



CLEAN SEAS SEAFOOD LIMITED

ABN 61 094 380 435

Notice of 2019 Annual General Meeting

Friday 29 November 2019 at 2.00pm (Adelaide time)

at Riverbank Rooms, Adelaide Convention Centre, North Terrace, Adelaide, South Australia

Explanatory Statement

Proxy Form

Loose leaf accompanying Notice of Annual General Meeting

<p>NOTE: REGISTRATIONS COMMENCE AT 1.30PM</p>
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**THIS IS AN IMPORTANT DOCUMENT. PLEASE READ IT
CAREFULLY.**

**IF YOU ARE UNABLE TO ATTEND THE ANNUAL GENERAL
MEETING, PLEASE COMPLETE THE APPOINTMENT OF PROXY
FORM ENCLOSED AND RETURN IT IN ACCORDANCE WITH THE
INSTRUCTIONS SET OUT ON THAT FORM.**

NOTICE OF 2019 ANNUAL GENERAL MEETING

Notice is hereby given that the 2019 Annual General Meeting of Shareholders of Clean Seas Seafood Limited (**Company**) will be held as follows:

Time: 2.00pm (Adelaide time)

Date: Friday 29 November 2019

Place: Riverbank Rooms, Adelaide Convention Centre, North Terrace, Adelaide, South Australia

ITEMS OF BUSINESS

Financial Statements and Reports

To receive and consider the Financial Statements, Directors' Report and Independent Auditor's Report for the Company and its controlled entities for the year ended 30 June 2019.

1. Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as a non-binding ordinary resolution:

"That the Remuneration Report for the financial year ended 30 June 2019 (as set out in the Directors' Report) be adopted."

2. Resolution 2: Re-election of Terry O'Brien as Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Terry O'Brien who retires as a Director by rotation in accordance with clause 6 of the Constitution of the Company, ASX Listing Rule 14.5 and for all other purposes and, being eligible, is re-elected as a Director of the Company."

3. Resolution 3: Approval of the Managing Director and Chief Executive Officer's FY20 Long-Term Incentive Grant

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the grant of share rights to the Managing Director and Chief Executive Officer of the Company, Mr David Head under the Equity Incentive Plan, as described in the Explanatory Statement which accompanies the Notice convening this meeting."

4. Resolution 4: Approval of 10% Placement Facility

To consider and, if thought fit, pass the following resolution as a special resolution:

"That, for the purposes of Listing Rule 7.1A and all other purposes, Shareholders authorise the Company to have additional capacity to issue Equity Securities comprising up to 10% of the issued capital of the Company under Listing Rule 7.1A calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement which accompanies the Notice convening this meeting."

5. **Resolution 5: Spill Resolution**

This Resolution will only be put to the AGM if more than 25% of the votes cast on Resolution 1 to adopt the 2019 Remuneration Report are cast against its adoption. If fewer than 25% of the votes are cast against its adoption, then there will be no ‘second strike’ and this Resolution 5 will not be put to the AGM.

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of section 250V(1) of the Corporations Act and for all other purposes, approval is given for:

- (a) the Company to hold another meeting of Shareholders within 90 days of the date of this Meeting (Spill Meeting); and*
- (b) all Vacating Directors to cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated pursuant to (b) to be put to vote at the Spill Meeting.”*

OTHER BUSINESS

To transact any other business as may legally be brought before the Meeting.

Dated 28th October 2019

By Order of the Board

Robert Gratton
Joint Company Secretary

NOTES TO SHAREHOLDERS

1. Explanatory Statement

Additional information concerning the items of business is contained in the Explanatory Statement which accompanies this Notice of Annual General Meeting and which is incorporated in and comprises part of this Notice and should be read in conjunction with this Notice.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used both in this Notice and the Explanatory Statement.

2. Eligibility to Attend and Vote at the Meeting

The Company may specify a time, not more than 48 hours before the Meeting, at which a 'snapshot' of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting. The Directors have determined that all Shares of the Company that are quoted on ASX as at 7.00pm (AEDT) on 27 November 2019 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.

