost reduction – especially labour unit cost structure
- Queensland operations 13 tonnes per FTE versus PSD target of 100 tonnes per FTE at full production

Political economy

- Stable and supportive government
- Foreign investment support
- Free Trade Agreements



Biosecurity

- Industry leading approach and plan for biosecurity
 - Specific pathogen free Broodstock
 - Tight management protocols – quarantine processes and site surveillance
- No major shrimp diseases reported in Australia
- Isolation of key facilities and individually quarantined

Science and technology

- Latest technology and processes
- Strong research institutions

Labour

- Highly-skilled aquaculture expertise internationally sought

Competitive exchange rate

Commitment to R&D

- Leads to improved animal husbandry through selective breeding programs
- Produces larger animals that attract strong international demand in all key markets

Developed country versus developing country platform:

- Biosecurity
- Provenance
- Food safety

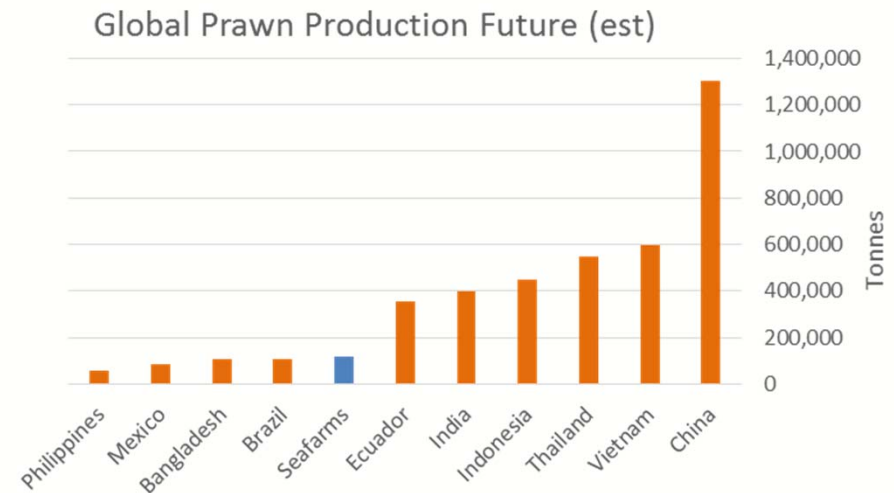
Unique Attributes

- ▣ Industrial scale land-based shrimp aquaculture project based in northern Australia
 - ▣ 10,000 hectare aggregation
 - ▣ At full production – PSD will become the 7th largest producer of shrimp globally, importantly the only developed country offering a significant volume of superior product in market place.
 - ▣ Revenue of US\$2.1 billion at full production of 162,000 tonnes
 - ▣ Stage 1: 1,080ha and fast tracking of Stage 2: an additional 1,080ha
 - ▣ Stages 1 & 2: expected to generate revenues of circa US\$380m and 29,000 tonnes
 - ▣ Export focused : Export licences for Europe/US/Asia in place
 - ▣ Project expands to meet market

- ▣ A developed country platform
 - ▣ Professional management capabilities
 - ▣ Advanced research, breeding and production techniques
 - ▣ Best practice biosecurity and food safety
 - ▣ Access to infrastructure
 - ▣ Stable political environment

- ▣ Integrated production
 - ▣ Genetics, brood stock
 - ▣ Hatchery
 - ▣ Grow-out
 - ▣ Processing







- ▣ Product differentiation
 - ▣ Black tiger shrimp versus white-legged shrimp (vannamei)
 - ▣ Superior product offering larger sizes
 - ▣ Strong international interest in product already received
 - ▣ PRODUCT OF AUSTRALIA



Bankable Feasibility Study

- Target is still for completion in 4Q of 2016.
- Stage 1 scope of work has been increased to include headworks for Stage 1 and Stage 2 and subsequent headworks for the full 10,000ha project.
- This will enable an accelerated development program to occur with a more efficient CAPEX spend – related to roads, canals, power, port and accommodation infrastructure.
- The overall CAPEX cost for the full 10,000 ha projects remains at US\$1.5billion.
- A number of key operating variables: yield, average price being received, and food conversion rates at the Company's Queensland Operations continue to exceed financial model estimates used in the Pre-Feasibility Study.

