

ASX & Media Release

15 October 2019

Convertible Note Entitlement Issue Prospectus

The Directors of Clean Seas Seafood Limited (ASX: CSS) ("**Clean Seas**" or "**the Company**"), the global leader in full cycle breeding, production and sale of Yellowtail Kingfish, are pleased to announce that it has today lodged the prospectus for a convertible note entitlement offer for Clean Seas Shareholders (**Prospectus**).

The Prospectus is intended to be dispatched to eligible Shareholders on 29 October 2019.

The Prospectus is for a non-renounceable pro-rata entitlement offer of Convertible Notes to be made to eligible existing shareholders to raise up to \$15.3 million. The terms of the convertible notes are set out in the Prospectus and include interest payable semi-annually at a rate of 8% per annum, convertible into ordinary shares at an 8% discount to the market VWAP and a three-year term to maturity.

The Record Date for determining entitlements is 24 October 2019.

A copy of the Prospectus is attached to this announcement. An Appendix 3B in relation to the Convertible Notes offered under the Prospectus and a copy of the Trust Deed will be announced separately.

Terry O'Brien
Chairman

David J. Head
Managing Director and CEO

For further information, please contact:

Robert Gratton
Company Secretary and Chief Financial Officer
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CLEAN SEAS SEAFOOD LIMITED
ACN 094 380 435

ENTITLEMENT ISSUE PROSPECTUS – CONVERTIBLE NOTES

For a non-renounceable entitlement issue of one (1) Convertible Note for every six (6) Shares held by those Shareholders registered at the Record Date at an issue price of \$1.00 per Convertible Note to raise up to \$15,403,078 (based on the number of Shares on issue as at the date of the Prospectus) (**Offer**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Notes offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Terry O'Brien (*Non-Executive Chairman*)
David Head (*Managing Director and CEO*)
Raelene Murphy (*Non-Executive Director*)
Nicholas Burrows (*Non-Executive Director*)
Helen Sawczak (*Non-Executive Director*)
Marcus Stehr (*Non-Executive Director*)

Joint Company Secretaries

Robert Gratton (*Chief Financial Officer*)
David Brown (*Group Financial Controller*)

Registered Office

7 Frederick Road
Royal Park SA 5014

Telephone: + 61 8 8621 2900
Facsimile: +61 8 8621 2990

Email: reception@cleanseas.com.au

Website: www.cleanseas.com.au

Share Registry

Boardroom Pty Limited
Level 12
225 George Street
Sydney NSW 2000

Telephone: +61 2 9290 9600
Facsimile: +61 2 9290 9655
Email: enquiries@boardroomlimited.com.au

Auditor

Grant Thornton Audit Pty Ltd
Level 3, 170 Frome Street
Adelaide SA 5000

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Trustee

Melbourne Securities Corporation Ltd
AFSL 428289
Level 2, 120 Collins Street
Melbourne Victoria 3000

Lead Manager

Patersons Securities Limited
AFSL 239052
Level 23, Exchange Plaza
2 The Esplanade
Perth WA 6000

2. IMPORTANT NOTICES

This Prospectus is dated 15 October 2019 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Convertible Notes (**Notes**) may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Notes the subject of this Prospectus should be considered highly speculative.

Applications for Notes offered pursuant to this Prospectus can be submitted on an original Entitlement and Acceptance Form or by making payment for Notes by BPAY® (by following the instructions on the Entitlement and Acceptance Form).

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act and ASIC Corporations (Offers of Convertibles) Instrument 2016/83. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

2.1 Exposure Period

The Corporations Act prohibits the acceptance of an application for, or an issue of, the Notes in the seven calendar day period after the date of this Prospectus (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days. The Company will not accept an application for, nor will it issue any Notes on the basis of, this Prospectus during the Exposure Period. Entitlement and Acceptance Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on Entitlement and Acceptance Forms received during the Exposure Period and all Entitlement and Acceptance Forms received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

2.2 Trading in the Notes

The Company will have no responsibility, and disclaims all liability (to the maximum extent permitted by law), to persons who trade Notes they believe will be issued to them before they receive their Holding Statements, whether on the basis of confirmation of the allocation provided by the Company or the Registry or otherwise, or who otherwise trade or purport to trade Notes in error or which they do not hold or to which they are not entitled.

If you are in any doubt as to these matters, you should first consult your stockbroker, accountant or other professional adviser.

2.3 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 9.

2.4 Risk factors

Potential investors should be aware that subscribing for Notes in the Company involves a number of risks. The risk factors of which investors should be aware are set out in Section 9, and a summary of some the key risks associated with investing in the Notes is set out in Part D of Section 5 (Investment Overview) of this Prospectus. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for the Notes pursuant to this Prospectus.

2.5 Trustee

The Trustee, Melbourne Securities Corporation Ltd (AFSL 428289):

- (a) has not authorised or caused the issue, submission, dispatch or provision of this Prospectus and does not make any statement or purport to make any statement in this Prospectus or any statement on which a statement in this Prospectus is based;
- (b) nor any of its directors, employees, officers, affiliates, agents, advisors, intermediaries or related body corporate (each a "related person") assumes any responsibility for the accuracy or completeness of any information contained in this Prospectus;

- (c) to the maximum extent permitted by law expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of this Prospectus, or any statements in, or omission from this Prospectus, other than the references to its name and the statement(s) (if any) specified below and included in this Prospectus with its written consent;
- (d) has given, and has not, before the lodgement of this Prospectus with ASIC withdrawn, its written consent to be named in this Prospectus in the form and content in which it is named;
- (e) nor any related person makes any representation as to the truth and accuracy of the contents of this Prospectus;
- (f) has relied on the Company for the accuracy of the contents of this Prospectus; and
- (g) nor any related person makes any representation or warranty as to the performance of the Notes or the payment of interest or redemption of the Notes.

2.6 Where can I obtain further information about the Company and the Notes?

The Company is a disclosing entity for the purposes of the Corporations Act and as a result is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. In addition, the Company must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about it that a reasonable person would expect to have a material effect on the price or value of its securities (i.e. its Shares and, if the Offer is successfully concluded and the Notes). Copies of documents lodged with ASIC and ASX can be obtained from, or inspected at, an ASIC office and can also be obtained from the company's website, www.cleansseas.com.au or at www.asx.com.au.

In addition, the following information can be obtained from www.cleansseas.com.au:

- (a) the Company's half-yearly and annual financial reports; and
- (b) all other general information provided by the Company to its Shareholders and investors.

3. INDICATIVE TIMETABLE

Lodgement of Prospectus with the ASIC	15 October 2019
Lodgement of Prospectus and Appendix 3B with ASX	15 October 2019
Notice sent to Shareholders	22 October 2019
Exposure Period ends	22 October 2019
Ex-date	23 October 2019
Record Date for determining Entitlements	24 October 2019
Prospectus dispatched to Shareholders and Company announces this has been completed	29 October 2019
Closing Date*	11 November 2019
Notes quoted on a deferred settlement basis	12 November 2019
ASX notified of under subscriptions	14 November 2019
Issue date/Notes entered into Shareholders' security holdings	18 November 2019
Quotation of Notes issued under the Offer*	18 November 2019

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Notes are expected to commence trading on ASX may vary.

4. LETTER FROM THE CHAIRMAN

Dear Shareholder,

On behalf of the Board of Clean Seas Seafood Limited, I am pleased to introduce this Prospectus for an entitlement issue of Convertible Notes to raise approximately \$15.4 million.

Together with funds raised from the recent equity placement to major Shareholder Bonafide Wealth Management AG (and related entities) (**Bonafide**), the proceeds from the issue of Convertible Notes will be used to implement the Company's "Vision 2025" Strategic Plan.

Details of the strategic plan were released to ASX on 9 September 2019, and outline the Company's aspirations to achieve positive cash flows from operations with sufficient surplus cash flows to self-fund ongoing investment in biomass growth from FY22. The funds raised from the Offer will be used to increase Kingfish production in support of future sales growth, and ongoing capital works aimed to deliver scale and efficiency of operations.


The Offer provides existing Shareholders with the opportunity to subscribe for Notes and receive interest income which is payable at 8% per annum. By offering the Convertible Notes to existing Shareholders, the Company is seeking to provide an income return to its loyal shareholder base, and the Board considers this means of capital raising as likely to be less dilutive than alternative options. To ensure you are able to maintain appropriate liquidity of your investment portfolio, the Notes are convertible into shares at an 8% discount to the market price, and the Company will also seek to list the Notes on ASX so they are tradeable.

Please read the Prospectus carefully as it contains information as to offer terms and effect, proposed use of funds and rules associated with the Notes and the Company's activities generally. Please consult your professional adviser if you have any questions in relation to the Offer.

The Directors intend to participate in the Offer to the extent of their capacity.

We look forward to your continued support and participation in the Company's exciting future.

Yours sincerely



Terry O'Brien
Chairman
Clean Seas Seafood Limited

5. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for Shareholders intending to apply for Convertible Notes pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further Information
A. Overview of the Offer		
What is the Offer?	<p>The Offer is a non-renounceable entitlement issue of one (1) Note for every six (6) Shares held by Shareholders registered at the Record Date at an issue price of \$1.00 per Note, to raise up to \$15,403,078 (based on the number of Shares on issue as at the date of the Prospectus).</p> <p>Eligible Shareholders may apply for Notes under the Shortfall Offer in addition to their Entitlements subject to such applications being received by the Closing Date.</p>	Sections 6.1 and 6.6
Who is the Company?	<p>The Offer is being made by Clean Seas Seafood Limited, an ASX listed company that was admitted to the Official List of the ASX on 12 December 2005.</p> <p>The Company is a global leader in full cycle breeding, production and sale of Yellowtail Kingfish and is renowned for the quality of its Kingfish.</p>	
What is the purpose of the Offer?	<p>The purpose of the Offer is to raise funds for the following purposes:</p> <ul style="list-style-type: none">(a) new farming equipment, feed and process automation;(b) ongoing investment in future biomass;(c) general working capital; and(d) estimated costs of the Offer.	Sections 7.1 and 12.8
Key dates of the Offer	Key dates of the Offer are set out in the timetable in Section 3 of this Prospectus.	Section 3
Is the Offer Underwritten?	The Offer is not underwritten.	Section 6.3
How will the expenses of the Offer be paid?	Expenses of the Offer will be paid out of the funds raised from the Offer, or otherwise borne by the Company.	Sections 7.1 and 12.8
Is there a minimum subscription?	There is no minimum subscription. Any Entitlement not taken up will form the Shortfall Offer. The Shortfall Offer will remain open for up to three months following the Closing Date. Patersons have been appointed as Lead Manager to the Offer and will assist in the	Sections 6.2, 6.6 and 10.2

Item	Summary	Further Information
	placing of any Shortfall.	

B. Key Terms of the Convertible Notes

This Section B contains a summary of the Note Terms. The full terms and conditions of the Notes are set out in Section 8.1 of this Prospectus. It is important that the information in this Prospectus, which includes the Note Terms, is read in full before you decide to apply for Notes under the Offer.

If you are unsure as to any aspect of the Offer or the Note Terms, or are unsure whether the Notes are a suitable investment for you, please consult a professional advisor.

Issue Price or Face Value	<p>The Issue Price of the Notes is \$1.00 per Note (Issue Price).</p> <p>The Notes will be issued with a Face Value of \$1.00 each (Face Value).</p>	Section 8.1.1(b)
Security	The Notes are unsecured.	Section 8.1.6(b)
Maturity Date	Unless converted earlier or redeemed, the Company will redeem all outstanding Notes at Face Value on the maturity date, being three (3) years from the date of issue (Maturity Date).	Section 8.1.3
Interest Rate	<p>The rate of interest is 8% per annum, payable half yearly in arrears on 30 June and 31 December, up to and including the Maturity Date, the Conversion Date or the Redemption Date.</p> <p>Interest on Notes that is not paid when due will compound.</p>	Section 8.1.2
Conversion Period	The Notes are convertible from the date of issue of the Notes and ending on the Maturity Date (Conversion Period).	Section 8.1.4
Conversion	<p>The Notes will be convertible at the election of the Noteholder, in whole or in part (if in part, subject to a minimum face value of \$10,000), at the end of each month during Conversion Period into fully paid registered and freely tradable ordinary shares of the Company (Conversion Shares) at the Conversion Price.</p> <p>The Conversion Shares to be issued upon conversion of the Notes will rank equally with all other fully paid ordinary Shares in the capital of the Company on issue and the Company will apply to have those shares listed on ASX as soon as practicable after conversion of the relevant Notes.</p>	Section 8.1.4(a)

Item	Summary	Further Information
Conversion Price	<p>The conversion price will be the lesser of:</p> <p>(a) an 8% discount to the 20-day volume weighted average price of Shares (as traded on the ASX) prior to the date of Conversion; or</p> <p>(b) the price of any equity capital raising by the Company that occurred in the two-month period prior to the date that the Company receives a conversion notice from the Noteholder,</p> <p>subject to a minimum price of \$0.40 and a maximum price of \$1.20 (Conversion Price).</p>	Section 8.1.4(b)
ASX Quotation of Notes	The Company intends to apply for quotation of the Notes on the ASX.	Sections 6.9 and 8.1.4(a)
Early Redemption at the Option of the Issuer	<p>At any time prior to the Maturity Date, the Company may redeem all of the Notes by repaying the principal amount plus any accrued and unpaid interest in respect of the Notes and the Company shall give the holder 30-days' notice of this early redemption.</p> <p>The holder will have the right to convert during this notice period.</p>	Section 8.1.3(e)
Redemption – Takeover or Change of Control	<p>In the event of a takeover or scheme of arrangement that results in a bidding party obtaining voting power in the Company of at least 50% of the issued Shares in the Company (Change of Control), the Noteholder may elect to convert the Note and, if not converted, the Company must repay the Note, including any accrued but unpaid interest prior to the date of redemption.</p> <p>Notes will be redeemed in the event of a Change of Control within 10 business days after the transfer of Shares to the new Shareholder.</p>	Section 8.1.5(a)
Redemption at Maturity	If the holder has not exercised their option to convert the Convertible Note into Conversion Shares prior to the Maturity Date, the Company will redeem the Convertible Note on the Maturity Date, plus any accrued and unpaid interest in respect thereof.	Section 8.1.3(a)(iii)
Ranking in priority	<p>Upon the winding up of the Company, the Notes rank:</p> <p>(a) behind the Company's existing secured debt obligations and any new debt of the Company that is secured and other creditors with priority at law;</p>	Section 8.1.6(c)

Item	Summary	Further Information
	<ul style="list-style-type: none"> (b) equally with all other Notes; (c) equally with all present and future unsubordinated and unsecured debt obligations of the Company (subject to the laws and principles of equity affecting creditor rights or obligations preferred by mandatory provisions of applicable law); and (d) ahead of all Shares. 	
Trustee	Melbourne Securities Corporation Ltd (AFSL No. 428 289) (Trustee) has agreed to act as the trustee pursuant to Chapter 2L of the Corporations Act for the issue of the Notes and pursuant to the terms and conditions of the Trust Deed.	Section 12.6
Covenants	<p>The Company has agreed with the Trustee to comply with the following covenants:</p> <ul style="list-style-type: none"> (a) the Company will carry on and conduct the business of the Company in a proper and efficient manner; (b) the Company must convene a meeting of Noteholders if requested by Noteholders in accordance with the Trust Deed; (c) the Company will comply with, perform and observe all its obligations under the transaction documents, which are comprised of: <ul style="list-style-type: none"> (i) the Trust Deed; and (ii) this Prospectus; (d) the Company will not set a record date for a rights issue that is less than 10 days after the date the Company announces its intention to conduct a rights issue so as to allow time for Noteholders to elect to convert their Notes and participate in the rights issue; (e) the Company will not settle any sale of its main undertaking until the period by which the Company must convert or redeem Notes in relation to such a sale, as set out in Section 8.1.5(a), has expired; and (f) in the event the Company's market capitalisation decreases to less than \$30,000,000 the Company must raise new capital to maintain a market 	Section 10.1(e)