3. Voting Prohibition Statements

(a) Resolution 1

The Corporations Act restricts members of the Key Management Personnel (as that expression is defined in the Glossary) of the Company and their Closely Related Parties (as that expression is defined in the Glossary) from voting in relation to Resolution 1 (Adoption of Remuneration Report) in certain circumstances.

A vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (ii) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (i) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (ii) the voter is the Chair and the appointment of the Chair as proxy:
 - does not specify the way the proxy is to vote on this Resolution; and
 - expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

What this means for Shareholders: Key Management Personnel will not be able to vote your proxy on Resolution 1, unless in the Proxy Form you direct them how to vote, or, in the case of the Chairman, you expressly authorise him to do so.

If you appoint a member of the Key Management Personnel (other than the Chairman) as your proxy, please ensure that you direct them how to vote on Resolution 1 by following the instructions on the Proxy Form.

If you appoint the Chairman of the Meeting as your proxy, or the Chairman of the Meeting becomes your proxy by default, you can direct him how to vote by marking one of the relevant boxes for Resolution 1 in the Proxy Form (i.e. for, against or abstain).

Alternatively, if you appoint the Chairman of the Meeting as your proxy, or the Chairman of the Meeting becomes your proxy by default, and you do not direct him how to vote in respect of Resolution 1, you are expressly authorising the Chairman of the Meeting to exercise your proxy in respect of this resolution even though Resolution 1 is connected with the remuneration of a member of the Company's Key Management. In this case the Chairman of the Meeting will vote in favour of Resolution 1.

(b) **Resolution 3**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (i) the proxy is either:
 - a. a member of the Key Management Personnel; or
 - b. a Closely Related Party of such a member; and
- (ii) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (i) the proxy is the Chair; and
- (ii) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

(c) **Resolution 5**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (ii) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (i) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (ii) the voter is the Chair and the appointment of the Chair as proxy:
 - does not specify the way the proxy is to vote on this Resolution; and
 - expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

4. **Voting Exclusion Statements**

(a) **Resolution 3**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Head (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person

chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

(b) **Resolution 4**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. **Appointing a Proxy**

If you are entitled to attend and vote at the Annual General Meeting, you have a right to appoint a person to attend and vote for you at the Annual General Meeting as your proxy. To appoint a proxy please complete the enclosed Appointment of Proxy Form. A proxy need not be a Shareholder of the Company and may be an individual or a body corporate. A body corporate-appointed proxy may appoint a representative to exercise the powers that the body corporate may exercise as the Shareholder's proxy.

A Shareholder entitled to cast two or more votes is entitled to appoint up to two proxies to attend the Meeting and vote and may specify the proportion or number of votes each proxy is appointed to exercise. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded. If you wish to appoint a second proxy, an additional Appointment of Proxy Form may be obtained by telephoning the Company's securities registry, Boardroom Pty Limited, on 1300 737 760 or you may photocopy the Appointment of Proxy Form which accompanies this Notice.

Please note that if the Chairman of the Meeting is your proxy (or becomes your proxy by default), you expressly authorise the Chairman to exercise your proxy on Resolutions 1, 3 and 5 even though they are connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the Chairman. If you appoint the Chairman as your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 3 and 5 by marking the appropriate box on the proxy form.

The Chairman intends to vote undirected proxies in favour of Resolutions 1-4.

5. **Lodging Your Proxy Form**

Any duly executed Appointment of Proxy Form (and the power of attorney (if any) under which it is signed or a certified copy thereof) **must be received at an address given below no later than 2.00pm (Adelaide time) on 27 November 2019.**

Any Appointment of Proxy Form received after that time will not be valid for the scheduled Annual General Meeting.