Project Investment & Outcomes

-  10,000ha project staged over 7 years
-  Stage I and Stage II
 -  Construction to commence dry season 2017
 -  Includes headworks for 10,000 hectare project:
internal roads, power transmission, port, canals
 -  Estimated CAPEX Stage I & II – US\$420m
-  Project Sea Dragon – Financial Outcomes based upon Pre-Feasibility Study and current yield rates being generated at pilot project and further improvements expected from domestication , breeding and genetics.

	Stage I & II	Final
Production (Ha's)	2,160	10,000
Crops (per annum)	1.8	1.8
Current Yield (Run Rate) (per crop)	7.5	9.0
Tonnes (per annum)	29,160	162,000
Domestication/Breeding Generation	2	12
Average Selling Price	US\$13.00kg	US\$13.00kg
Cost of Production	US\$8.00	US\$5.00
Gross Contribution	US\$5.00	US\$8.00
Total Revenue	US\$379 million	US\$2,106 million
Gross Contribution	US\$145.8 million	US\$1,296 million
CAPEX	US\$420 million	US\$1,500 million

Project Sea Dragon - Recap

- ❖ Completed Concept Study (April 2013) and Pre-Feasibility Study (June 2013)
- ❖ Secured key PSD operating site
 - ❑ Legume Access and Option Agreement (Feb 2015)
 - ❑ Selected from multi-criteria analysis of northern Australia: Port Hedland to Cape York
 - ❑ Successful earthworks trial completed as part of the BFS (August 2016)
- ❖ Acquired Queensland aquaculture assets (January 2014)
- ❖ Strong Government Support
 - ❑ Granted Major Project Status by NT, WA and Federal Governments (July to September 2015)
 - ❑ \$40 million Federal Government funding commitment to upgrade the Keep River Road (June 2016) – “infrastructure to support the development and ongoing operations of PSD...”
 - ❑ Long term lease agreement over 230 room accommodation facility (Garrjang Village, Kununurra) with the Western Australian Department of Regional Development. This facility will accommodate the PSD construction workforce (Dry Season 2017).
 - ❑ Northern Australia Infrastructure Facility - \$5billion of concessional loans announced (July 2016).
 - ❑ Federal Government announces major Northern Australia development policy (June 2015)
- ❖ Bankable Feasibility Study
 - ❑ Commenced April 2015
 - ❑ Achieved Sacred Site Clearance for on-ground testing
 - ❑ Expected completion in fourth quarter of calendar 2016 (CY16)
- ❖ \$65 million+ invested on PSD to date
- ❖ Secures first international export order with leading European food retailer (August 2016)
- ❖ Awarded the shrimp Farming Sustainability Award (August 2016)

Legune Earthworks Trial



Legune Station (NT)

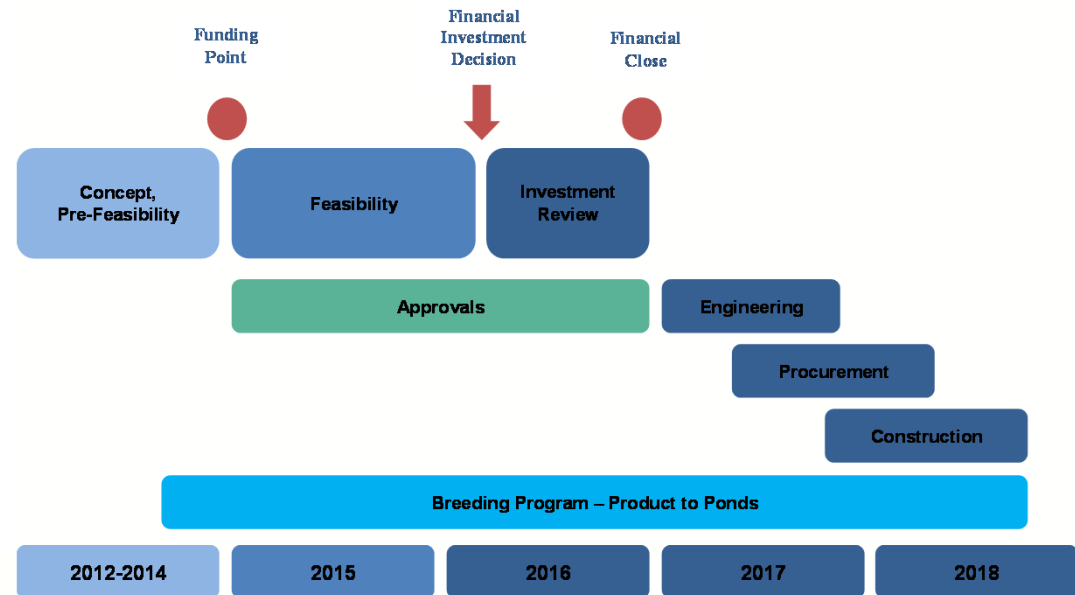
- A. Earthmoving trial
- B. Seepage trial
- C. Pond trial