Item	Summary	Further Information
	capitalisation of a minimum of \$30,000,000 within two months. If this market capitalisation is not obtained within two months, Notes will be immediately repayable together with accrued interest.	
Default	<p>Following the occurrence and during the continuance of an event of default (summarised in Section 10.1 of this Prospectus) the Notes will immediately be repayable including accrued interest.</p> <p>Following the occurrence and during the continuance of an event of default, the interest payable on the Notes will be increased by 2% per annum. Noteholders will have the right to convert during any default period.</p>	Section 8.1, 10.1(k), 10.1(l)
Participation Rights	<p>The Notes do not carry any participation rights or entitlements and Noteholders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Notes without converting the Notes into Shares.</p> <p>However, if at any time the issued capital of the Company is reconstructed, all rights of the Noteholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.</p>	Section 8.1.1(f)
Voting	<p>Noteholders do not have a right to vote at meetings of Shareholders.</p> <p>Noteholders may vote at meetings for Noteholders in accordance with the Trust Deed.</p>	Section 8.1.1(g) and 10.1(p)
Key benefits of the Notes	<p>The key benefits attaching to the Notes include:</p> <ul style="list-style-type: none"> (a) the Notes are issued by the Company; (b) the Notes have a fixed term of three (3) years; (c) the Notes have a fixed interest rate of 8% per annum; (d) interest is paid half-yearly in arrears (on 30 June and 31 December); (e) interest is payable 100% in cash; (f) notes are convertible into Shares, allowing Noteholders the opportunity to participate in any increase in the market price of Shares above Conversion Price; (g) notes (once listed) can be sold on ASX 	

Item	Summary	Further Information
	<p>prior to maturity; and</p> <p>(h) the Notes provide investors with an opportunity to diversify their portfolio.</p>	
C. Effect of the Offer		
Effect on Capital Structure	<p>The Company currently has 92,418,465 Shares and 1,613,469 Share Rights on issue.</p> <p>Under the Offer, the Company intends to issue 15,403,078 Notes to Eligible Shareholders.</p> <p>Refer to Section 7.3 for more information on the effect of the Offer on the capital structure.</p>	Section 7.3
Effect on financial position	<p>A pro forma statement of financial position has been prepared based on the Company's audited accounts as at 30 June 2019.</p> <p>The effect of the Offer (assuming the Offer is fully subscribed) will be a significant increase to cash reserves and non-current liabilities by approximately \$15,403,078 (before expenses of the Offer).</p>	Section 7.2
Effect on control	<p>If some Eligible Shareholders do not take up all or any of their Entitlements, they will have their shareholdings diluted if any Notes or Shares Rights are converted into Shares.</p>	Section 7.4
D. Key Risks of the Notes		
<p>A summary of some of the risks associated with an investment in the Notes is set out below.</p> <p>Refer to Section 9 of this Prospectus for more information on the risk factors associated with investing in the Notes, including Company related, industry specific and general risks.</p>		
What are the key risks associated with the Notes?	<p>A non-exhaustive list of potential risks associated with taking up Notes under the Offer includes:</p> <p>(a) Interest payments: the Company expects to make interest payments using available cash balances and cash flow from its operations. There may be insufficient cash available to the Company to make interest payments on the due date;</p> <p>(b) Redemption risk: the Company needs to be able to redeem any Notes that have not been converted using the proceeds from future debt or equity raisings, cash flows from operations or proceeds from the sale of investments. There is a risk that the Company may be unable to procure or raise sufficient cash resources</p>	Section 9.2

Item	Summary	Further Information
	<p>from its operations, future debt or equity raisings and may, in that case, have insufficient cash to redeem the Notes at the Maturity Date (or any earlier date as otherwise required under the Note Terms);</p> <p>(c) Interest rate risk: interest on the Notes is fixed, which means that no adjustments will be made to the rate of interest paid to Noteholders in the event that market based interest rates rise or fall;</p> <p>(d) Inflation rate risk: an increase in the inflation rate may erode in real terms the value of the capital invested in the Notes;</p> <p>(e) Financial market conditions: the market price of the Notes will fluctuate due to various factors, the market price of Notes may be sensitive to changes in interest rates and therefore, the Notes could trade on ASX at a price below the Issue Price. Accordingly, Shares issued on conversion of the Notes will vary in value depending on the market price of Shares, which price, compared to the Conversion Price, may rise or fall;</p> <p>(f) Market Price of Shares: The market price of the Shares may be volatile. The volatility of the market price of the Shares may cause volatility in the price of the Notes and affect the ability of Noteholders to sell their notes either at all or at an acceptable price. Additionally, this may result in greater volatility in the market price of the Notes than would be expected for non-convertible debt securities.</p> <p>(g) Liquidity: While the Company will seek quotation of the Notes on ASX in order to facilitate on market trading of the Notes, the market for Notes may be less liquid than the market for Shares and, as such, there can be no assurance that Noteholders will be able to buy or sell Notes on ASX;</p> <p>(h) Ranking: If there is a shortfall of funds on winding-up, there is a risk that Noteholders will not receive a full (or any) repayment of their money invested in the Notes or payment of unpaid interest, as Noteholders will rank behind</p>	

Item	Summary	Further Information
	<p>secured creditors of the Company and equally with other unsecured creditors and unsubordinated creditors of the Company;</p> <p>(i) Conversion: the market price of Shares may fluctuate over time as a result of a number of factors, Shares held by Noteholders following conversion of their Notes will rank equally with other Shares, the market price of which may fluctuate over time;</p> <p>(j) Change in the Australian tax system: investors should be aware that any future changes in Australian tax law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of the acquisition, holding and disposal of Notes and the market price of the Notes; and</p> <p>(k) Enforcement risk: rights under the Note Terms and the Trust Deed may generally only be enforced by the Trustee and not by the Noteholders directly. Noteholders must notify the Trustee of their claims and rely on enforcement by the Trustee, except in certain circumstances where the Trustee has failed to take action after being directed by the Noteholders to do so.</p> <p>The Trustee is not obliged to take any enforcement action unless it is indemnified and first placed in funds. The Trustee may waive any breach of the Trust Deed except for non-payment of the face value of Notes.</p> <p>Noteholders may, by special resolution, amend the Note Terms in order to waive a breach of the Note Terms or for other purposes. A large Noteholder may influence the outcome of any such vote.</p>	
<p>What are the key risks associated with the Company's business?</p>	<p>A non-exhaustive list of potential risks associated with the Company's business include:</p> <p>(a) Future Funding Requirements: the Company might require additional funding in the future in order to develop its aquaculture business and to meet working capital costs. Additional equity financing may be dilutive to Shareholders and debt financing may</p>	<p>Section 9.3</p>

Item	Summary	Further Information
	<p>involve restrictive covenants, which may limit the Company's operations and business strategy.</p> <p>(b) Feed Supply: the Company purchases pelletised and other feed for its Live Fish to consume. This is an essential input for the survival and growth of the fish and therefore the success of the business. If the Company was unable to source suitable feed then this would have a material adverse effect on the Company's activities.</p>	
What are the key risks associated with the industry?	<p>A non-exhaustive list of potential risks associated with the relevant industry of the Company's business include:</p> <p>(a) Product prices: Yellowtail Kingfish prices have varied significantly in export markets over recent years mainly in response to supply-side factors. Potential decreases in the market price of Yellowtail Kingfish could cause occasions where the Company may not be able to sell its product at an economic profit.</p> <p>(b) Operating risks: operations may be affected by factors and risks, including:</p> <ul style="list-style-type: none"> (i) disease and infection; (ii) food safety and quality issues; (iii) reliance on third parties to follow complex operating systems and properly handle the fish; (iv) transporting fingerlings and products long distances; (v) ensuring product consistency; (vi) difficulties in commissioning and operating plant and equipment; (vii) mechanical failure of operating plant and equipment; (viii) industrial and environmental accidents, disputes and force majeure events; (ix) shortages or increases in the costs of labour, fingerlings consumables, spare parts, plant and equipment; and (x) inability to obtain or maintain necessary consents or approvals. 	Section 9.4

Item	Summary	Further Information
	<p>(c) Live fish insurance: the Company seeks to insure its operations are in accordance with industry practice. However, the Company's insurance may not be of a nature or level to provide adequate insurance cover. Currently insurance cover is not available at commercially acceptable rates for the broodstock fish and at-sea Yellowtail Kingfish inventory. The Directors have chosen to proactively manage the risks as a preferred alternative.</p> <p>(d) Legislative changes and Government policy risk: changes in government legislation, regulations and policies may adversely affect the financial performance of the Company.</p> <p>(e) Marketing: the Company is required to meet technical specifications on the quality of its products and variations from specification may result in financial penalties being imposed by customers.</p> <p>(f) Environmental risks and licensing: significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of or non-compliance with environmental laws or regulations.</p> <p>(g) Water: the Company's activities require it to have sufficient access to water sources and although the Company currently has access to adequate sources of water, no assurance can be given that sufficient water will be available for future projects, or that such access will be uninterrupted in all circumstances.</p> <p>(h) Electricity: the Company's activities require it to have access to an uninterrupted electrical supply with sufficient capacity. The failure of electricity supply during the hatchery's seasons could result in a significant loss of fingerlings and even the Company's on-shore broodstock. The failure of electricity supply at the processing plant could result in inability to process and loss of inventory.</p> <p>(i) Research and Development: the Company's business activities and operations include research and</p>	

Item	Summary	Further Information
	<p>development for Yellowtail Kingfish, there is a risk that the progress and business improvement arising from these activities may not eventuate, impacting the financial performance and activities of the Company.</p> <p>(j) Fish health and mortalities: there is a risk that fish stocks required for the Company's products can be impacted by disease and environmental issues. Where they are not controllable, significant mortalities may occur or there may be a significant negative effect on growth and feed conversion rates.</p> <p>(k) Predators: the risk of predators attacking growout fish in sea cages is high and attacks by seals, sharks and cormorants are common. Fish losses from these types of attacks are generally low, damage by predators to the sea cages and nets can cause fish escapes.</p>	
<p>What are the general risk associated with investment in securities?</p>	<p>A non-exhaustive list of general risks include:</p> <p>(a) Competition: current and future potential competitors include companies with greater resources developing similar and competing products. There is no assurance that competitors will not succeed in developing products that have higher customer appeal and no guarantee that the commercialisation of the Company's products will occur, revenue growth will be stimulated or that the Company will operate profitably in the short term.</p> <p>(b) Foreign exchange rate risk: the price of the Company's product is impacted by movements in the USD, EUR and other currencies and the exchange rate between AUD and these currencies. Movements in the exchange rate and/or these currencies may adversely or beneficially affect the Company's results or operations and cash flows.</p> <p>(c) Reliance on key personnel: the Company depends substantially on its senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if these employees cease their employment.</p>	<p>Section 9.5</p>

Item	Summary	Further Information
	<p>(d) Industrial relations risk: there is a risk that the industrial relations management will be unsatisfactory leading to strikes or the re-opening of award negotiations resulting in higher costs.</p> <p>(e) General economic conditions: economic conditions, both domestic and global, may affect the performance of the Company.</p> <p>(f) Equity market conditions: shares listed on the stock market can experience price and volume fluctuations often unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise.</p> <p>(g) Taxation: the acquisition and disposal of Notes will have tax consequences, which will differ depending on the individual financial affairs of each investor.</p>	
E. Applying for Notes under the Offer		
Who are the Eligible Shareholders?	<p>An Eligible Shareholder is a registered owner of Shares on the Company's share register as at 5:00 pm (ACST) on the Record Date, with a registered address in:</p> <p>(a) Australia; or</p> <p>(b) New Zealand.</p>	Section 3
How can I apply?	Eligible Shareholders may apply for Notes under the Offer by completing the Entitlement and Acceptance Form accompanying this Prospectus and sending it along with the relevant application monies to the Company's Share Registry, by no later than 5:00 pm ACST on the Closing Date.	Sections 3, 6.5, 6.7 and 6.8
What is my Entitlement?	<p>The number of Notes that you can apply for is set out on your personalised Entitlement and Acceptance Form accompanying this Prospectus.</p> <p>If you have not received your Entitlement and Acceptance Form, or there is an error in your Entitlement and Acceptance Form, please contact the Company on + 61 8 8621 2900.</p>	Section 6.5
Are Entitlements able to be sold or transferred?	<p>No. The Offer is non-renounceable and an Eligible Shareholders Entitlement may not be sold or transferred to another party.</p> <p>If you do not wish to take up your Entitlement, your Entitlement will lapse on the Closing Date.</p>	Section 6.1

Item	Summary	Further Information
Can I apply for Notes in excess of my Entitlement?	<p>Yes. In addition to their entitlements, Eligible Shareholders may apply for Notes under the Shortfall Offer, subject to those applications being received by the Closing Date.</p> <p>The issue price for Notes offered under the Shortfall Offer will be \$1.00 per Note.</p>	Sections 3, 6.1 and 6.6
How do I apply for additional Notes?	Fill in the number of Notes you wish to apply for in addition to your entitlement under the Shortfall Offer in the space provided on the Entitlement and Acceptance Form accompanying this Prospectus.	Sections 6.3, 6.5(b) and 6.6
What options are available to me?	<p>You may do one of the following:</p> <ul style="list-style-type: none"> (a) take up your full Entitlement under the Offer; (b) take up your full Entitlement under the Offer and apply for additional Notes under the Shortfall Offer; (c) take up a portion of your Entitlement under the Offer; or (d) do nothing, in which case your Entitlement will lapse on the Closing Date. 	Section 6.5
What if I do nothing?	<p>If Entitlements are not taken up under the Offer, then they will lapse on the Closing Date. The Notes representing your Entitlement may be sold to Eligible Shareholders applying for additional Notes under the Shortfall Offer.</p> <p>Existing Shareholders' interests will be diluted on conversion of the Notes to Shares if they do not take up their Entitlements under the Entitlement Offer.</p>	Section 7.4
Is brokerage, commission or stamp duty payable?	No brokerage or stamp duty is payable on your application for Notes under the Offer. You may have to pay brokerage on any subsequent trading of your Notes on the ASX after the Notes have been quoted on the ASX.	Section 11.5
What are the tax implications of investing in the Notes?	Section 11 of this Prospectus contains a summary of the tax consequences for potential Noteholders and is based on Australian tax law and administrative practice as at the date of this Prospectus. This summary is necessarily general in nature and is not intended to be tax advice to Noteholders. Accordingly, prospective Noteholders should seek their own tax advice, which is specific to their particular circumstances, as to the tax consequences of investing in, holding and disposing of the Notes.	Sections 6.12 and 11

6. DETAILS OF THE OFFER

6.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) Note for every six (6) Shares held by Shareholders registered at the Record Date at an issue price of \$1.00 per Note. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus (assuming no additional Shares are issued prior to the Record Date), a maximum of approximately 15,403,078 Notes will be issued pursuant to this Offer to raise up to approximately \$15,403,078 (subject to rounding).