Proxies may be lodged as follows:

BY MAIL - Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

BY FAX - + 61 2 9290 9655

IN PERSON - Boardroom Pty Limited
Level 12, 225 George Street

ONLINE - <https://www.votingonline.com.au/cleanseasagm2019>

6. Attending the Meeting

If you attend the Annual General Meeting, please bring your personalised Proxy Form with you to assist in registration. If you do not bring your Proxy Form with you, you will still be able to attend the Annual General Meeting but you will need to be able to verify your identity. You will be able to register from 1.30pm (Adelaide time) on the day of the Annual General Meeting.

7. Corporate Shareholders

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting must provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or its securities registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

EXPLANATORY STATEMENT TO NOTICE OF 2019 ANNUAL GENERAL MEETING OF CLEAN SEAS SEAFOOD LIMITED

Introduction

This Explanatory Statement sets out information in connection with the business to be considered at the 2019 Annual General Meeting of Shareholders of Clean Seas Seafood Limited to be held at Riverbank Rooms, Adelaide Convention Centre, North Terrace, Adelaide, South Australia on Friday 29 November 2019 commencing at 2.00pm (Adelaide time).

Financial Statements and Reports

The Corporations Act requires:

- the reports of the Directors and auditor; and
- the annual financial report, including the financial statements of the Company for the year ended 30 June 2019,

to be laid before the Annual General Meeting. The Corporations Act does not require Shareholders to approve the reports or statements. Accordingly, no resolution will be put to Shareholders on this item of business.

The Company's 2019 Annual Report will be presented to the meeting. Shareholders can access a copy of the Company's 2019 Annual Report on the Company's website at <http://www.cleanseas.com.au/investors/asx-releases/>.

As permitted by legislation, a printed copy of the Company's Annual Report has been sent only to those Shareholders who have elected to receive a printed copy.

Shareholders will be given a reasonable opportunity to raise questions or comments on the management of the Company.

Shareholders will also be given a reasonable opportunity to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

1. Resolution 1: Adoption of Remuneration Report

1.1 General

The Remuneration Report is in the Directors' Report section of the Company's Annual Report. Listed companies are required by section 250R(2) of the Corporations Act to put the Remuneration Report to the vote for adoption at the Company's Annual General Meeting.

The resolution will be determined as an ordinary resolution but is advisory only and does not bind the Directors or the Company. However, the Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration practices and policies.

Section 250R(4) of the Corporations Act prohibits a vote on this resolution being cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Group details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, under section 250R(5) of the Corporations Act a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the person is the Chairman of the meeting and the appointment of the Chairman as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

Please note that if the Chairman of the Meeting is your proxy (or becomes your proxy by default), you expressly authorise the Chairman to exercise your proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the Chairman. If you appoint the Chairman as your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the Proxy Form.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1.

Shareholders will be given the opportunity to ask questions and to make comments on the Remuneration Report.

Resolution 1 is an ordinary resolution.

1.2 Voting Consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

1.3 Previous voting results

At the Company's previous annual general meeting, the votes cast in favour of the remuneration report considered at that annual general meeting were 74.1%, and therefore below the required 75%.

Following the 2018 AGM the Company made a number of changes to address concerns raised by shareholders. These included a number of initiatives designed to further improve the alignment of remuneration with the creation of value for shareholders, including:

- Engagement with Shareholders of various sizes to elicit feedback;
- Engagement with an Investor Relations specialist to seek feedback from Shareholders on their concerns;
- Engagement with independent Remuneration Advisors to provide benchmark analysis on Board and Senior Management Remuneration; and
- Independent feedback from Proxy Advisors as to their view on Remuneration policies and Executive incentive structuring trends.

A Spill Resolution will be relevant for this Annual General Meeting if more than 25% of the votes cast on the Remuneration Report Resolution are voted against adoption of the Remuneration Report.

If the spill resolution passes as an ordinary resolution then all of Clean Seas' Non-Executive Directors who were in office when the 2019 Directors' Report was approved, and who continue in office, would need to stand for re-election at another shareholders' meeting to be held within 90 days. More information on the conditional spill resolution is set out in the Explanatory Note to Item 6. If the Company does not receive a second strike then the Company has a 'clean slate' and enters the 2020 AGM with no 'strikes'.