Project Delivery

- Distinct facilities
 - Quarantine Centre (licenced WA)
 - Core Breeding Centre & Broodstock Maturation Centre (near Darwin)
 - Hatchery (near Darwin)
 - Grow-out and ancillary facilities (Legune)
 - Processing plant (Kununurra)

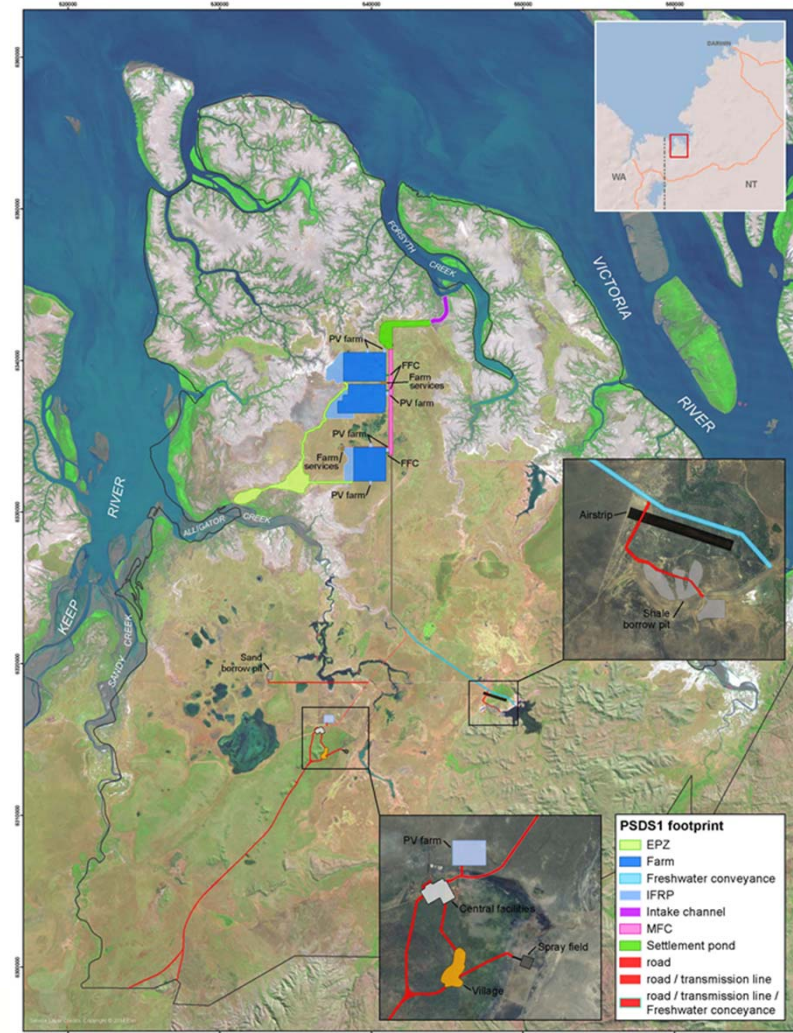
- Integrating elements
 - Transport logistics
 - Live animals (translocation)
 - Feed (imported, stage 1)
 - Product
 - People
 - Energy
 - Biosecurity

Development Milestone	Timing
Stage 1 Feasibility Study Costing	Q4 CY16
Investment decision: go/no-go	Q4 CY16
Commence construction	Dry Season 2017
First farm is handed over for production	Q4 2018
Continue to build farms and ramp-up – commences	Q2 CY18