As at the date of this Prospectus the Company has 1,613,469 Share Rights on issue. No Share Rights have vested as at the date of this Prospectus, and it is unlikely the vesting conditions will be met prior to the Record Date, so the Share Rights will not be eligible to participate in the Offer.

All of the Notes offered under the Prospectus will be issued on the terms and conditions set out in Section 8.1.

Any Shares issued on the future conversion of the Notes offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 8.2 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 7.1.

6.2 Minimum subscription

There is no minimum subscription. Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. Please refer to Section 6.6 for further details of the Shortfall Offer.

6.3 Underwriting

The Offer is not underwritten.

6.4 Lead Manager

Patersons Securities Limited (**Patersons**) has been appointed as Lead Manager to the Offer. The terms of the appointment of the Lead Manager are summarised in Section 10.2.

6.5 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus.

You may participate in the Offer and make payment by cheque or BPAY® as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and

- (ii) make payment by BPAY® or attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form, or
- (b) if you wish to accept your **full** Entitlement and apply for Notes under the **Shortfall Offer**:
 - (i) complete the Entitlement and Acceptance Form;
 - (i) fill in the number of Notes you wish to apply for under the Shortfall Offer in the space provided on the Entitlement and Acceptance Form; and
 - (ii) make payment by BPAY® or attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$1.00 per Note), or
- (c) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Notes you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (i) make payment by BPAY® or attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$1.00 per Note), or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

6.6 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer (**Shortfall Notes**). The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date.

Eligible Shareholders may apply for Notes under the Shortfall Offer in addition to their Entitlements subject to such applications being received by the Closing Date. The issue price for each Note to be issued under the Shortfall Offer shall be \$1.00 being the price at which Notes have been offered under the Offer.

The Shortfall Offer will be open to existing Shareholders and new external investors to the Company.

Allocation of the Shortfall Notes will be at the discretion of the Board. If the Offer is oversubscribed (by take up of Entitlements and applications for Shortfall Notes by Eligible Shareholders), scale back will be applied to applications under the Shortfall Offer on a pro-rata basis to the respective shareholdings of Eligible Shareholders. There is no guarantee that Eligible Shareholders will receive Notes applied for under the Shortfall Offer.

Any Shortfall Notes not applied for by Eligible Shareholders may be placed and allocated by the Company in consultation with the Lead Manager in the three months following the Closing Date of the Offer.

No Notes will be issued via the Shortfall Offer to any related parties of the Company.

6.7 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “**CLEAN SEAS SEAFOOD LIMITED**” and crossed “Not Negotiable”.

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry by no later than 5:00 pm ACST on the Closing Date.

6.8 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Notes which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00 pm (ACST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

6.9 ASX listing

Application for Official Quotation of the Notes offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus and otherwise in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Notes offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by the ASIC), the Company will not issue any Notes and will repay all application monies for the Notes within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Notes is not to be taken in any way as an indication of the merits of the Company or the Notes now offered for subscription.

6.10 Issue of Notes

Notes issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Notes issued pursuant to the Shortfall Offer may be issued on a progressive basis. Where the number of Notes issued is less than the number applied for, or where no issue is made surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Notes or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Notes issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Notes issued under the Shortfall Offer as soon as practicable after their issue.

6.11 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Notes these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Notes will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

New Zealand

The Notes are not being offered 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 these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Cayman Islands

The Notes are not being offered to the public within Cayman Islands. This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any Cayman Islands regulatory authority. This document is not a product disclosure statement under Cayman Islands law and is not required to, and may not, contain all the information that a product disclosure statement under Cayman Islands is required to contain.

Liechtenstein

The information in this document has been prepared on the basis that the Offer will be made to fewer than 150 natural or legal persons in Liechtenstein under Article 1(4)(b) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation"), as amended and implemented in Liechtenstein, other than "qualified investors" as defined in Article 2(e) of the Prospectus Regulation or in any other circumstances falling within Article 1(4) of the Prospectus Regulation under which there is no obligation to publish a prospectus compliant with the Prospectus Regulation.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia, New Zealand and Cayman Islands without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of applicable securities laws and other regulations.

Nominees and custodians may not distribute any part of this offer document, and may not permit any beneficial shareholder to participate in the Offer, in any country outside Australia and the Cayman Islands except with the consent of the Company to beneficial shareholders resident in certain other jurisdictions where the Company may determine it is lawful and practical to make the Offer.

6.12 Taxation considerations

Section 11 of this Prospectus contains a summary of the tax consequences for potential Noteholders and is based on Australian tax law and administrative practice as at the date of this Prospectus. This summary is necessarily general in nature and is not intended to be tax advice to Noteholders.

6.13 Enquiries

Any questions concerning the Offer should be directed to Robert Gratton or David Brown, Joint Company Secretaries, on +61 8 8621 2900.

7. PURPOSE AND EFFECT OF THE OFFER

7.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$15,403,078.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds	(\$)	%
1.	New farming equipment, feed and process automation ¹	6,630,000	43.04
2.	Ongoing investment in future biomass ²	8,060,000	52.33
4.	General working capital	213,078	1.38
5.	Estimated costs of the Offer ³	500,000	3.25
	Total	15,403,078	100

Notes:

1. Comprising capital works to feed barges, heavy and medium work vessels, system upgrades, fish cages and nets.
2. Comprising future feed supply, operational and additional fuel costs.
3. Refer to Section 12.8 for further details (assuming full subscription).

The above table is a statement of current intentions as of the date of this Prospectus and assumes that the Offer is fully subscribed. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied. As previously disclosed, the Company retains flexibility to vary its funding commitments to biomass as part of its continued growth planning to align biomass levels with future sales objectives.

The Directors believe that on completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives and implement its strategic plans. In the event that the Offer is not fully subscribed and the Company is unable to source alternate funding for future investment, operational objectives are likely to be modified, which may result in delay, or substantial changes to the Company's strategic plan. In this event (and after accounting for associated Offer costs) it is likely that the Company will scale back funds available for new equipment (Item 1) and funding of future biomass (Item 2) on a proportionate basis.

7.2 Pro-forma statement of financial position

To illustrate the effect of the Offer and the Placement on the Company, a pro-forma statement of financial position has been prepared based on the audited financial position as at 30 June 2019.

The pro-forma statement of financial position shows the effect of the Offer and Placement as if the Notes offered under this Prospectus had been issued on 30 June 2019 and as if the Offer and Placement are fully subscribed.

The accounting policies adopted in the preparation of the pro-forma statement of financial position are consistent with the policies adopted and as described in the Company's financial statements for the financial year ended 30 June 2019.

The significant effect of the Offer (assuming the Offer is fully subscribed) will be to increase cash reserves and non-current liabilities by approximately \$15.4 million (before cash expenses of the Offer which are estimated to be \$500,000) assuming a \$1.00 per Note subscription price.

The significant effect of the Placement will be to increase cash reserves and share capital by \$6.6 million (before cash expenses of the Placement which are estimated to be \$192,000).

The pro-forma statement of financial position has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements and has not been subject to an audit or review.

	Audited 30 June 2019	Placement ¹	Convertible Note ²	30 June 2019 Pro-forma
Current Assets				
Cash and cash equivalents	1,004	6,408	14,903	22,315
Trade and other receivables	5,764		-	5,764
Inventories	9,465		-	9,465
Prepayments	1,047		-	1,047
Biological assets	56,585		-	56,585
TOTAL CURRENT ASSETS	73,865	6,408	14,903	95,176
NON-CURRENT ASSETS				
Property, plant and equipment	16,869	-	-	16,869
Biological assets	244	-	-	244
Intangible assets	2,957	-	-	2,957
TOTAL NON-CURRENT ASSETS	20,070	-	-	20,070
TOTAL ASSETS	93,935	6,408	14,903	115,246
CURRENT LIABILITIES				
Trade and other payables	6,982	-	-	6,982
Bank overdraft	7,275	-	-	7,275
Borrowings	1,585	-	-	1,585
Provisions	977	-	-	977
TOTAL CURRENT LIABILITIES	16,819	-	-	16,819
NON-CURRENT LIABILITIES				
Borrowings	3,356	-	-	3,356
Convertible note	-	-	15,403	15,403
Note costs capitalised	-	-	(500)	(500)
Provisions	218	-	-	218

	Audited 30 June 2019	Placement ¹	Convertible Note ²	30 June 2019 Pro-forma
NON-CURRENT LIABILITIES	3,574	-	14,903	18,477
TOTAL LIABILITIES	20,393	-	14,903	35,296
NET ASSETS	73,542	6,408	-	79,950
EQUITY				
Equity attributable to owners of the Parent:				
- share capital	182,436	6,408	-	188,844
- share rights reserve	897	-	-	897
- retained earnings	(109,791)	-	-	(109,791)
TOTAL EQUITY	73,542	6,408	-	79,950

Notes:

1. Based on gross proceeds of \$6.6 million less costs assumed of \$192,000.
2. Based on gross proceeds of \$15.4 million less costs assumed of \$500,000.

7.3 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, and no Options are exercised prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue	92,418,465
Total Shares on issue after completion of the Offer	92,418,465

Notes:

1. The rights and liabilities attaching to the Shares are summarised in Section 8.2 of this Prospectus.

Convertible Notes

	Number
Convertible Notes currently on issue	Nil
Maximum number of Notes to be issued under the Offer	15,403,078
Maximum number of Total Convertible Notes	15,403,078

Notes:

1. The rights and liabilities attaching to the Convertible Notes are summarised in Section 8.1 of this Prospectus.
2. Up to an additional 38,507,695 Shares would be issued upon conversion of all Notes issued under the Offer, assuming:
 - a. all Entitlements are accepted and a total of 15,403,078 Notes are issued under the Offer; and

- b. the Notes are converted into Shares at a price of \$0.40, being the floor price for conversion of the Notes.

Share Rights

	Number
Share Rights currently on issue	1,613,469
Total Share Rights on issue after completion of the Offer	1,613,469

Notes:

- Share Rights are held by senior executives and will vest if specified performance targets are achieved and the executive remains employed by the Company for three years including the year for which the Share Rights were granted, or in other circumstances agreed with the executive or at the discretion of the Board. Each Share Right on exercise converts to one Share, subject to adjustment in specified circumstances. On exercise of Share Rights, a dividend equivalent issue of additional Shares replicates the benefit of any dividends paid on Shares during the performance period. No amount is payable on vesting or exercise. No Share Rights on issue have vested as at the date of this Prospectus, and it is unlikely the vesting conditions will be met prior to the Closing Date.

No securities on issue are subject to ASX imposed escrow restrictions.

7.4 Effect on control of the Company

Shareholders should note that there will be no immediate effect on control of the Company, as the Convertible Notes are not voting securities and will not immediately convert into Shares.

Shareholders should note that if they do not participate in the Offer their holdings, assuming that all Entitlements are accepted and all Notes issued under the Offer are converted into Shares at the floor price of \$0.40, would be diluted by up to approximately 29.05% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Shares issued on conversion of Entitlements under the Offer ¹	Holdings if Offer not taken Up	% post Offer ²
Shareholder 1	10,000,000	10.82%	1,666,667	4,166,668	10,000,000	7.64%
Shareholder 2	5,000,000	5.41%	833,334	2,083,335	5,000,000	3.82%
Shareholder 3	1,500,000	1.62%	250,000	625,000	1,500,000	1.15%
Shareholder 4	400,000	0.43%	66,667	166,668	400,000	0.31%
Shareholder 5	50,000	0.05%	8,334	20,835	50,000	0.04%

Notes:

- Assumes a conversion price for the Notes of \$0.40 (being the floor price).
- Based on a total of 130,926,159 Shares on issue post Offer, which assumes that (a) all Entitlements are accepted and (b) all Notes issued under the Offer are converted into Shares at the floor price of \$0.40.

7.5 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Bonafide Wealth Management AG ¹	16,200,139	17.53
IFM Fund Management AG ²	14,875,707	16.10
Australia Tuna Fisheries Pty Ltd ³	5,940,624	6.43

Notes:

1. Refer to the Bonafide Wealth Management AG Substantial Holders Notice announced on ASX on 27 August 2019.
2. Refer to the IFM Fund Management AG Substantial Holders Notice announced on ASX on 27 August 2019.
3. Refer to the Australia Tuna Fisheries Pty Ltd Substantial Holders Notice Announced on ASX on 28 November 2016.

There will be no immediate change to the substantial holders on completion of the Offer as no Shares will be issued.

A substantial holder who is issued Notes under the Offer may, at any time prior to the Maturity Date, elect to convert those Notes into Shares (refer to Section 8.1 for further details regarding the conversion of Notes). The Company notes that it is a term of the Notes that any conversion is subject to compliance with all applicable laws, including the takeover prohibition in section 606 of the Corporations Act.

8. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

8.1 SCHEDULE 1 TRUST DEED – TERMS AND CONDITIONS OF THE CONVERTIBLE NOTES

8.1.1 FORM NOTES

(a) Form

The Notes are redeemable, convertible notes of the Company issued under the Deed. Noteholders are entitled to the benefit of and are bound by the provisions of the Transaction Documents and the Note terms set out in this section.

(b) Face Value and Issue Price

(i) The Notes are each issued fully paid with a face value of \$1.00 (**Face Value**).

(ii) Each Note will be issued by the Company at an issue price of \$1.00 (**Issue Price**). The Issue Price must be paid in full on application.

(c) Clearing System

For such time as the Notes are quoted on ASX, the rights of a person holding an interest in the Notes are subject to the rules and regulations of the Clearing House Electronic Sub-register System (CHES) operated by ASX Settlement Pty Ltd or any other applicable securities trading and/or clearance system.

(d) No certificates

No certificates will be issued to Noteholders unless the Company determines that certificates should be available or are required by any applicable law.

(e) ASX quotation of Notes

The Company must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure that the Notes are, and until Redeemed or Converted remain, quoted on ASX.

(f) No participation rights to Noteholders

To the maximum extent permitted by the Corporations Act, the ASX Listing Rules and any other applicable laws, there will be no participation rights or entitlements inherent in the Notes and Noteholders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Notes without converting the Notes into shares.

However, if at any time the issued capital of the Company is reconstructed, all rights of a holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(g) No other rights

The Notes confer no rights on a Noteholder to:

- (i) vote at any meeting of members of the Company; or
- (ii) to otherwise participate in the profits or property of the Company, except as set out in these Note Terms or the Transaction Documents.

(h) **Entry in Register**

The Company must ensure that each Noteholder's details are entered in the Register.

8.1.2 INTEREST

(a) **Interest Rate**

- (i) Subject to section 8.1.2(b), interest will be payable on the Principal Amount Outstanding of the Convertible Notes at the rate of 8% per annum payable half yearly in arrears on 30 June and 31 December, up to and including the Maturity Date, the Conversion Date or the Redemption Date.
- (ii) Subject to section 8.1.2(a)(iii) below, interest will accrue daily prior to the Maturity Date and subject to section 8.1.3(b), and will be payable in arrears on the Interest Payment Dates of all Notes.
- (iii) In respect of interest payable on the First Interest Payment Date, interest will accrue from the date that the Notes are issued in accordance with clause 5.1 of the Trust Deed (**Issue Date**) until the First Interest Payment Date and will be payable in arrears for that period.
- (iv) Interest payable will be paid no later than thirty (30) days after the relevant Interest Payment Date.
- (v) The interest payment payable by the Company pursuant to section 8.1.2(a)(i) will be satisfied through payment of the interest in cash.
- (vi) Interest on the Convertible Notes not paid when due shall compound.