The Board recommends that shareholders vote in support of Resolution 1 being the adoption of the 2019 Remuneration Report.

Refer to Resolution 5 and of this Explanatory Statement for further information.

2. **Resolution 2: Re-election of Terry O'Brien as Director**

ASX Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

In accordance with Rule 6 of the Company's Constitution, Terry O'Brien retires by rotation as a Director of the Company effective at the conclusion of this Meeting and, being eligible, offers himself for re-election as a Director.

Details of Terry O'Brien's experience and qualifications are contained in the Directors' Report in the Company's 2019 Annual Report.

Resolution 2 is an ordinary resolution.

The Directors (other than Terry O'Brien) unanimously recommend that Shareholders vote in favour of Resolution 2.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 2.

3. **Resolution 3: Approval of the Managing Director and Chief Executive Officer's (MD & CEO) FY20 Long-term Incentive Grant**

3.1 **What is the MD & CEO's proposed FY20 remuneration?**

Under his service agreement with the Company, Mr Head's remuneration from 1 October 2019 comprises:

- Fixed Annual Remuneration (**FAR**), comprising base salary and superannuation contribution, of \$485,000
- Motor vehicle allowance of \$48,000

- Short-term incentive (**STI**) opportunity up to 50% of FAR
- Long-term incentive (**LTI**) opportunity of 100% of FAR

Mr Head's FY20 FAR has been increased by 1.5%. Mr Head's STI as a percentage of FAR (50%) and a LTI as a percentage of FAR (100%) remain unchanged.

A total of 60% of Mr Head's remuneration in FY20 is 'at-risk' based on his and the Company's performance. Vesting of Mr Head's FY20 LTI grant is subject to the Company meeting performance conditions that have been determined by the Board, and are aligned with the Company's strategic goals (as outlined in the "Vision 2025" strategic plan) of achieving significant increase in scale through volume and revenue growth at agreed profitability targets. Details of the performance conditions are contained in section 3.3(b) below.

3.2 **Why is shareholder approval being sought?**

Listing Rule 10.14 requires shareholder approval for the acquisition of securities by a director under an employee incentive scheme.

The approval sought is to grant Mr Head share rights under the Company's Equity Incentive Plan (**LTI Plan**). Share rights are relevant securities for the purposes of Listing Rule 10.14.

Shareholder approval under Listing Rule 10.14 would not be required if the shares to be allocated on exercise of the share rights were purchased on market, as opposed to being issued. While it is currently intended that shares will be issued to satisfy any award under the LTI Plan, the LTI Plan Rules permit the Company to settle share rights with shares purchased on market.

If shareholder approval is not obtained, then, subject to the achievement of the performance and service conditions described in this Explanatory Statement, Mr Head would receive either shares purchased on-market or a cash payment at the end of the performance period, in each case equivalent in value to the LTI he would have received had shareholder approval been obtained.

3.3 **What is the proposed FY20 LTI Grant for the MD & CEO?**

The actual value, if any, that Mr Head will receive from this grant cannot be determined until the end of the two-year performance period and will depend on the extent to which the performance conditions are achieved and the share price at the time of vesting.

The proposed FY20 LTI grant to Mr Head is for 518,120 share rights. The grant represents the LTI component of the MD & CEO's FY20 remuneration package.

The maximum number of share rights have an initial face value of 100% of his total fixed remuneration (excluding motor vehicle allowance) as at 1 October 2019 based on the 20 day VWAP up to and including 30 June 2019 of \$0.9361. 50% of the share rights will be tested against the Company's financial performance for FY20, 50% of the share rights will be tested against the Company's financial performance for FY21 and both components will be subject to Mr Head remaining employed until FY22. Share rights will vest after the release of FY22 results subject to a range of service and performance conditions.

The maximum grant value was set by the Board having regard for Mr Head's overall remuneration package, the nature of the position, the purpose of the LTI component in the Company's strategy to achieve change and independent advice received regarding current market practice.