Grow-out Centre Legune

- Stage 1 footprint shown only
 - 3 farms
 - 1,080 ha production ponds
 - 324 ha of internal recycling ponds
 - Environmental Protection Zones
- Headworks infrastructure
 - Power station & electricity distribution
 - 59km roads
 - Main water canals
 - Headworks for 10,000 ha
- Village/Accommodation



Pilot Project

- 🍊 Pilot project (160ha) at Seafarm's Cardwell (QLD) operations commenced shortly after these operations were acquired in June of 2014. Where practical PSD's production design, operational and management procedures have been utilised and implemented.
- 🍊 Development of a number of operational management protocols including:
 - 🍊 Management programs to manage identify biological risk factors
 - 🍊 Staff training programs
 - 🍊 Processing management systems
 - 🍊 Scalable aquaculture production enterprise management system now implemented
 - 🍊 Occupational, health and safety systems
 - 🍊 Detailed financial management system based upon Pronto/TM1
- 🍊 Commencement of Company's tactical research and development programs:
 - 🍊 Stocking densities trials
 - 🍊 Different food (local and international) and formulation trials

Pilot Project (continued)

- Developing and implementing Company's marketing and merchandising range for both domestic and international markets. Activities include:
 - Increasing domestic product SKU's by 450% across a full range of retail products – deli, frozen and refrigerated.
 - Securing export licenses in all key export markets in US, Asia and Europe.
 - Finalisation of first export contract with a leading European food retailer (August 2016).
- Early recruitment of international and domestic technical expertise and initiation of a Graduate Employments Program
 - Highly experienced team lead by Dallas Donovan ex Managing Director of the 4,000ha NPC shrimp operations in Saudi Arabia.
- Early recruitment of highly experienced project management expertise
 - Overseen by Owen Stacy, Director Project Delivery (previous experience BHP and SKM).
 - Largest single cost earthworks.
 - Significant components are existing technology and “plug and play”, hatchery, processing and power station.

Research and Development (Breeding Program)

- Early and strong commitment to Research and Development (Feb 2014)
 - Dr Chris Mitchell leads PSD research programs which focus on producing larger more robust animals more quickly. Science based studies/actions have already demonstrated a 39% increase in productivity in black tiger from selective breeding programs
 - The breeding program will provide specific pathogen free Broodstock for the hatchery
 - Includes \$5m programs with CSIRO and other leading institutions
 - Already producing G3 animals
 - Better yield outcomes through breeding programs have the potential to deliver PSD - \$900m per annum of additional revenue
- Components of Breeding programs include:
 - Quarantine Facility/Founder Stock Centre
 - Disease-screening
 - Upgrading of facility commenced (August 2016)
 - Core Breeding Centre (CBC)
 - Development, production and selection of high performing stock
 - Broodstock Maturation Centre (BMC)
 - Production of commercial numbers of broodstock for use in hatchery
 - Commercial Hatchery
 - The hatchery will produce approximately 100 million post larvae (PL's) per week to service stocking requirements of the grow-out facility
- Formal Notice of Intent lodged with authorities and formal process to acquire the preferred site for the breeding and maturation centres underway.