(b) **Default Interest**

Following the occurrence and during the continuance of an Event of Default, the interest payable on the Notes shall increase by an additional 2% per annum.

8.1.3 REDEMPTION

(a) **Redemption**

Subject to sections 8.1.4(a) and 8.1.5(a), a Convertible Note will be redeemed on the first to occur of the following:

- (i) the receipt by the Company of a Redemption Notice in respect of the Convertible Note as a result of the exercise by the Trustee of its rights under clause 9.2 or 9.6 of the Trust Deed or by the Noteholder under section 9.7 of the Trust Deed;
- (ii) on any day prior to the Maturity Date, 30 days after the receipt by the Noteholder of a notice that the Company intends to redeem the whole of the Convertible Notes for their Face Value (plus any unpaid interest) in accordance with section 8.1.3(c)(i), provided that during the 30 day notice period, the Noteholder does not exercise the Conversion Option; or
- (iii) if the Noteholder has not exercised the Conversion Option prior to the Maturity Date, the Maturity Date.

(b) Timing of redemption

Subject to sections 8.1.4(a) and 8.1.5(a), a Convertible Note will be redeemed:

- (i) in the event of the occurrence of an event in accordance with section 8.1.3(a)(i), within 10 Business Days after the receipt by the Company of the Redemption Notice;
- (ii) in the event of a takeover in accordance with section 8.1.5(a)(i), within 10 Business Days after the later of the close of the takeover offer and the date that the Company's Shareholders receive their consideration under the takeover bid;
- (iii) in the event of a change of control of 50% or more of the Shares in accordance with section 8.1.5(a)(ii), within 10 Business Days after the transfer of the Shares to the new Shareholder;
- (iv) in the event of a sale of the main undertaking of the Company in accordance with section 8.1.5(a)(iii), within 10 Business Days after completion of the transfer of the main undertaking;
- (v) in the event that the Company issues a notice that it intends to redeem the Notes in accordance with section 8.1.3(a)(ii), on the day which is 30 days after the receipt by the Noteholder of the notice;
- (vi) in the event of a voluntary redemption by the Company in accordance with section 8.1.3(e), on the date specified by the Company in accordance with that section; or
- (vii) in the event of redemption on the Maturity Date, on the Maturity Date,

and the Company will deliver to the Noteholder a cheque or draft or by electronic transfer in favour of the Noteholder or such other person as the Noteholder will have directed the Company in writing, for the Redemption Amount including the amount of any accrued but unpaid interest prior to (but not including) the Date of Redemption.

(c) Redemption of the Notes

The Trustee or a Noteholder will only be entitled to issue a Redemption Notice pursuant to an exercise of their respective rights under clauses 9.2, 9.6 or 9.7 of the Trust Deed, and only in respect of all of the Notes:

- (i) at the time of issue - in the case of the issue of a Redemption Notice by the Trustee under clause 9.2 or 9.6 of the Trust Deed; or
- (ii) held by that Noteholder - in the case of the issue of a Redemption Notice by a Noteholder under clause 9.7 of the Trust Deed,

and only in respect of the whole of the Face Value of those Notes.

(d) **Exclusion**

The Noteholder will not be entitled to require redemption of any Convertible Notes held by him or her otherwise than pursuant to this section 8.1.3.

(e) **Early Redemption**

- (i) At any time prior to the Maturity Date, the Company may redeem all (but not some) of the Notes with 30 days prior notice in writing (**Company Redemption Notice**) for the Face Value plus interest accrued and owing.
- (ii) Despite the Company issuing a Company Redemption Notice, a Noteholder can elect to convert their Convertible Notes into Shares in accordance with section 8.1.4.

8.1.4 CONVERSION

(a) **Conversion**

A Noteholder will be entitled to convert all or part of all of the Notes held by that Noteholder, and if in part, subject to a minimum face value of \$10,000 in accordance with this section 8.1.4 by delivering a Conversion Notice:

- (i) at any time during the Conversion Period, with conversion to occur as at the last day of the Quarter in which the Conversion Notice is received;
- (ii) during the 30 day period commencing on the date of any Company Redemption Notice in relation to a voluntary redemption of the Convertible Notes by the Company in accordance with section 8.1.3(e);
- (iii) in accordance with section 8.1.5(a)(ii); or
- (iv) in accordance with section 8.1.6(a).

The Company will proceed to issue to the Noteholder that number of Shares as calculated in accordance with section 8.1.4(b), within 10 Business Days of conversion in accordance with 8.1.4(a), and will notify the Trustee accordingly.

Notes having a face value of less than \$10,000 may only be converted in whole and otherwise in accordance with section 8.1.4(c), and on conversion, the Company will proceed to issue to the Noteholder that number of Shares as calculated in accordance with section 8.1.4(c) within 10 Business Days of conversion in accordance with section 8.1.4(a), and will notify the Trustee accordingly.

The issue of Shares on conversion pursuant to this section will be and will be deemed for all purposes to be in full satisfaction and discharge of the principal amount owing to the Noteholder pursuant to the Convertible Notes the subject of the Conversion Notice. However, pursuant to this section, the conversion will in no way affect any liability of the Company for unpaid interest accrued up to the Date of Conversion which the Company will pay to the Noteholder in accordance with sections 8.1.2(a) and 8.1.2(b).

Any accrued interest will be repaid on the Date of Conversion in accordance with the Trust Deed.

The Shares issued upon conversion pursuant to this section will rank equally in all respects with all issued ordinary Shares in the capital of the Company at the time of conversion.

The Company will apply for official quotation by the ASX of all Shares issued upon the conversion pursuant to this section. Such application will be made as soon as reasonably practicable after Shares are issued.

Within 10 Business Days of the issue of Shares to a Noteholder upon the conversion pursuant to this section, the Company will deliver to the Noteholder a shareholding statement in respect of the fully paid Shares so issued.

(b) **Conversion Price**

The Conversion price of the Convertible Notes is the lesser of:

- (i) an 8% discount to the 20-day volume weighted average price of Share (as traded on the ASX) prior to the Date of Conversion; and
- (ii) the price of any equity capital raising by the Company that occurred in the two-month period prior to the date the Company receives a Conversion Notice from the Noteholder,

subject to a minimum price of \$0.40 and a maximum price of \$1.20.

(c) **Conversion Rate**

Subject to section 8.1.4(f), the number of Shares to which a Noteholder will be entitled on conversion of each Note will be equal to the Face Value of the Note divided by the Conversion Price.

(d) **Ranking of Shares**

Shares issued on conversion of the Notes will be fully paid and will in all respects rank equally with all other fully paid Shares on issue on the relevant conversion date, except that they will not be entitled to any dividend or any other distribution or entitlement that has not been paid

as at the conversion date but for which the record date was prior to the conversion date.

(e) **No Fractional Shares**

No fractional Shares will be issued on conversion of a Note. If the calculation under this section results in an entitlement to a number of Shares which includes a fraction of a Share, the fraction will be disregarded.

(f) **Adjustments for reorganisation of capital**

Subject to the ASX Listing Rules, if there is a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the basis for conversion of the Notes will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on the Noteholders which are not conferred on the Shareholders of the Company (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms for conversion of the Notes will remain unchanged.

(g) **Company obligations**

- (i) Subject to the Company not having complied with the ASIC Instrument at the time of issue of the Notes, each time Shares are issued pursuant to section 8.1.4, the Company must:
 - (A) each time Shares are issued pursuant to section 8.1.4(g)(i) immediately issue a notice to ASX that complies with sections 708A(5)(e) and 708A(6) of the Corporations Act (and such notice must confirm that the Company has not withheld any excluded information for the purposes of section 708A(6)(e) of the Corporations Act); and
 - (B) sign all documents and do all acts and things (including by lodging an Appendix 3B with ASX and otherwise as required of it by ASX) to ensure that the Shares are quoted on the official list as soon as reasonably practicable.
- (ii) If a notice delivered under section 8.1.4 is for any reason not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must no later than thirty (30) days after the date of issue of the Shares lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

8.1.5 TAKEOVER, CHANGE IN CONTROL, OR SALE OF MAIN UNDERTAKING

(a) **Takeover, Change in Control, or Sale of Main Undertaking**

Other than as contemplated by this Deed, if:

- (i) a takeover bid (as defined in the Corporations Act) is made for 50% or more of the Shares and that bidder is successful in acquiring a relevant interest in 50% or more of the Shares;
- (ii) there is a change in control of 50% or more of the Shares; or
- (iii) there is a sale of the main undertaking of the Company that would require approval of the Shareholders in accordance with ASX Listing Rule 11.2,

at any time after the issue of the Convertible Notes and prior to the issue of a Conversion Notice in respect of such Convertible Notes, then:

- (i) the Company will give to each Noteholder written notice (**Sale Notice**) of the takeover bid, change of control, or sale of main business undertaking within 10 Business Days of receiving notice of it (or entering into an agreement in respect of the proposed disposal); and
- (ii) the Noteholder must within 10 Business Days after the Sale Notice is sent to Noteholders either:
 - (A) elect to convert all the Convertible Notes held by that Noteholder to fully paid ordinary Shares in accordance with section 8.1.4 by providing the Company with a Conversion Notice; or
 - (B) require the Company to redeem all the Convertible Notes held by that Noteholder in accordance with section 8.1.3 by providing the Company with a Redemption Notice.

If a Noteholder does not comply with section 8.1.5(a)(ii) within the time period specified in that section, then the Company will redeem all the Convertible Notes held by that Noteholder in accordance with section 8.1.3.

8.1.6 STATUS, SECURITY AND RANKING

(a) Status

The Notes shall at all times constitute unsecured debt obligations on the Company.

(b) No Security

The Notes are unsecured.

(c) Ranking

Each Note ranks for payment in a winding up of the Company:

- (i) equally with all other Notes;
- (ii) equally with all present and future unsubordinated and unsecured debt obligations of the Company (subject to the laws and principles of equity affecting creditor rights or

obligations preferred by mandatory provisions of applicable law); and

- (iii) ahead of all Shares.

Without in any way limiting the Company's obligations to redeem the Notes as set out herein, in order to give effect to the ranking specified in this section, in any winding up of the Company, the Noteholders agree that their claims are limited to the extent necessary to ensure that Noteholders receive payments on a pro-rata basis.

Without in any way limiting the Company's obligations to redeem the Notes as set out herein, neither the Trustee nor any Noteholder has any right to prove in a winding up of the Company in respect of the Notes, except on the basis set out in sections 8.1.6(a) and 8.1.6(b).

Neither the Trustee nor any Noteholder may exercise voting rights as a creditor in respect of the Notes in a winding up of the Company to defeat the subordination in this section.

The ranking of Notes is not affected by the date of registration of any Noteholder in the Register.

(d) **Equity Covenant**

In the event that the Company's market capitalisation decreases to less than \$30 million on a certain date (**Relevant Date**), the Company must raise new capital to maintain a market capitalisation of a minimum of \$30 million within two months of the Relevant Date. If this market capitalisation is not achieved within two months of the Relevant Date, the Notes shall be immediately repayable together with accrued interest.

(e) **Bonus Issues**

If a bonus Share issue is made by the Company to its Shareholders at any time during the period subsequent to the issue of a Convertible Note to a Noteholder and prior to the date of conversion, the Noteholder is not entitled to participate unless the Noteholder exercises their Conversion Option prior to the date of the bonus issue.

(f) **Foreign Holders**

Where Convertible Notes are held by or on behalf of a person resident outside Australia, then, despite any other terms or conditions applicable to such Convertible Notes, it will be a condition precedent to the right of the Noteholder to receive payment of any amount payable under these Convertible Note terms and conditions or to obtain Shares on conversion that the requirements of all applicable laws of the Commonwealth of Australia or any of its states or territories and of the country of residence of the Noteholder in respect of such payment or conversion are satisfied so that such payment or conversion will not result in a breach of any such applicable law by the Company.

8.1.7 DEDUCTIONS

(a) **No set-off, counterclaim or deductions**

All payments in respect of the Notes must be made in full without set-off or counterclaim, and without any withholding or deduction for or in respect of taxes, unless such withholding or deduction is required by law.

(b) **Withholding and other taxes**

- (i) The Company may withhold or deduct from any amount payable to a Noteholder in respect of the Notes an amount in respect of any tax which a qualified legal or taxation advisor advises that it is required by law to withhold or deduct from that payment.
- (ii) The Company must pay the full amount required to be withheld or deducted to the relevant revenue authority within the time allowed for such payment (without incurring penalty under the applicable law) and must, if required by a Noteholder, deliver to that Noteholder a copy of the relevant receipt issued by the relevant revenue authority without unreasonable delay after it is received by the Company.
- (iii) If an amount is deducted or withheld under section 8.1.7(a) from a payment to a Noteholder in respect of any tax, the full amount payable to the Noteholder will be deemed to have been duly paid and satisfied by the issuer, and the Company will have no obligation to pay any additional amount to the Noteholder on account of the deduction or withholding.

8.1.8 AMENDMENT OF THE NOTE TERMS

(a) **Amendment without the approval of the Noteholders**

At any time, and from time to time, the Convertible Note Terms (which, for the avoidance of doubt include this section) may be modified, altered, cancelled, amended or added to (collectively, **Modified**), without the consent of the Noteholders, if:

- (i) such modification, alteration, cancellation, amendment or addition (collectively **Modification**) is:
 - (A) of a formal or technical nature or made to cure any ambiguity or correct any manifest error;
 - (B) necessary or expedient for the purpose of listing the Notes on ASX or to comply with the applicable ASX Listing Rules or the listing or quotation requirements of any other any securities exchange on which the Company may propose to seek a listing of the Notes;
 - (C) necessary or expedient for the purpose of enabling the Notes to be offered for issue or for sale under the laws for the time being in force in any place;
 - (D) necessary or expedient to comply with the provisions of any law or regulation or the requirements of any statutory authority;

- (E) necessary or advisable following the introduction of, or any amendment to, clarification of, or change (including any announced prospective change) in, any law or regulation of the Commonwealth of Australia or an announcement, action or decision or a proposal to introduce, amend, clarify or change any such law or regulation or any official administrative pronouncement or action or judicial decision interpreting or applying any such law or regulation which is likely to cause the Notes to cease to be treated as debt for tax or accounting purposes;
- (F) in respect of a Modification sought by a party in reliance on any one of the sections from 8.1.8(a)(i)(A) to 8.1.8(a)(i)(D) above, the Company and the Trustee have either jointly or separately obtained a legal opinion from legal advisers of recognised standing in New South Wales, which opinion is in a form satisfactory to the Company and the Trustee, as applicable (each acting reasonably) and is addressed to or is otherwise able to be relied on by each of the Company and the Trustee, as applicable, to the effect that such Modification (taken as a whole and in conjunction with all other Modifications) is:
 - (I) a Modification within the scope of any one or more of sections the sections from 8.1.8(a)(i)(A) to 8.1.8(a)(i)(D); or
 - (II) not materially prejudicial to the interests of Noteholders of the Notes (taken as a whole);
- (G) the section 8.1.8(a)(i)(E) above - the Company and the Trustee have either jointly or separately obtained an opinion from an accountancy or taxation adviser of recognised standing in New South Wales, which opinion is in a form satisfactory to the Company and the Trustee, as applicable (each acting reasonably) and is addressed to or is otherwise able to be relied on by each of the Company and the Trustee, as applicable, to the effect that such Modification (taken as a whole and in conjunction with all other Modifications) is:
 - (I) a Modification within the scope of the section 8.1.8(a)(i)(E); and
 - (II) not materially prejudicial to the Interests of Noteholders of the Notes (taken as a whole).