(a) **Number of share rights**

The formula used to calculate the total number of share rights to be granted to the MD & CEO (being 518,120 share rights) is:

$$\text{Number of share rights} = \frac{100\% \times \$478,000}{\text{VWAP of Shares}}$$

(b) **What are the key terms of the MD & CEO's proposed FY20 LTI grant?**

The following is a summary of the key terms of the LTI Plan.

	TERM	DETAIL
(i)	Entitlements	<p>Share rights are rights to acquire ordinary shares in the Company, subject to the achievement of the performance conditions. Each share right that vests includes a right to one Share and an additional portion of Shares equal in value to the value of dividends paid on ordinary shares during the period between the effective grant date and the exercise date.</p> <p>Share rights are granted at no cost to the participant. The share rights do not carry any voting rights. Share rights are non-transferrable, except with the express approval of the Board or its delegate or by force of law on death or legal incapacity.</p>
(ii)	Grant date	<p>If Shareholder approval is obtained, the share rights will be granted to Mr Head as soon as practicable after the 2019 AGM, but in any event, within 12 months of the 2019 AGM and will have an effective grant date of 1 July 2019.</p>
(iii)	Performance measures	<p>The share rights are subject to two performance measures that are independent and will be tested separately, and in total over FY20 and FY21.</p> <ol style="list-style-type: none">FY20 financial performance and continuing service until the end of FY22 (50%)FY21 financial performance and continuing service until the end of FY22 (50%) <p>The Board requires the MD & CEO and his executive team to significantly improve the Company's performance from FY20 and be focused on growing the share value over the next two years.</p>
(iv)	Performance targets and vesting schedule	<p>Performance targets</p> <p>The targets are based on the Company's strategic plan.</p> <p>The actual targets cannot be disclosed, as they are commercially sensitive. The targets and performance outcomes against the targets will be published following the end of the performance period.</p> <p>Vesting schedule</p>

The vesting schedule for each performance measure is as shown with straight line vesting between each threshold:

	FY20	FY21
FY20 LTI SHARE RIGHTS	Financial Performance	Financial Performance
Below threshold	0.00%	0.00%
Above threshold	40.00%	40.00%
Maximum potential	50.00%	50.00%

(v)	Performance period	The performance period is two years, commencing on 1 July 2019 and ending 30 June 2021.
(vi)	Exercise period	The employee may elect to exercise share rights to receive shares from the date of vesting to 15 years from the date of grant.
(vii)	Allocation of shares upon exercise	<p>On exercise, the vested share rights will convert into ordinary shares as described in section 3.3(b)(i) above ('Entitlements'). The allocation of shares on exercise may be satisfied by issuing new shares or by acquiring shares on market. However, the Board may, in its discretion, decide to satisfy share rights by making a cash payment to Mr Head of an amount equivalent in value to the number of shares to which he would otherwise be entitled on vesting of the share rights.</p> <p>If the performance measures are not achieved for some or all of the share rights granted, the Board may exercise its discretion for the share rights to vest if the overall targets are achieved. Any share rights that do not then vest will lapse.</p>
(viii)	Trading restrictions	The Board may impose a restriction on the disposal of shares acquired on vesting of a share right.
(ix)	Cessation of employment	<p>If Mr Head ceases to be an employee of the Company before the end of the performance period, any unvested share rights will be dealt with as follows:</p> <ol style="list-style-type: none"> Resignation or termination by the Company (other than as in b) below): All unvested share rights will lapse (unless the Board exercises discretion otherwise). Redundancy, retirement, total and permanent disablement, termination as a 'good leaver' (as described in the LTI Plan Rules) or where otherwise permitted by the Board: All unvested share rights will vest.
(x)	Change of control	If there is a change of control event (as described in the LTI Plan Rules), all unvested share rights will vest.