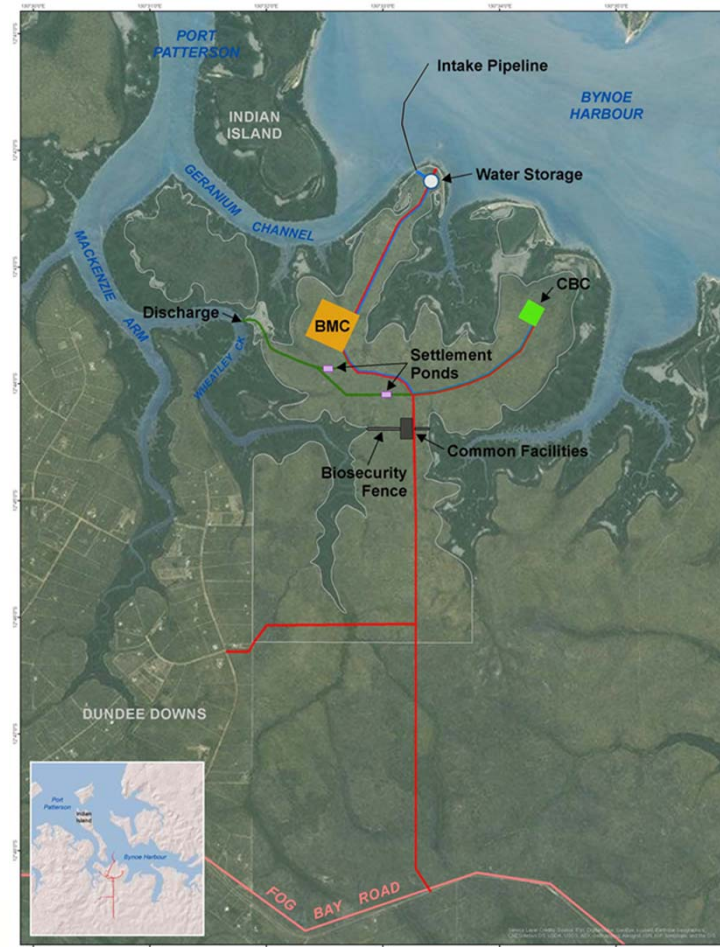
Bynoe Harbour Breeding Facilities (Darwin)



Covered poly tunnels – Broodstock Maturation Centre



Polytanks – Core Breeding Centre



Kununurra Processing Plant

- 🍊 Location identified – expression of interest to acquire lodged
- 🍊 Stage 1 - 70 tonnes per day
 - 🍊 Full-scale 420 tonnes per day
- 🍊 Processing consists of:
 - 🍊 removal of any non-shrimp material
 - 🍊 separating soft and broken animals
 - 🍊 size grading
 - 🍊 weighing
 - 🍊 freezing
 - 🍊 packing
- 🍊 Transport to and export from Port
- 🍊 Test drilling identifies fresh aquifer suitable for process water



Hatchery

- ❖ Separate modules
- ❖ Stage 1 will form first module for further stages
- ❖ Buffers between modules
- ❖ Each module capable of dry out
- ❖ Independent water treatment systems
- ❖ Each module is a large shed, with many internal tanks and sections for spawning, hatching, larval rearing, etc
- ❖ 100 million PL's per week



Investment/Financing Overview

- 🍊 Strong and growing interest
- 🍊 Positive financing engagement
 - 🍊 In excess of 60 non disclosure agreements signed to date
 - 🍊 Parties include strategic and industry - major domestic and international companies (US, Europe – UK and France, Asia – China, Japan, Taiwan and Korea) including major offtake buyers, processors and retailers
 - 🍊 Banks and capital markets
 - 🍊 Government – Commonwealth, Northern Territory and Western Australia
- 🍊 Potential participation
 - 🍊 Direct project equity investment
 - 🍊 Direct project equity and offtake investments
 - 🍊 Capital market products and project finance
 - 🍊 Potential infrastructure support and project funding via government initiatives
- 🍊 Seafarms being assisted by Pareto Securities – the leading global investment bank that specialises in the seafood/aquaculture sector.
- 🍊 Financing initiatives expected to accelerate once SFG achieves FID

Community, Social and Indigenous Engagement

Consultations & Briefings Completed:

- Kununurra community
 - Business after Hours
 - General community
 - Shire, State Department offices
 - Indigenous organisations
- Primary social impact on Kununurra community
- Strong community support
- Timber Creek
- Wide range of briefings
 - AFANT
 - Cattleman's Association
 - ENGOS: WWF, EDO NT
- Dundee Beach community

Next round of briefings is planned to start Q4



To date all community soundings have been positive.
Significant interest in jobs

Seafarms Group: CO2 Australia Limited

- CO2 provides carbon and environmental services
- 100% owned subsidiary
- Profitable business providing cash flow for SFG
- Continues to secure new business
 - March 2016: additional contracts under Commonwealth 20 Million Trees Programme
 - Appointed Agent for the NSW Office of Environment and Heritage
- Owns a substantial portfolio of emission credits
- Well positioned for a resurgence in the carbon economy

Directors and Officers



Ian Trahar
Executive Chairman



Dr Chris Mitchell
Executive Director



Dallas Donovan
Chief Operating Officer



Harley Whitcombe
Executive Director and CFO





Contact Us

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