(b) **Amendment with the approval of the Noteholders**

- (i) At any time, and from time to time, but subject to sections 8.1.8(b)(ii), 8.1.8(b)(iii) and of these Convertible Note Terms, the Convertible Note Terms (which, for the avoidance of doubt, includes the terms of this section) may be modified if such Modification is authorised by an Ordinary Resolution.

- (ii) If the Trustee considers the Modification will materially and adversely affect the rights of all Noteholders, then the Modification must be authorised by a Special Resolution.
- (iii) If a section in the Note Terms provides for Noteholders to give a direction to the Trustee by a special resolution, then that section may only be modified if such Modification is authorised by a Special Resolution.

(c) **Amendment with the approval of the Noteholders but not the Trustee**

If a Modification to the Note Terms (which, for the avoidance of doubt includes this section) is proposed by the Company under section 8.1.8(b) and the Trustee will not consent to the Modification, the Convertible Note Terms may be Modified in the manner proposed by the Company if such Modification is authorised by a Special Resolution, provided that such amendment does not adversely affect the rights and obligations of the Trustee.

8.1.9 CONVERSION TO VOTING SHARES PRECLUDED

(a) **Breaches of law**

Notwithstanding any other term of the Deed or these Conditions, a Noteholder is not entitled to Convert (and the Company is entitled to refuse to Convert) such number of Convertible Notes that would result in:

- (i) a person acquiring voting Shares in the Company in breach of section 606 of the Corporations Act (or any equivalent provision) where none of the items in section 611 of the Corporations Act apply;
- (ii) a breach of the Company's placement capacity under ASX Listing Rule 7.1; or
- (iii) a person acquiring Shares where a notification or consent being required to be sent to, or consent is required under, any legislation by which the Company and its Related Bodies Corporate are bound has not been obtained.

(b) **Statutory Declaration**

The Company may in its discretion require a Noteholder to provide a statutory declaration confirming that the circumstances referred to in section 8.1.9(a) do not exist in respect of any Conversion by that Noteholder.

8.1.10 REGISTRATION OF TRANSFERS

(a) **Title**

Title to a Convertible Note passes when details of the transfer are entered in the Register.

(b) **Effect of entries in Register**

Each entry in the Register in respect of a Convertible Note constitutes:

- (i) an unconditional and irrevocable undertaking by the Company to the Noteholder to pay principal, Interest and any other amount in accordance with the terms of these Convertible Notes; and
- (ii) an entitlement to the other benefits given to Noteholders under these Note Terms and the Transaction Documents in respect of the Convertible Notes.

For the avoidance of doubt, an entry in the Register does not make the Noteholder a Member of the Company or confer rights on a Noteholder to attend or vote at meetings of Members of the Company.

(c) **Register conclusive as to ownership**

Entries in the Register in relation to a Convertible Note constitute conclusive evidence that the person so entered is the absolute owner of the Convertible Note, subject to correction for fraud or manifest error.

(d) **Non-recognition of Interests**

Except as required by law, the Company, the Trustee and the Registrar must treat the person whose name is entered in the Register as the holder of a Convertible Note as the absolute owner of that Convertible Note. This section 8.1.10(d) applies whether or not a Convertible Note is overdue and despite any notice of ownership, trust or interest in the Convertible Note.

(e) **Transfer**

A Noteholder may, subject to this section 8.1.10, transfer or assign any Convertible Notes:

- (i) by a proper ASTC transfer, according to the ASX Settlement Operating Rules;
- (ii) by a proper transfer under any other computerised or electronic system recognised by the Corporations Act;
- (iii) under any other method of transfer which operates in relation to the trading of securities on any securities exchange outside Australia on which the Convertible Notes are quoted;
- (iv) by any proper or sufficient instrument of transfer of marketable securities under applicable law,

The Company must not charge any fee on the transfer of a Convertible Note.

(f) **Market obligations**

The Company must comply with all applicable regulations and any other relevant obligations imposed on it in relation to the transfer of a Convertible Note.

(g) **Company may request holding lock or refuse to register transfer**

If the Convertible Notes are quoted on ASX, and if permitted to do so by the ASX Listing Rules and the Corporations Act, the Company may:

- (i) request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Convertible Notes approved by and registered on the CS Facility's electronic sub-register or Convertible Notes registered on an issuer-sponsored sub register, as the case may be; or
- (ii) refuse to register a transfer of Convertible Notes.

(h) **Company must request holding lock or refuse to register transfer**

- (i) The Company must request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Notes approved by and registered on the CS Facility's electronic sub-register or Convertible Notes registered on an issuer-sponsored sub-register, as the case may be, if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require the Company to do so.
- (ii) The Company must refuse to register any transfer of Notes if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require the Company to do so.
- (iii) During a breach of the ASX Listing Rules relating to Restricted Securities, or a breach of a Restriction Agreement, the Convertible Noteholder of the Restricted Securities is not entitled to any interest (or other distribution on), or voting rights in respect of, the Restricted Securities.

(i) **Notice of holding lock and refusal to register transfer**

If, in the exercise of its rights under sections 8.1.10(h) and 8.1.10(i), the Company requests the application of a holding lock to prevent a transfer of Convertible Notes or refuses to register a transfer of Convertible Notes, it must, within five Business Days after the date the holding lock is requested or the refusal to register a transfer, give written notice of the request or refusal to the Noteholder, to the transferee and the broker lodging the transfer, if any. Failure to give such notice does not, however, invalidate the decision of the Company.

(j) **Delivery of instrument**

If an instrument is used to transfer the Convertible Notes according to section 8.1.10(f), it must be delivered to the Registrar, together with such evidence (if any) that the Company and/or the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Convertible Notes.

(k) **Transferor to remain Noteholder until registration**

A transferor of a Convertible Note remains the Noteholder in respect of that Convertible Note until the transfer is registered and the name of the transferee is entered in the Register.

(l) **Effect of transfer**

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under the Transaction Documents and the Convertible Note Terms in respect of the transferred Convertible Notes and the transferee becomes so entitled in accordance with section 8.1.10(k).

(m) **Estates**

A person becoming entitled to a Convertible Note as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Convertible Note or, if so entitled, become registered as the holder of the Convertible Note.

(n) **Transfer of unidentified Notes**

Where the transferor executes a transfer of less than all the Convertible Notes registered in its name, and the specific Convertible Notes to be transferred are not identified, the Registrar may register the transfer in respect of such of the Convertible Notes registered in the name of the transferor as the Registrar thinks fit, provided the aggregate of the Face Value of all the Convertible Notes registered as having been transferred equals the aggregate of the Face Value of all the Convertible Notes expressed to be transferred in the transfer.

8.2 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares, being the underlying securities of the Notes offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to the Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to and in accordance with the Corporations Act, the ASX Listing Rules, the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer does not result in a contravention of or failure to observe the provisions of a law of Australia and the transfer is not in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Notes contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

9. RISK FACTORS

9.1 Introduction

The Notes offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for the Notes offered pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, as well as other risk factors, may have a material impact on the financial performance of the Company and the market price of the Notes.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

9.2 Risks associated with Investing in Notes

(a) Interest payments

The Company expects to make interest payments using available cash balances and cash flow from its operations. There may be insufficient cash available to the Company to make interest payments on the due date. The Company intends to mitigate this risk by ensuring it has cash or liquid interests to make interest payments when due.

(b) Redemption risk

The Company expects to be able to redeem the Notes using the proceeds from future debt or equity raisings, cash flows from operations or proceeds from the sale of investments. There is a risk that the Company may be unable to procure or raise sufficient cash resources from its operations, future debt or equity raisings and may, in that case, have insufficient cash to redeem the Notes at the Maturity Date (or any earlier date as otherwise required under the Note Terms).

If the Company fails to make interest payments or redeem the Notes when due, the Trustee has certain rights under the Trust Deed and the Note Terms to take enforcement action against the Company. The rights of each Noteholder to enforce the obligations of the Company under the Notes are limited to the exercise of its rights to enforce and seek due administration by the Trustee of the Trust Deed.

(c) Interest rate risk

Interest on the Notes is fixed at 8% per annum (payable half-yearly in arrears). No adjustment will be made to the rate of interest paid to Noteholders as other market based interest rates rise or fall.

The market price of the Notes on ASX may fluctuate due to changes in interest rates generally, credit spreads on other corporate securities and investor sentiment towards the Company.

(d) **Inflation rate risk**

An increase in the inflation rate may erode the value in real terms of the capital invested in the Notes.

(e) **Financial market conditions**

The market price of the Notes will fluctuate due to various factors, including worldwide economic conditions, interest rates, credit spreads on other corporate securities, general movements in the Australian and international equity markets, movements in the market price of Shares, all of which may affect the Company's financial position and earnings and investor sentiment.

The market price of Notes may be more sensitive than that of the Shares to changes in interest rates and therefore, the Notes could trade on ASX at a price below the issue price.

The Shares issued as a result of conversion of any Notes will, following conversion, rank equally with the existing Shares. Accordingly, their value after issue will depend upon the market price of the Shares (the price of which, compared to the Conversion Price, may rise or fall).

(f) **Market price of Shares and Notes**

The market price of the Shares may be volatile. The volatility of the market price of the Shares may cause volatility in the price of the Notes and may affect the ability of Noteholders to sell their Notes either at all or at an acceptable price. Additionally, this may result in greater than would be expected volatility in the market price of the Notes for non-convertible debt securities.

(g) **Liquidity**

While the Company will seek quotation of the Notes on ASX in order to facilitate on market trading of the Notes, the market for Notes may be less liquid than the market for Shares and, as such, there can be no assurance that Noteholders will be able to buy or sell Notes on ASX.

(h) **Ranking**

If the Company is wound-up, Noteholders will rank behind secured creditors of the Company and equally with other unsecured creditors and unsubordinated creditors of the Company (other than those mandatorily preferred at law) and ahead of Shareholders.

If there is a shortfall of funds on winding-up, there is a risk that Noteholders will not receive a full (or any) repayment of their money invested in the Notes or payment of unpaid interest.

(i) **Conversion**

The Shares held by Noteholders following conversion of their Notes will rank equally with other existing Shares, the market price of the Shares may fluctuate over time as a result of a number of factors.

(j) **Change in the Australian tax system**

Prospective investors should be aware that any future changes in Australian tax law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of the acquisition, holding and disposal of Notes and the market price of the Notes.

(k) **Enforcement risk**

The Note Terms provide that rights under the Note Terms and the Trust Deed may generally only be enforced by the Trustee and not by the Noteholders directly. Noteholders must therefore notify the Trustee of their claims and rely on enforcement by the Trustee, except in certain circumstances where the Trustee has failed to take action after being directed by the Noteholders to do so.

The Trustee is not obliged to take any enforcement action unless it is indemnified and first placed in funds. The Trustee may waive any breach of the Trust Deed except for non-payment of the Face Value of Notes.

Noteholders may, by special resolution, amend the Note Terms in order to waive a breach of the Note Terms or for other purposes. A large Noteholder may influence the outcome of any such vote.

9.3 Company specific

(a) **Future Funding Requirements**

Even if the Offer is completed successfully, the Company is likely to require additional funding in the future in order to develop its aquaculture business and to meet the working capital costs in the medium to long term. Additional equity financing may be dilutive to Shareholders and debt financing, if available, may involve restrictive covenants, which may limit the Company's operations and business strategy. Further, there can be no assurance that any such equity or debt funding will be available for the Company on favourable terms or at all. If adequate funds are not available on acceptable terms, there is significant uncertainty as to whether the Company can continue as a going concern. Accordingly, the Company's failure to raise capital if and when needed could delay or suspend the implementation of the Company's business strategy and could have a material adverse effect on the Company's activities and ability to continue as a going concern.

(b) **Feed Supply**

The Company purchases pelletised and other feed for its live fish to consume. This is an essential input for the survival and growth of the fish and therefore the success of the business. The Company has a panel of potential suppliers which includes both Australian and overseas manufacturers of feed. However, if the Company was unable to source suitable feed then this would have a material adverse effect on the Company's activities.

9.4 Industry Specific

(a) Product prices

Yellowtail Kingfish prices have varied significantly in export markets over recent years mainly in response to supply-side factors. Potential decreases in the market price of Yellowtail Kingfish could cause occasions where the Company may not be able to sell its product at an economic profit.

(b) Operating risks

The current and future operations of the Company, including development, sales and production activities may be affected by a range of factors, including:

- (i) risk of disease and infection in particular in open water environments;
- (ii) risk of food safety and quality issues arising from processing, packaging, freight or handling processes;
- (iii) reliance on service providers and prospective customers to follow the complex operating systems and properly handle the fish;
- (iv) risks associated with transporting fingerlings and products long distances within Australia and overseas;
- (v) ensuring product consistency;
- (vi) difficulties in commissioning and operating plant and equipment;
- (vii) mechanical failure of operating plant and equipment;
- (viii) industrial and environmental accidents, industrial disputes and other force majeure events;
- (ix) unexpected shortages or increases in the costs of labour, fingerlings consumables, spare parts, plant and equipment; and
- (x) inability to obtain or maintain any necessary consents or approvals.

(c) Live fish insurance

The Company seeks to ensure its operations are in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered, or is only partially covered, by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Currently insurance cover is not available at commercially acceptable rates for the broodstock fish and at-sea Yellowtail Kingfish inventory. The Directors have chosen to proactively manage the risks as a preferred alternative.

(d) **Legislative changes and Government policy risk**

Changes in government legislation, regulations and policies may adversely affect the financial performance of the Company. The Company's capacity to develop its projects, or limit its potential marketing and customers, may be beyond the control of the Company.

(e) **Marketing**

The Company is required to meet technical specifications on the quality of its products and variations from specification may result in financial penalties being imposed by customers. Customer demands may change over time and no assurance can be given that product will always meet specifications or that future customer demand will grow or be able to be met.

(f) **Environmental risks and licensing**

The high intensity farming products and activities of the Company and the water licences required to be held by the Company are subject to State, Federal and International laws and regulations concerning the environment.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards.

Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of or non-compliance with environmental laws or regulations or the conditions of its water licences. Failure to meet the conditions of its water licences could lead to forfeiture of these licences.

There is a risk that environmental laws and regulations will become more onerous and make the Company's operations more expensive.

There are also significant environmental risks affecting aquaculture that could impact fish growth and mortality levels, for example, unusually lower water temperatures during summer could slow fish growth.

(g) **Water**

The Company's activities require it to have sufficient access to water sources. The Company currently has secure access to adequate sources of water for its hatchery at Arno Bay. No assurance can be given that sufficient water will be available for future projects, or that such access will be uninterrupted in all circumstances.

(h) **Electricity**

The Company's activities require it to have access to an uninterrupted electrical supply with sufficient capacity. The supply of electricity to the Company's Arno Bay hatchery has adequate transformer capacity and three backup generators that provide electricity in the event of an outage. The remote location of this site increases the need for this. The processing plant at Royal Park in Adelaide, which is also the location of liquid nitrogen deep-freeze processing and a minus 40 degree Celsius storage freezer, also requires a reliable supply of electricity including the

ability to deploy generator backup supply and this capability is currently being arranged. The failure of electricity supply during the hatchery's seasons could result in a significant loss of fingerlings and even the Company's on-shore broodstock. The failure of electricity supply at the processing plant could result in an inability to process and a loss of inventory.