(xi)	Lapse of share rights	The Board may determine that any unvested share rights will lapse or be forfeited in certain circumstances such as in the case of fraud, wilful misconduct and dishonesty.
(xii)	Hedging policy	The MD & CEO cannot hedge equity instruments that are unvested or subject to restrictions.
(xiii)	Further information disclosed in accordance with ASX Listing Rule 10.14 and 10.15	<ul style="list-style-type: none"> • No Director other than Mr Head is currently eligible to participate under the LTI Plan. • No Director other than Mr Head has previously received securities under the LTI Plan. Mr Head has previously been issued the following share rights (pursuant to shareholder approval) for nil cash consideration under the LTI Plan: <ul style="list-style-type: none"> (a) 18,847,188 share rights (issued on 6 July 2017); (b) 15,182,846 share rights (issued 1 June 2018); (c) 8,268,339 share rights (issued 19 July 2018); (d) 9,422,254 shares rights (issued 26 November 2018); and (e) 77,235 share rights (issued 12 September 2019). • No loan will be provided by the Company in relation to the grant or exercise of the share rights proposed to be provided to Mr Head. • If Shareholder approval is obtained, details of the share rights granted to Mr Head under the LTI Plan in FY19 will be detailed in future Remuneration Reports.

4. **Resolution 4: Approval of 10% Placement Facility**

4.1 **General**

Listing Rule 7.1A enables an eligible entity to issue Equity Securities up to 10% of its issued ordinary share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the eligible entity's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$77,169,418.275 (based on the number of Shares on issue and the closing price of Shares on the ASX on 9 October 2019 and excluding any restricted securities that may be on issue).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: CSS).

If Shareholders approve Resolution 4, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

4.2 Description of Listing Rule 7.1A

(a) **Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) **Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue only the following quoted class of Equity Securities, namely ordinary shares quoted on ASX.

(c) **Formula for calculating 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 10% Placement Period (refer to section 4.2(f)) below, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

A is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement to issue:

- plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid ordinary shares that became fully paid in the 12 months;
- plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of ordinary shares under Listing Rules 7.1 or 7.4;
- less the number of fully paid ordinary shares cancelled in the 12 months.

(Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.)

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

However, the actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 4.2(c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within five Trading Days of the date referred to in section 4.2(e)(i) above, the date on which the Equity Securities are issued.

The Company may also issue Equity Securities under the 10% Placement Facility as consideration for the acquisition of a new asset, in which case the Company will release to the market a valuation of the asset that demonstrates that the issue price complies with this Listing Rule.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; and
- (ii) the date of the approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

4.3 Listing Rule 7.1A

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period in addition to using the Company's 15% placement capacity under Listing Rule 7.1 (to the extent that such 15% placement capacity has not been utilised).

Resolution 4 is a special resolution and therefore requires approval of at least 75% of the votes cast by shareholders entitled to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) on the Resolution.

4.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows to the extent that such information is not disclosed elsewhere in this Explanatory Statement:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within five Trading Days of the date in section 4.4(a)(i) above, the date on which the Equity Securities are issued.
- (b) If the Company issues Securities under its 10% Placement Facility, existing ordinary security holders' economic and voting power in the Company will be diluted. There is a risk that:
 - (i) the market price for the Company's Equity Securities in the same class may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities in the same class on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

There is a risk that the Equity Securities are issued as part of consideration for the acquisition of a new asset, in which case no funds will be raised by the issue of the Equity Securities.

The table below shows the risk of voting dilution of existing shareholders on the basis of the current market price of shares and the current number of ordinary shares for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary shares the Company has on issue. The number of ordinary shares on issue may increase as a result of issues of ordinary shares that do not require shareholder approval (for example, a pro rata entitlements issue) or future specific placements under Listing Rule 7.1 that are approved at a future shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary shares has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in formula in Listing Rule 7.1A.2		Issue Price		
		\$0.40 50% decrease in issue price	\$0.80 issue price	\$1.20 50% increase in issue price
Current Variable 'A' 83,367,294 shares	10% voting dilution	8,336,729 shares	8,336,729 shares	8,336,729 shares
	Funds raised	\$3,334,691.60	\$6,669,383.20	\$10,004,074.80
50% increase in current Variable 'A' 125,050,941 shares	10% voting dilution	12,505,094 shares	12,505,094 shares	12,505,094 shares
	Funds raised	\$5,002,037.60	\$10,004,075.20	\$15,006,112.80
100% increase in current Variable 'A' 166,734,588 shares	10% voting dilution	16,673,458 shares	16,673,458 shares	16,673,458 shares
	Funds raised	\$6,669,383.20	\$13,338,766.40	\$20,008,149.60

(References to number of ordinary shares in the above table are all pre-Consolidation)

The table has been prepared on the following assumptions:

- Variable 'A' is equal to the Company's Variable 'A' that was calculated on 16 October 2019 (being 83,367,294). Section 4.2(c) above sets out the method of calculating Variable 'A'.
- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- No current share rights are converted into shares before the date of the issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements pursuant to the 10% Placement Facility, based on that shareholder's holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A and no other issues of Equity Securities.
- The issue of Equity Securities under the 10% Placement Facility consists only of shares.
- The issue price is \$0.80, being the closing price of the shares on ASX on 16 October 2019.

- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
 - (i) non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as referred to in the Note to Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised for general working capital purposes.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.
- (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities and the number of Equity Securities allotted to each will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:
 - (i) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issue in which the existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not Related parties or associates of a Related party of the Company.

Further, if the Company acquires new assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments or the nominee of such vendors.

- (g) The Company previously obtained shareholder approval under Listing Rule 7.1A at its 2018 Annual General Meeting.
 - (i) The Company has issued 24,664,180 Equity Securities in the 12 months preceding the date of this Meeting, representing 1.48% of the total number of Equity Securities on issue at the commencement of that 12 month period. The Company notes that during the past 12 months preceding the date of this Meeting, the Company undertook a consolidation of its issued capital on a 20:1 basis.

- (ii) Details of the Equity Securities referred to in section 4.4(g)(i) above is as follows:

Date of issue:	21 December 2018
Number issued:	130,766
Class/Type of equity security:	Fully paid ordinary shares
Summary of terms:	Same as terms and conditions of already issued fully paid ordinary shares in the Company
Names of persons who received securities or basis on which those persons was determined:	Non-Director executive
Price:	Nil
Discount to market price (if any):	Nil
Consideration:	In consideration for providing services as a Non-Director Executive
Current value:	\$103,959 (based on the closing price of Shares on the ASX on 9 October 2019)

Date of issue:	12 September 2019
Number issued:	1. 8,241,506 Ordinary Shares 2. 678,899 Ordinary Shares issued 3. 77,235 Share Rights Issued
Class/Type of equity security:	1, 2. Fully paid ordinary shares 3 Share Rights
Summary of terms:	1, 2. Same as terms and conditions of already issued fully paid ordinary shares in the Company 3. Share rights granted as FY18 LTI. No amount is payable on vesting or exercise. Vesting is subject to performance hurdles, service period requirement and agreed terms and conditions.
Names of persons who received securities or basis on which those persons was determined:	1. Bonafide Wealth Management AG 2, 3. Managing Director and a number of senior executives under the Equity Incentive Plan
Price:	1. \$0.8008 per share 2, 3. Nil cash consideration - granted as part of “at risk” remuneration to senior management. No amount is payable upon vesting or exercise.
Discount to market price (if any):	1. 8% 2, 3. Not Applicable
Total cash consideration received:	1. \$6,600,000 2, 3. Not Applicable
Amount of cash consideration spent:	\$6,600,000 2, 3. Not Applicable
Use of cash consideration:	Growth in Kingfish biomass, expansion of farming infrastructure, investment in processing automation and new equipment, general working capital and costs of the issue.