(i) **Research and Development**

The Company's business activities and operations include research and development for Yellowtail Kingfish. There is a risk that the anticipated progress and business improvement arising from these activities may not eventuate, which would impact the financial performance and activities of the Company.

(j) **Fish health and mortalities**

As with any aquaculture activity, there is a risk that fish stocks required for the Company's products can be impacted by disease and environmental issues. In some instances, but not in all, these may be controllable. Where they are not controllable, significant mortalities may occur or there may be a significant negative effect on growth and feed conversion rates.

(k) **Predators**

In aquaculture the risk of predators attacking growout fish in sea cages is high and attacks by seals, sharks and cormorants are common. Whilst the fish losses from these types of attacks are generally low, damage by predators to the sea cages and nets could result in significant fish escapes.

9.5 General Risks

(a) **Competition**

The Company's current and future potential competitors include companies with substantially greater resources to develop similar and competing products. There is no assurance that competitors will not succeed in developing products that have higher customer appeal.

There can be no guarantee that the increased commercialisation of the Company's products will occur, revenue growth will be stimulated or that the Company will operate profitably in the short term or at all.

(b) **Foreign exchange rate risk**

The Company's revenue is denominated in a range of currencies including AUD, EUR and USD. While the Company's operating expenses will be incurred principally in AUD some feed purchases are now denominated in EUR. The Company's products are sold throughout the world. Therefore the price of the Company's product is impacted by movements in the USD, EUR and other currencies and the exchange rate between AUD and these currencies. Movements in the exchange rate and/or these currencies may adversely or beneficially affect the Company's results or operations and cash flows.

Additionally, a strong Australian dollar could place pressure on exports and the Company's product may become too expensive for export markets. In turn, this could place pressure on the domestic market if it is forced to take the volume of product normally exported.

(c) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(d) **Industrial relations risk**

There is a risk that the industrial relations management at the Company operations will be unsatisfactory leading to strikes or the re-opening of award negotiations that result in higher labour costs, higher employee numbers and higher redundancy costs.

(e) **General economic conditions**

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and Share price can be affected by these factors, all of which are beyond the control of the Company and its Directors.

(f) **Equity market conditions**

Shares listed on the stock market can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally, investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(g) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility

with respect to the taxation consequences of subscribing for Shares under this Prospectus.

9.6 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Convertible Notes offered under this Prospectus

Therefore, the Convertible Notes to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Convertible Notes, or the Shares to be issued on conversion of any Convertible Notes.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Convertible Notes pursuant to this Prospectus.

10. MATERIAL CONTRACTS

10.1 Trust Deed

The Trust Deed governs the terms and conditions on which the Notes are to be issued and is subject to the Corporations Act and ASX Listing Rules. Schedule 1 to the Trust Deed contains the terms of issue of the Notes (**Note Terms**). The Note Terms are set out in Section 8.1 of this Prospectus.

The following is a summary of the material provisions of the Trust Deed. To obtain a complete understanding of the Trust Deed, it is necessary to read it in full. A complete copy of the Trust Deed will be available for inspection without charge during normal office hours at the registered office of the Company at 7 Frederick Road, Royal Park, South Australia 5014 on and from the date of this Prospectus until the close of the Offer.

The Trust Deed will also be released to ASX and will be available from its website (www.asx.com.au).

(a) Noteholders regarded as beneficial and legal owners

A Noteholder is regarded as the beneficial owner and legal owner of the Convertible Notes he or she holds.

(b) Payment on Convertible Notes

The Company must make payment of the outstanding monies (which includes interest) in respect of Convertible Notes to Noteholders directly as and when due in accordance with the terms of the Convertible Notes unless the Company, with the consent of the Trustee, or at the direction of the Trustee, pays to the Trustee the outstanding monies as and when due in accordance with the terms of the Convertible Notes.

If the Trustee receives outstanding moneys as Trustee for Noteholders it must distribute those outstanding monies to Noteholders by cheque mailed to the address of each Noteholder or electronically to the account as advised by the individual Noteholders to the Trustee.

(c) Appointment and role of Trustee

The Trust Deed provides that the Trustee holds the Trust Fund on trust for the benefit of Noteholders, which includes:

- (i) the right to enforce the Company's duty to repay the Convertible Notes; and
- (ii) the right to enforce any other duties that the Company has under the terms of the Convertible Notes, the Trust Deed or Chapter 2L of the Corporations Act.

The Trustee may at any time or times, pursuant to any directions given by any meeting of Noteholders, represent the Noteholders and take any action or proceeding against the Company in the event of a breach by the Company of the Trust Deed or the terms of the Convertible Notes.

Except as required under Part 2L of the Corporations Act, the Trustee has no obligation to enquire as to the status or business of the Company or

otherwise to take any action under or in respect of the Convertible Notes.

The Company must provide a copy of the Trust Deed to a Noteholder upon request.

(d) **Convertible Notes are unsecured**

The Convertible Notes are direct, unsecured and unsubordinated (other than to the extent provided for in the Trust Deed).

(e) **Covenants by the Company**

The Company covenants with the Trustee that it will comply with various covenants, including:

- (i) that the Company must carry on and conduct the business of the Company in a proper and efficient manner and will procure that each of its subsidiaries (if applicable) will carry on and conduct their businesses in a proper and efficient manner;
- (ii) that the Company must convene a meeting of Noteholders if requested by Noteholders in writing to do so by persons holding Convertible Notes representing not less than 10% in value of the principal outstanding amount and otherwise in accordance with section 283EA of the Corporations Act;
- (iii) the Company will not create or allow to exist a charge on the whole or any part of its present or future property, other than a Permitted Finance Arrangement, without the prior written consent of the Trustee (which consent must not be unreasonably withheld);
- (iv) the Company will not set a record date for a rights issue that is less than 10 days after the date the Company announces its intention to conduct a rights issue; and
- (v) the Company will not settle any sale of its main undertaking until the period by which the Company must convert Convertible Notes in relation to such a sale, as set out in Term 3.2(c) of Schedule 1 to the Trust Deed, has expired.

Subject to the trustee's duties under the Corporations Act, the Trustee has no obligation to monitor compliance by the Company with its covenants and obligations under the Trust Deed.

(f) **Trustee powers and duties**

- (i) In addition to the powers arising under the Corporations Act, the Trustee may:
 - (A) as between itself and the Noteholders, determine all questions and matters of doubt arising in relation to any of the provisions of the Trust Deed and every such determination whether made upon a question actually raised or implied in the acts or proceedings of the Trustee will be conclusive unless a court of competent jurisdiction otherwise orders;

- (B) delegate to any person any of the trusts, powers or discretions vested in the Trustee on such terms and conditions as the Trustee determines provided that if the Delegate is a Related Body Corporate of the Trustee, the Trustee remains liable for the actions of its delegate; and
 - (C) apply to the court for directions in relation to any question and assent to, approve of or oppose any application to the court made by or at the instance of any Noteholder.
- (ii) The Trustee has the following duties under the Corporations Act and the Trust Deed:
 - (A) duties to exercise reasonable diligence to ascertain whether the Company has committed a breach of the terms of the Convertible Notes, the Trust Deed or Chapter 2L of the Corporations Act;
 - (B) duties to ensure that the Company remedies any breach of the terms of the Convertible Notes, the Trust Deed or Chapter 2L of the Corporations Act actually known to the Trustee unless the Trustee is satisfied that the breach will not materially prejudice the Noteholders' interests or any security for the Convertible Notes;
 - (C) duties to ensure the Company complies with Chapter 2L of the Corporations Act;
 - (D) notification to ASIC as soon as practicable after it becomes aware that the Company has not complied with sections 283BE, 283BF and 318 of the Corporations Act;
 - (E) notification to ASIC and the Company if the Trustee is unable to act as Trustee under section 283AC of the Corporations Act;
 - (F) duties to give Noteholders a statement explaining the effect of any proposal that the Company submits to the Noteholders before any meeting called by the court or the Trustee; and
 - (G) duties to comply with directions of a meeting of Noteholders called under sections 283EA, 283EB or 283EC of the Corporations Act unless:
 - (I) the Trustee is of the opinion that the direction is inconsistent with the terms of the Convertible Notes, the provisions of this Deed or the Corporations Act or is otherwise objectionable; and
 - (II) has either obtained, or is in the process of obtaining, an order from the court under

section 283HA of the Corporations Act setting aside or varying the direction.

(g) **Trustee's liability**

To the maximum extent permitted by section 283DB of the Corporations Act, the Trustee's liability is limited to and can be enforced against the Trustee only to the extent to which it can be satisfied out of:

- (i) its right to enforce the Company's duty to repay the Convertible Notes;
- (ii) the right to enforce any other duties that the Company has under the terms of the Convertible Notes, the Trust Deed and Chapter 2L of the Corporations Act;
- (iii) the amount of A\$10 referred to in the Trust Deed; and
- (iv) any other property held by the Trustee on the trust established under the Trust Deed (including, without limitation, the benefit of any covenants, undertakings, representations, warranties, rights, powers, benefits or remedies in favour of the Trustee under the transaction documents),

together the **Trust Fund**, out of which the Trustee is actually indemnified for the liability.

(h) **Trustee's indemnity**

- (i) The Trustee is entitled to be indemnified by the Company in respect of all costs, liabilities, demands or claims suffered or properly incurred by the Trustee in the execution of the Trust or the exercise or purported exercise of any of the powers, authorities or discretions vested in the Trustee under the Trust Deed and any or otherwise in connection with the Trust but this indemnity does not extend to:
 - (A) any such costs, liabilities, demands or claims to the extent arising out of a Trustee Default (as defined in the Trust Deed); or
 - (B) any taxes imposed on the Trustee's remuneration for its services as Trustee.
- (ii) The Trustee may retain and pay out of any monies in its hand (or any other property of the Trust Fund) in priority to any claim by a Noteholder, all sums necessary to effect and satisfy an amount due and payable to the Trustee under the Trust Deed or any other amount due and payable to the Trustee by the Company under the Trust Deed or any other transaction document.

(i) **Trustee's remuneration, costs and expenses**

The Company will pay to the Trustee by way of remuneration for its services as trustee the following fees:

- (i) a cash payment of \$20,000 (excluding GST) as an initial trustee engagement fee (**Initial Trustee Engagement Fee**), to be paid in the following allotments:
 - (A) \$10,000 (excluding GST) of the Initial Trustee Engagement Fee is to be paid up front upon execution of the Initial Trustee's Engagement Letter; and
 - (B) \$10,000 (excluding GST) of the Initial Trustee Engagement Fee is to be paid upon the execution of this Trust Deed by all parties; and
 - (C) an ongoing trustee fee of \$60,000 (excluding GST) per annum, payable quarterly in arrears plus scaled fees to the value of the total number of Convertible Notes on issue subject to agreed threshold amounts (**Ongoing Trustee Fee**).

The Ongoing Trustee Fee is payable quarterly in arrears and is calculated in reference to the aggregate calendar month-end Convertible Notes on issue, with the first quarter commencing from the issue of the first Convertible Notes.

- (ii) In addition, the Company must pay to the Trustee on demand all reasonable costs, charges and expenses properly incurred, payable, or paid by or on behalf of the Trustee in relation to the Trustee performing its duties under the Trust Deed.

(j) **Reporting to Trustee**

The Company must give to the Trustee and lodge with ASIC quarterly reports reporting on the affairs of the Company and on any matters that may materially prejudice the interests of the holders of the Convertible Notes.

The Company must notify the Trustee of an Event of Default under the Trust Deed.

(k) **Events of default**

If an Event of Default occurs the Trustee may, amongst other things, issue Redemption Notices requiring the Company to redeem the Convertible Notes provided that the Trustee has first given the Company notice of the Event of Default and the Company has not remedied the Event of Default within 10 days of receipt of the Trustee's notice.

(l) **Each of the following events is an Event of Default:**

- (i) **(Non-issue of Shares):** if the Company fails to issue Shares on Conversion in accordance with the Note Terms set out in Section 8.1.4 of this Prospectus within 10 Business Days after the date on which such issue is to be made;
- (ii) **(Unremedied default in payment):** if the Company fails to make payment of any outstanding monies, as defined in the Trust Deed, in respect of the Convertible Notes in accordance with the Note Terms and the default has not been remedied to the satisfaction of the Trustee within a further five (5) Business Days

(provided the Trustee has given the Company at least two (2) Business Days written notice of the default);

- (iii) **(Unremedied material breach)** if the Company commits a breach of a covenant, condition or obligation imposed on it by this Deed or the Note Terms (other than a failure to pay any Outstanding Moneys) and, if that breach is capable of remedy, that breach has not been remedied to the satisfaction of the Trustee within 10 Business Days of the Company receiving notice of the breach from the Trustee requiring that breach to be remedied;
- (iv) **(Insolvency)** if an insolvency event occurs in respect of the Company, where an insolvency event means:
 - (A) an administrator being appointed to the Company:
 - (I) the Company resolving to appoint a controller or analogous person to the person or any of the person's property; or
 - (II) an application being made to a court for an order to appoint a controller, provisional liquidator, trustee for creditors or in bankruptcy or analogous person to the Company or any of the person's property and not being withdrawn, stayed or dismissed within 30 days,
 - (B) the holder of a security interest or any agent on its behalf, appointing a Controller or taking possession of any of the person's property (including seizing the person's property within the meaning of section 123 of the PPSA);
 - (C) the Company being taken under Section 459F(1) of the Corporations Act to have failed to comply with a statutory demand;
 - (D) an application being made to a court for an order for its winding up;
 - (E) an order being made, or the Company passing a resolution, for its winding up;
 - (F) the Company:
 - (I) suspending payment of its debts, ceasing (or threatening to cease) to carry on all or a material part of its business, stating that it is unable to pay its debts or being or becoming otherwise insolvent; or
 - (II) being unable to pay its debts or otherwise insolvent,
 - (G) the Company taking any step toward entering into a compromise or arrangement with, or assignment for the benefit of, any of its members or creditors;

- (H) a court or other authority enforcing any judgment or order against the person for the payment of money or the recovery of any property; or
- (I) any analogous event under the laws of any applicable jurisdiction,

unless this takes place as part of a solvent reconstruction, amalgamation, merger or consolidation.

- (v) **(Delisting)**: if in respect of the Company the following occurs:
 - (A) the Shares cease to be quoted on ASX;
 - (B) the Notes cease to be quoted on ASX; or
 - (C) trading of the Shares or Notes on the ASX is suspended for a period of more than 20 consecutive Business Days,
- (vi) **(Cessation of business)**: if the Company ceases or suspends (or threatens to cease or suspend) the conduct of all of its business or a substantial part of its business;
- (vii) **(Unlawfulness)**: at any time, it is unlawful for the Company to perform any of its payment obligations under the Notes;
- (viii) **(Government Agency)**: all or substantially all of the assets of the Company are resumed or compulsory acquired by any Government Agency;
- (ix) **(Vitiating)**: all or any rights or obligations of the Company, Noteholders or the Trustee under the Trust Deed or the Note Terms are terminated or are or become void, illegal, Invalid, unenforceable or of limited force and effect;
- (x) **(Liquidation)**: if the Company enters liquidation provided that the liquidator does not retire or is not removed within 5 Business Days after the date of appointment;
- (xi) **(Material change in Constitution)**: the Company makes a material change to its Constitution without the consent of the Trustee (which consent must not be unreasonably withheld); and
- (xii) **(Event of default)**: if an event of default occurs under another transaction document.

(m) **Upon the Company entering liquidation:**

- (i) each Convertible Note will be due to be redeemed for an amount equal to the Face Value of the Convertible Note plus interest which has accrued but which has not become due, plus unpaid interest up to the date that the Convertible Note is redeemed **(Redemption Amount)** and calculated as at the date of the Company entering liquidation;
- (ii) no Noteholder nor the Trustee will be entitled to receive payment from the liquidator or the Company (including by way

of set off or counterclaim) of any outstanding monies until any permitted finance arrangement has been discharged in full. A permitted finance arrangement refers to any bank facilities obtained from time to time by the Company that entitle a bank to a lien over cash deposited by the Company with the bank up to a maximum aggregate of \$40,000,000 at any one time (**Permitted Finance Arrangement**);

- (iii) any proof of debt or other claim (including by way of set off) made by a Noteholder or the Trustee in respect of a Convertible Note obligation will be made subject to the Noteholder or the Trustee acknowledging the priority for payment of a Permitted Finance Arrangement and will be limited to the Redemption Amount;
- (iv) upon a liquidation event, any amounts received by the Trustee from the Company will be received by it on trust to be applied:
 - (A) firstly, in or towards payment or satisfaction of the costs, charges, expenses and liabilities incurred by it in the execution of the trusts of this Deed (including any unpaid remuneration);
 - (B) secondly, in or towards payment of the claims of a holder of any Permitted Finance Arrangement to the extent that those claims have been admitted to proof in the Liquidation (and have not been satisfied out of the other resources of the Company) but excluding interest accruing on those claims after the commencement of the liquidation;
 - (C) thirdly, in or towards payment pari passu and rateably the Redemption Amount of all Convertible Notes remaining unpaid and any other obligations of the Company which rank pari passu with the Note Obligations; and
 - (D) fourthly, the balance, if any in payment to the liquidator.
- (v) The trust mentioned above at Section 8.1(k)(iv)(D) may be performed by the Trustee or any Noteholder paying over to the liquidator for the time being the relevant amounts received by the Trustee or the Noteholder on terms that the liquidator is to distribute those amounts in accordance with the ranking of priority or payment set out in the Trust Deed. The receipt of the liquidator will be a good discharge to the Trustee or any Noteholder for the performance of that trust.

(n) **Retirement, Removal and Appointment of New Trustee**

The Trustee may retire at any time after giving the Company 60 days' notice in writing. The retirement will not take effect until a new trustee who complies with the requirements in the Corporations Act has been appointed and has taken office as the new trustee.

The Company may, subject to the provisions of the Trust Deed, the Corporations Act, and by at least thirty (30) days' written notice to the Trustee, remove the Trustee from office if:

- (i) the Trustee ceases to comply with the requirements under the Corporations Act;
- (ii) the Trustee has:
 - (A) not paid any monies required to be paid by the Trustee in relation to the Trust Deed within 10 Business Days of receipt of all relevant information (including bank account details, if applicable) necessary for the Trustee to effect payments; or
 - (B) not observed or performed any of its material obligations under the Trust Deed or has otherwise acted fraudulently or with gross negligence or is in wilful default (and, if such is capable of rectification, it is not rectified within 10 Business Days of notice to the Trustee of its occurrence);
- (iii) the Trustee ceases to be a trustee company;
- (iv) a special resolution of Noteholders determines that the Trustee should be removed;
- (v) the Trustee ceases to carry on business or goes into liquidation or an administrator or receiver is appointed or the Trustee enters into a scheme of arrangement (other than for the purposes of or in connection with a solvent reconstruction or amalgamation) or goes into liquidation, provisional liquidation or administration or has a receiver or receiver and manager appointed over any part of the assets or undertakings of the Trustee (not being assets or undertakings of the Trustee held in its capacity as trustee of another trust) which is not removed or withdrawn within thirty (30) days after the date of the appointment; or
- (vi) the Trustee defaults in performance or observing any of its obligations under the Trust Deed and:
 - (A) that default is incapable of remedy and has had or is likely to have a material adverse effect on the ability of the Company to perform or observe its obligations to Noteholders; or
 - (B) if that default is a material default and is capable of remedy, that default has not been remedied within 10 Business Days of receiving written notice of the default from the Company requiring that default to be remedied.

(o) **Amendment without Noteholder consent**

- (i) The Company and the Trustee are entitled without any authority or assent on the part of the Noteholders to amend or add to this

Deed if in the opinion of the Trustee such amendment or addition:

- (A) is of a formal, minor or technical nature, or is made to correct a manifest error;
- (B) is expedient or requisite to enable the Convertible Notes to be listed or remain listed for quotation on the ASX or to be offered for subscription or sale under the laws for the time being in force in any place;
- (C) is, in the opinion of the Trustee, not likely to be materially prejudicial to the interests of the Noteholders and two Directors of the Company on behalf of the board of Directors of the Company have so certified to the Trustee;
- (D) is necessary and expedient to enable the Company to claim any deduction or rebate for income tax purposes in respect of interest payable on any Convertible Notes provided that the amendment is not materially prejudicial to the interests of Noteholders as a whole;
- (E) is necessary to comply with the provisions of any statute or the requirements of any statutory authority or the ASX Listing Rules; or
- (F) is otherwise not materially prejudicial to the interests of Noteholders generally or not, and is not likely to become, taken as a whole and in conjunction with all other amendments to be made contemporaneously with that amendment, materially prejudicial to Noteholders generally.

(p) **Meetings**

- (i) Each registered Noteholder is entitled to at least 14 days' notice of, and to attend and vote at, meetings of Noteholders in which an ordinary resolution is proposed, and at least 21 days' notice of, and to attend and vote at, meetings of Noteholders in which a special resolution is proposed.
- (ii) Noteholders with at least 10% of the principal amount outstanding of the Convertible Notes may give a written direction to the Company to convene a meeting of Noteholders, and the Company must convene a meeting.
- (iii) There will be a quorum for a meeting of Noteholders if two or more Noteholders are present (in person or by proxy or attorney) and the Noteholders who are present hold at least 10% of the principal amount outstanding of the Convertible Notes.
- (iv) Each Noteholder (or proxy or attorney of a Noteholder) present at the meeting is entitled to one vote on a show of hands, and on a poll is entitled to one vote for each Convertible Note held.

- (v) The meeting of Noteholders has the following powers exercisable by Special Resolution only:
- (vi) power to sanction any modification or compromise or arrangement in respect of the rights of Noteholders against the Company;
- (vii) power to assent to any modification of the Trust Deed, any supplemental deed, or the conditions of issue of the Convertible Notes;
- (viii) power to give any sanction, direction or request which is required to be given with the consent of the Noteholders;
- (ix) power to release the Trustee from anything done or omitted to be done; and
- (x) power to remove the Trustee.

The Trust Deed is comprised of terms and conditions that are otherwise considered standard for a document of this nature.

10.2 Lead Manager Mandate

Patersons have entered into a mandate with the Company whereby Patersons was appointed to act as Lead Manager to the Offer (**Mandate**).

Pursuant to the Mandate, the Company has agreed to pay Patersons the following:

- (a) a cash payment equating to 2% of the gross dollar amount raised under the Offer, payable on completion of the Offer and the issue and allotment of the Notes under the Offer; and
- (b) a cash payment equating to 3% of the gross dollar amount raised in placing any shortfall under the Offer, payable on completion of the Shortfall Offer.

The Company has agreed not to offer, sell or market, contract to sell, otherwise dispose of or announce the sale, directly or indirectly, of any Shares or other securities which are convertible into or exchangeable or contain the right to acquire Shares, without the prior written consent of Patersons for a period of three months commencing on the closing date of the Offer.

11. TAXATION IMPLICATIONS

The following is a summary of the Australian tax consequences for certain Noteholders who subscribe for the Notes under the Entitlement Offer and who hold Notes and Shares acquired on conversion of Notes on capital account for Australian tax purposes.

This summary is not intended to be exhaustive and it does not reflect the Australian tax consequences unique to each Noteholder's particular circumstances. Further, the summary does not address the taxation consequences of holding Notes under the laws of any jurisdiction other than Australia. You should seek advice from your own taxation adviser, financial adviser or other professional adviser before deciding to invest in the Notes. In particular, this summary does not consider the tax consequences for Noteholders who:

- acquire the Notes otherwise than under the Entitlement Offer;
- hold the Notes and Shares acquired on conversion of Notes in their business of share trading or dealing in securities, or who otherwise hold their Notes or Shares acquired on conversion of Notes on revenue account or as trading stock;
- are subject to the "taxation of financial arrangements" provisions in Division 230 of the Income Tax Assessment Act 1997 Act (**1997 Act**);
- are a non-resident that has a permanent establishment in Australia for tax purposes; or
- are an "associate" (as defined for Australian income tax purposes) of the Company.

This summary is not intended to be, nor should it be construed as being, investment, legal or tax advice to any particular Noteholder. This summary is based on Australian tax laws and regulations, interpretations of such laws and regulations, and administrative practices as at the date of this Prospectus.

The Company, its agents, officers and advisors do not accept any liability or responsibility for any of the tax consequences related to this Prospectus or the acquisition, holding, disposal, redemption or conversion of a Note or any Share in the Company. Accordingly, each prospective Noteholder should seek their own tax advice, which is specific to their particular circumstances, as to the Australian and any applicable foreign tax consequences of investing in, holding and disposing of the Notes.

11.1 Entitlement Offer

Although not free from doubt, on the basis that Entitlements cannot be traded, assigned, or otherwise dealt with by the Shareholders (and are therefore distinguishable from the rights considered in *Commissioner of Taxation v McNeil* [2007] HCA 5), and will lapse for no value if not exercised, the better view is that the value of the non-renounceable right received by a Shareholder pursuant to the Entitlement Offer should not be required to be included in the assessable income of the Shareholder as ordinary income. The receipt of the Entitlements by a Shareholder should not give rise to a capital gain or loss for capital gains tax (**CGT**) purposes.

11.2 Tax treatment of Notes

The Notes should be classified as a debt interest for the purposes of the Income Tax Assessment Act 1936 (**1936 Act**) and the 1997 Act and also as "traditional securities" for the purposes of sections 26BB and 70B of the 1936 Act.

11.3 Notes

(a) Interest Payable on Notes

Australian resident Noteholders

As the Notes should be classified as debt interests for the purposes of the 1936 Act and the 1997 Act, distributions on the Notes should not be frankable. Australian resident Noteholders should include the interest on the Notes in their assessable income in the year of income in which the interest is derived from them.

Non-resident Noteholders

Interest payable to non-residents is generally subject to Australian interest withholding tax.

However, interest paid to a non-resident in respect of the Notes should be exempt from Australian interest withholding tax under section 128F of the 1936 ACT provided that the Notes are accepted for listing on the ASX and the Company previously entered into an agreement with an underwriter which requires the Company to seek such listing, except where the issue is to a Noteholder that is an associate of the Company.

Company intends to seek listing for the Notes on ASX. Accordingly, provided that the Notes are accepted for listing on ASX (as is expected), there should be no Australian interest withholding tax payable on interest received by non-resident Noteholders on the Notes, except where the Noteholder is an associate of the Company.

(b) Disposal of Notes prior to Conversion or Redemption

Australian resident Noteholders

Where a Noteholder disposes of a Note prior to the conversion or redemption of that Note, any gain over the Issue Price should be included in the Noteholder's assessable income under Section 26BB of the 1936 Act. Noteholders will not be eligible for the CGT discount on any gains made in these circumstances.

Where a Noteholder disposes of a Note prior to the conversion or redemption of that Note for less than its Issue Price, the loss should ordinarily be deductible under Section 70B of the 1936 Act. However, in certain circumstances set out in section 70B of the 1936 Act, a loss realised will not be deductible and will be treated as a capital loss for Australian taxation purposes. Whether the loss arising on conversion or redemption is tax deductible, or is a capital loss will depend on the circumstances of the Noteholder and Noteholders that realise a loss on the disposal of their Notes should seek their own independent tax advice in this regard.

The disposal of the Notes will also constitute a taxable CGT event under the capital gains tax provisions. To avoid double taxation, the amount of any capital gain on the disposal of a Note will be reduced to the extent the gain is included in a Noteholder's assessable income under section 26BB of the 1936 ACT, and any capital loss will be reduced by the amount of the loss deductible under section 70B of the 1936 Act.

Non-resident Noteholders

Non-resident Noteholders should not be subject to Australian tax on the disposal of the Notes provided the source of the income on the disposal of a Note is not in Australia.

Whether a gain on the disposal of Notes is from Australian sources depends on the relative importance of various factors, including, but not limited to, the place of contract to acquire and dispose of the Notes. In this regard, non-resident Noteholders should be aware that the Australian Taxation Office (**ATO**) has previously taken the view in a published (non-binding) interpretative decision that any gain from the sale of listed securities on the ASX through an Australian stockbroker has an Australian source on the basis that the sale contract is formed in Australia.

Notwithstanding the above, non-resident Noteholders who are resident in a country which has concluded a double tax treaty with Australia may, subject to the terms of the relevant tax treaty, be exempt from any Australian income tax on Australian sourced gains attributable to the disposal of their Notes.

In addition, non-resident Noteholders may be subject to tax on the disposal of the Notes in their respective tax jurisdictions.

Accordingly, non-resident Noteholders should obtain their own independent advice as to the Australian and foreign taxation consequences of disposing of their Notes.

(c) Conversion to Shares

Australian resident Noteholders

Where an Australian resident Noteholder elects to convert their Notes into Shares, any assessable gain made or deductible loss incurred by the Noteholder should be disregarded under section 26BB or 70B (as applicable).

Similarly, no capital gain or loss for CGT purposes should arise at the time of conversion.

Non-resident Noteholders

As with Australian resident Noteholders, non-resident Noteholders should not be subject to Australian tax on the conversion of the Notes to Shares.

However, non-resident Noteholders may be subject to tax on the conversion of the Notes to Shares in their respective tax jurisdictions.

Accordingly, non-resident Noteholders should obtain their own independent advice as to the taxation consequences of converting the Notes in their country of residence.

(d) **Cost Base and Disposal of the Shares Resulting from the Conversion of Notes**

Australian resident Noteholders

Where a Noteholder elects to convert their Notes into Shares, the first element of the cost base and reduced cost base in the Shares for CGT purposes should be determined by apportioning the cost base or reduced cost base (as applicable) of the Notes over the Shares on a reasonable basis.

For CGT purposes, Noteholders should be deemed to have acquired the Shares at the time of conversion of the Notes.

The subsequent disposal of Shares should give rise to a capital gain or capital loss. Broadly, a capital gain should arise if the capital proceeds from the disposal of the Shares by the Noteholder exceed the cost base of the Shares while a capital loss should arise if the capital proceeds from the disposal of the Shares are less than the reduced cost base of the Shares.

An individual, complying superannuation entity or trustee Noteholder may be entitled to a discount on the amount of the assessable capital gain (after application of any available capital losses) arising from the disposal of Shares if the Shares have been held for at least 12 months from the date of their acquisition for CGT purposes (the **CGT discount**). The CGT discount percentage is 50% for individuals and trusts and 33.33% for complying superannuation entities. A resident corporate tax entity is not able to obtain the CGT discount.