Intended use for remaining amount of cash (if any):	N/A
Consideration (non-cash):	2, 3. Not Applicable - Granted as part of “at risk” remuneration to senior management. No amount is payable upon vesting or exercise.
Current value:	2. \$11,541.28 (based on the closing price of Shares on the ASX on 11 October 2019) 3. N/A

Date of issue:	11 th October 2019
Number issued:	Up to a maximum of 15,403,078
Class/Type of equity security:	Quoted Convertible Notes
Summary of terms:	<ul style="list-style-type: none"> • Issue Price: \$1.00 per Note • Interest Rate: 8% per annum, payable half yearly in arrears • Maturity Date: 36 Months from the date of issue <p>Noteholders have the right to convert some or all of their Notes to Shares at any time before the maturity date.</p> <p>Notes will be issued in accordance with the prospectus dated 11th October 2019.</p>
Names of persons who received securities or basis on which those persons was determined:	Shareholders taking up their Convertible Note entitlement
Price:	\$1.00
Discount to market price (if any):	N/A
Total cash consideration received:	Up to a maximum of \$15,403,078
Amount of cash consideration spent:	Up to a maximum of \$15,403,078
Use of cash consideration:	Growth in Kingfish biomass, expansion of farming infrastructure, investment in processing automation and new equipment, general working capital and costs of the issue.
Intended use for remaining amount of cash (if any):	N/A

- (h) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder’s votes will therefore be excluded under the voting exclusion statement in the Notice.

Resolution 4 is a **special resolution**.

The Directors recommend that Shareholders vote in favour of Resolution 4.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 4.

5. Resolution 5: Spill Resolution

If less than 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report, the Chair will withdraw Resolution 5.

5.1 General

The Corporations Act requirements for this Resolution to be put to vote are set out in section 1.2 of this Explanatory Statement.

The effect of this Resolution being passed is the Company will be required to hold another meeting of Shareholders within 90 days of the date of this Meeting (**Spill Meeting**) and the Vacating Directors will cease to hold office immediately before the end of the Spill Meeting. The business of the Spill Meeting will be to put to vote resolutions to appoint persons to offices vacated by the Vacating Directors.

In the event a Spill Meeting is required a separate notice of meeting will be distributed to Shareholders with details about those persons that will seek election as directors of the Company at the Spill Meeting.

The Board considers the following factors to be relevant to a shareholder's decision on how to vote on this Item:

- the Board and the CEO are cohesive and a change in the Board could significantly undermine this stability
- the process of Board renewal has been going on for a number of years with 4 new appointments since 2012;
- the Board has taken significant action to address concerns in relation to its remuneration strategy – see pages 32 to 35 of the Annual Report
- the material expense that would be caused by holding another shareholders' meeting within 90 days and the significant disruption Clean Seas operations
- each of the Non-Executive Directors has previously been elected as a Director and received strong support from shareholders for their election.

If the Company does not receive a 'second strike' or the spill resolution fails then the Company has a 'clean slate' and enters the 2020 AGM with no 'strikes'.

The Board recommends that shareholders vote against this resolution.

5.2 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the voting restrictions applying to Resolution 1 apply in the same manner to this Resolution.

6. Glossary

In this Explanatory Statement, unless the context otherwise requires:

10% Placement Facility has the meaning given in section 4.1 of this Explanatory Statement;

10% Placement Period has the meaning given in section 4.2(f) of this Explanatory Statement;

ASX means ASX Limited ACN 008 624 691;

Board means the Board of Directors of the Company;

Closely Related Party of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person described as such by the *Corporations Regulations 2001* (Cth);

Company means Clean Seas Seafood Limited ACN 094 380 435;

Constitution means the existing constitution of the Company;

Corporations Act means the *Corporations Act 2001* (Cth);

Directors means the directors of the Company;

Equity Securities has the meaning given to that term in the Listing Rules;

Key Management Personnel has the same meaning as in the accounting standards as defined in section 9 of the Corporations Act (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise, of the Company);

Listing Rules means the official listing rules of ASX;

Meeting means the Annual General Meeting of Shareholders convened by the Notice;

Notice means the Notice of Annual General Meeting to which this Explanatory Statement is attached;

Related party has the meaning given to that term in section 228 of the Corporations Act;

Share means a fully paid ordinary share in the capital of the Company;

Shareholder means a holder of a Share;

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

VWAP means the Volume Weighted Average Price of the Company's ASX-listed Shares trading under the code CSS.