Non-resident Noteholders

Non-resident Noteholders should generally only be subject to Australian CGT on the disposal of Shares where they, together with "associates" hold 10% or more of the issued capital of the Company and the Shares are an "indirect Australian real property interest". The determination of whether a Share is an indirect Australian real property interest is made at the time of the relevant CGT event.

Where a non-resident is subject to Australian CGT upon disposal of a Share the consequences are broadly the same as outlined above for residents, subject to the operation of any relevant double tax agreement, with the exception that the CGT discount is not generally available to non-residents.

If a non-resident Noteholder, together with "associates", holds 10% or more of the issued capital of the Company, they should obtain their own independent advice as to the Australian taxation consequences of disposing of their Shares.

Non-resident Noteholders may also be subject to tax on the disposal of Shares in their respective tax jurisdictions and they should obtain their own independent advice as to the taxation consequences in their country of residence.

(e) **Redemption of Notes by the Company (at Maturity or Early)**

Australian resident Noteholders

Where the Company redeems the Notes, as the redemption proceeds will be equal to the Issue Price of the Notes. The Noteholder should not realise any assessable gain or deductible loss on the redemption.

Non-resident Noteholders

Where the Company redeems the Notes, as the redemption proceeds will be equal to the Issue Price of the Notes, the Noteholder should not realise any Australian assessable gain or deductible loss on the redemption.

Non-resident Noteholders may be subject to tax on the redemption of the Notes in their respective tax jurisdictions.

Accordingly, non-resident Noteholders should obtain their own independent advice as to the taxation consequences of the redemption of their notes.

(f) **Tax file number/Australian Business Number withholding**

The Company will be required to withhold an amount of Australian tax at the highest marginal tax rate plus Medicare levy (currently 47%) on payments of interest under the Notes and remit the relevant amount withheld to the ATO unless:

- (i) the Noteholder has provided the Company with either:
 - (A) their Australian tax file number (**TFN**);
 - (B) for investors who acquire and hold their Notes in the course of carrying on an enterprise, their Australian Business Number (**ABN**); or
 - (C) the relevant investor is otherwise exempt from providing this information (e.g. where an investor is a non-resident and the interest would otherwise be subject to interest withholding tax but for the exemption in section 128F of the 1936 Act described above).

If interest under the Notes is subject to TFN/ABN withholding, Australian resident Noteholders should be able to claim the amount withheld as a credit against their Australian income tax liability in their tax return.

11.4 GST

There should be no Australian GST payable in respect of the issue or receipt of the Notes on the basis that the supply of the Notes should either be an input taxed financial supply (in the case of Australian resident Noteholders) or a GST-free supply (in the case of nonresident Noteholders). Furthermore, the payment of interest, the redemption of the Notes and the disposal of the Notes, should not give rise to any Australian GST liability.

Noteholders should seek their own independent advice as to whether any GST on costs they incur in relation to acquiring the Notes would be recoverable.

11.5 Stamp duty

Under current law, no stamp duty should be payable by Noteholders on the issue, receipt, transfer or redemption of the Notes so long as the Company is listed and its shares and the Notes are quoted on the ASX and no Noteholder (alone or together with associates) acquires or holds a 90% or more interest in the Company.

12. ADDITIONAL INFORMATION

12.1 Litigation

The Company's legal action against Gibson's Ltd is currently in the Supreme Court of South Australia and pertains to loss suffered by the Company due to what the Company maintains were defective feeds supplied to the Company and the Company's Yellowtail Kingfish between December 2008 and July 2012. Gibson's Ltd, trading as Skretting Australia, is defending the proceedings and has denied all liability to the Company and its related bodies corporate. In the Company's 21 August 2019 announcement to the ASX, the Company made reference to an application by the Company in the proceedings to amend the Company's claim and the potential for the trial to be deferred.

On 27 August 2019 the Company issued an update reporting that the Court had granted the Company leave to file an amended claim in light of documents recently disclosed in the litigation by Gibson's Ltd. By that amended claim the Company now alleges that Gibson's Ltd substituted a proportion of the Prime Fish Meal required to be included in the feed, and by reference to which the feed prices were calculated, with a cheaper tuna by-product meal which the Company alleges further prejudiced the taurine content of the feeds. Gibson's Ltd have not yet answered these new allegations and have until 13 September 2019 to file a defence to the amended claim. In light of the amendments, the commencement of the trial has been deferred from 30 September 2019 to 24 February 2020.

In June 2019, SBP South Australia Pty Ltd ("SBP") commenced proceedings against the Company in the District Court of South Australia claiming the sum of \$157,912.91 (inclusive of GST, plus interest) as monies alleged to be due and owing under a contract pursuant to which the Company engaged SBP to upgrade the Company's processing facility at Royal Park, including the installation of a -40 degrees Celsius freezer room. The Company is defending the claim on the basis that it is entitled to a set-off and a counter claim for reason that, in carrying out the works SBP breached the contract and/or was negligent in that SBP's design incorporated the relocation of a fire hose reel to a zero degree Celsius ante-room immediately adjacent to the freezer room.

On 20 May 2018, the isolation valve on the water supply to the fire hose reel froze and failed. This failure resulted in water escaping from the isolation valve on the water supply to the ante-room and freezer room, which were flooded causing extensive damage, loss to stock and consequential loss. The Company has lodged a claim for their losses with its insurer. The claim has not yet been accepted by the insurer. If the claim is accepted by the insurer, the coverage under the policy will not indemnify the Company for all of the consequential losses it sustained as a result of the flood. At present, the Company's solicitors are defending the claim and prosecuting the counter claim. However, if the insurer accepts the Company's insurance claim, it is expected that the insurer will appoint its own solicitors to represent the Company in the proceedings.

The proceedings have not yet been listed for trial. The Company's solicitors have retained an independent expert engineer who has expressed the opinion that SBP's design incorporating the unprotected fire hose reel in a zero degree ante-room did not comply with applicable Australian Standards. The relocation of the fire hose reel to the position in which it failed was undertaken by a third party contractor. The design incorporating the unprotected fire hose reel in the ante-room was approved by the local Council. The Company's solicitors are

considering whether it is necessary for the Company to join the third party contractor and the Council as additional defendants to the counterclaim.

Other than as noted above, as at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

12.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
12/10/2018	2018 Annual Report
12/10/2018	Appendix 4G – FY18 Corporate Governance
12/10/2018	FY18 Corporate Governance Statement
15/10/2018	Unmarketable Parcel Sale Facility
18/10/2018	Australian Microcap Investment Conference Presentation
31/10/2018	Appendix 4C – quarterly
31/10/2018	Clean Seas Positioned for Further Growth
13/11/2018	Clean Seas Signs Chinese Distribution Agreement
13/11/2018	CEO's AGM Address to Shareholders
13/11/2018	2018 AGM – Results of Voting
15/11/2018	Chinese Distribution Agreement - Addendum
26/11/2018	Appendix 3B – FY19 LTI Share Rights
26/11/2018	Change of Director's Interest – David Head
26/11/2018	Consolidation/Split - CSS
03/12/2018	Update - Consolidation/Split - CSS
05/12/2018	Change of Director's Interest – All Directors
21/12/2018	Appendix 3B – Exercise of Share Rights
24/12/2018	Change in Substantial Holding – Bonafide Wealth Management AG
11/01/2019	Unmarketable Parcel Sale Facility Update
31/01/2019	Appendix 4C – quarterly
31/01/2019	Clean Seas Q2 Sales Increase 23% Over Prior Year
07/02/2019	Change in Substantial Holding – IFM Independent Management AG

Date	Description of Announcement
08/02/2019	Change in Substantial Holding – Correction – IFM
26/02/2019	Company Secretary Appointment/Resignation
28/02/2019	Clean Seas H1 FY19 Result Continues Solid Trajectory
28/02/2019	Feed Litigation Update
18/03/2019	Change of Director's Interest Notice
20/03/2019	January and February Sales up to 40%
03/04/2019	Letter to Shareholders
03/04/2019	CSS Investor Presentation April 2019
30/04/2019	Appendix 4C - quarterly
30/04/2019	Clean Seas Q3 Sales Revenue increases 24% over prior year
04/06/2019	Company Secretary Appointment/Resignation
17/06/2019	Details of Company Address
24/06/2019	Change in Substantial Holding – Bonafide Wealth Management AG
04/07/2019	Change in Substantial Holding – IFM AG
04/07/2019	Aquaculture Stewardship Council (ASX) Certification
31/07/2019	Appendix 4C – quarterly
31/07/2019	Sales Revenue increases 16% on Prior Year
21/08/2019	Strategic Investment by Bonafide
27/08/2019	Litigation Update
27/08/2019	Change in Substantial Holding – Bonafide Wealth Management AG
27/08/2019	Change in Substantial Holding – IFM AG
30/08/2019	FY19 Full Year Statutory Accounts
30/08/2019	Clean Seas FY19 Results Release
9/09/2019	Clean Seas Business Update & Vision 2025 Strategic Plan
9/09/2019	FY19 Results & Strategy - Investor Roadshow Presentation
12/09/2019	Appendix 3B – Bonafide Placement and LTI Rights
13/09/2019	Cleansing Prospectus
27/09/2019	Change of Director's Interest Notice
3/10/2019	Whyalla Farm Update
4/10/2019	Response to Appendix 3Y Query

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.cleansseas.com.au.

12.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The Notes to be issued under the Offer are intended to be a new class of quoted security in the Company and as such have no previous trading history.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.925	25 to 26 July 2019 & 1 August 2019
Lowest	\$0.785	21 August 2019
Last	\$0.795	14 October 2019

12.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in Section 12.5.

12.5 Directors' interests in Securities

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Share Rights	Notes	\$
Terry O'Brien	155,000		25,834	25,834
David Head	1,189,497	1,122,814	198,250	198,250
Raelene Murphy	25,000	-	4,167	4,167
Helen Sawczak	5,000	-	834	834
Marcus Stehr	64,794	-	10,799	10,799
Nicholas Burrows	48,358	-	8,060	8,060

The Board recommends all Shareholders take up their Entitlement. The Directors intend to participate in the offer and take up their respective Entitlements to the extent of their capacity. The Company will advise ASX of the final Director participation in accordance with the Listing Rules.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$600,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	Financial Year 2020	Financial Year 2019	Financial Year 2018
Terry O'Brien	\$150,000	\$145,625	\$132,500
David Head ¹	\$526,000	\$711,381	\$617,066
Raelene Murphy ²	\$77,500	\$74,375	Nil
Helen Sawczak ³	\$70,000	\$67,500	Nil
Marcus Stehr	\$76,000	\$73,250	\$65,000
Nicholas Burrows	\$91,000	\$86,375	\$72,500

Notes:

1. David Head's remuneration for the financial years ending 30 June 2018 and 30 June 2019 include incentive cash bonuses of \$155,905 and \$203,150 respectively.
2. Raelene Murphy was appointed to the Board on 1 July 2019.
3. Helen Sawczak was appointed to the Board effective on 1 July 2019.

12.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin approximately \$60,000 (excluding GST and disbursements) for these services.

Melbourne Securities Corporation Ltd (AFSL 428289) has agreed to act as Trustee under the Trust Deed. The fees payable by the Company to the Trustee are set out in Section 10.1(i) of this Prospectus.

Patersons will act as Lead Manager to the Offer. The fees payable by the Company for these services are set out in Section 10.2 of this Prospectus.

12.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Notes), the Directors, the persons named in the Prospectus

with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus, although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Grant Thornton Audit Pty Ltd has given its written consent to being named as the Auditor. Grant Thornton Audit Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Boardroom Pty Limited has given its written consent to being named as the Share Registry to the Company in this Prospectus. Boardroom Pty Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Patersons has given its written consent to being named as Lead Manager to the Offer this Prospectus. Patersons has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

12.8 Expenses of the offer

The total expenses of the Offer are estimated to be approximately \$500,000 (excluding GST and assuming full subscription) as set out in the table below:

	\$
ASIC and ASX Fees	30,000
Lead Manager fee	310,000
Trustee Fees	20,000
Legal fees	60,000
Share registry, printing and other expenses	80,000
Total	500,000

12.9 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Share Registry and they will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or

both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.cleanseas.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

12.10 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are continuing to undergo scalable change and will be subject to ongoing and substantial investment in biomass for future sales growth. The Company has in place a "Vision 2025" strategic plan which details the various products and market opportunities and outlines the goals to achieve and leverage the benefit of operational scale. Although the Company anticipates achieving a sustainable reduction in the cost of production through scale, continued investment in process automation and selective breeding, these outcomes cannot be guaranteed. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

12.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing Note certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Notes issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

12.12 Privacy Act

If you complete an application for Notes, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

13. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



David J Head
Managing Director and CEO
For and on behalf of
CLEAN SEAS SEAFOOD LIMITED

14. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Notes pursuant to the Offer or a Shareholder or other party who applies for Shortfall Notes pursuant to the Shortfall Offer.

Application means an application to subscribe for Notes under this Prospectus.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

Application Monies means money submitted by Applicants in respect of Applications.

ASIC means the Australian Securities and Investments Commission.

ASX Listing Rules means the listing rules of the ASX.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

AWST means Australian Western Standard Time as observed in Perth, Western Australia.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means Clean Seas Seafood Limited (ACN 094 380 435).

Constitution means the constitution of the Company as at the date of this Prospectus.

Conversion Period means the period commencing from the date of issue of the Notes and ending on the Maturity Date.

Conversion Price means the price of the Note upon conversion into a Share, as defined in Section 5.

Conversion Share means a fully paid, registered and freely tradable Share, which arises upon election by a Noteholder to convert a Note issued under the Offer.

Convertible Note has the same meaning as a Note.

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

CS Facility has the same meaning as 'prescribed CS Facility' in the Corporations Act.

CS Facility Operator means the operator of a CS Facility.

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

First Interest Payment Date means 31 December 2019.

Group means the Company and its subsidiaries.

Interest Payment Date means 30 June and 31 December in each year commencing on the First Interest Payment Date until the Maturity Date.

Lead Manager means Patersons, appointed pursuant to the Lead Manager Mandate summarised in section 10.2.

Maturity Date means the date three (3) years from the date of issue of the Note.

Note Terms means the terms and conditions of issue of the Notes.

Noteholder means a holder of a Note.

Notes means the redeemable, unsecured convertible notes (the terms of which are set out in Schedule 1 of this Prospectus), offered pursuant to this Prospectus.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Patersons means Patersons Securities Limited (ACN 008 896 311) (AFSL 239052).

Performance Right means a performance right which may, upon vesting, be exercisable into a Share.

Placement means the placement of 8,241,506 Shares to Bonafide Wealth Management AG at an issue price of \$0.8008 per Share to raise \$6,599,798, as announced on ASX on 21 August 2019.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Section means a section of this Prospectus.

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

Share Right means a right attaching to a Share.

Shareholder means a holder of a Share.

Shortfall means the Notes not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Notes means those Notes issued pursuant to the Shortfall.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 6.6.

Transaction Document means:

- (a) the Trust Deed;
- (b) the Note Terms; and

any document or agreement entered into or given under (a) or (b) above.

Trust Deed means the trust deed dated 15 October 2019 between the Company and the Trustee, summarised in Section 10.1.

Trustee means Melbourne Securities Corporation Ltd (ACN 160 326 545) (AFSL 428289).