

CLEAN SEAS SEAFOOD LIMITED

ACN 094 380 435

ENTITLEMENT ISSUE PROSPECTUS

For a renounceable entitlement issue of one (1) Share for every ten (10) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.06 per Share to raise approximately \$8,938,261 (being an issue of approximately 148,971,013 Shares, based on the number of Shares to be on issue as at the Record Date for this Prospectus) (**Offer**). The Offer is underwritten by Patersons. Refer to Section 8.4 for details regarding the terms and conditions of the Underwriting Agreement.

and

In the event the Shortfall is less than 33,333,333 Shares, the Company will offer to the sub-underwriters (or their nominees) such number of Shares that is equal to the difference between 33,333,333 Shares and the total available Shortfall at an issue price of \$0.06 per Share and otherwise on the same terms as the Offer (**Top-up Offer**).

LEAD MANAGER AND UNDERWRITER:



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 Shares offered by this Prospectus should be considered speculative.

CONTENTS

1.	CORPORATE DIRECTORY.....	1
2.	TIMETABLE.....	2
3.	IMPORTANT NOTES.....	3
4.	DETAILS OF THE OFFER.....	8
5.	PURPOSE AND EFFECT OF THE OFFER.....	15
6.	RIGHTS AND LIABILITIES ATTACHING TO SHARES	18
7.	RISK FACTORS	21
8.	ADDITIONAL INFORMATION	27
9.	DIRECTORS' AUTHORISATION	38
10.	GLOSSARY.....	39

1. CORPORATE DIRECTORY

Directors

Terry O'Brien (Non-executive Chairman and Director)
David Head (Managing Director and CEO)
Paul Steere (Non-executive Director)
Hagen Stehr AO (Non-executive Director)
Marcus Stehr (Non-executive Director)
Nicholas Burrows (Non-executive Director)

Company Secretary

Wayne Materne

Registered Office

7 North Quay Boulevard
Port Lincoln
SA 5606

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

Email: reception@cleanseas.com.au
Website: www.cleanseas.com.au

Auditor

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

Share Registry

Boardroom Pty Limited
Level 12
225 George Street
Sydney, New South Wales 2000

Telephone: +61 2 9290 9600
Facsimile: +61 2 9279 0664

Solicitors

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

Lead Manager and Underwriter

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

2. TIMETABLE

Lodgement of Prospectus with the ASIC	23 October 2017
Lodgement of Prospectus & Appendix 3B with ASX	23 October 2017
Notice sent to Shareholders	25 October 2017
Ex date	26 October 2017
Rights start trading	26 October 2017
Record Date for determining Entitlements	27 October 2017
Prospectus sent out to Shareholders & Company announces this has been completed	1 November 2017
Rights stop trading	3 November 2017
Shares quoted on a deferred settlement basis	6 November 2017
Last day to extend the Closing Date	7 November 2017
Closing Date*	10 November 2017
ASX notified of under subscriptions	15 November 2017
Issue date/Shares entered into Shareholders' security holdings	17 November 2017
Quotation of Shares issued under the Offer*	20 November 2017

*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 Shares are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 23 October 2017 and was lodged with the ASIC on that date. The ASIC, the 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 Shares 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 Shares the subject of this Prospectus should be considered speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted Shares (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. 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.

3.1 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7.

A summary of some of the Company's key risks include:

Risk	Description	Reference in Prospectus
Future funding requirements	The ability of the Company to fund future growth and development of its aquaculture business will require additional funding.	7.2(a)
Feed supply	Continuity of feed supply is essential for the continued good health and growth of fish inventory.	7.2(b)
Product prices	The ability of the Company to continue to improve selling and farm gate prices for Yellowtail Kingfish.	7.3(a)

Operating Risks	The Company faces continued technical and operating risks associated with breeding and growing out Yellowtail Kingfish.	7.3(b)
Live fish insurance	The Company does not presently insure its live fish inventory due to cover not being available at commercially acceptable rates. The Company mitigates its position through positive and proactive business management.	7.3(c)

These risks together with other general risks applicable to all investments in listed Shares not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

The Shares offered under this Prospectus carry no guarantee of profitability, dividends, return of capital or the price at which they trade on ASX. The past performance of the Company should not necessarily be considered a guide to future performance.

3.2 Directors Interests in Shares

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

Director	Shares	Performance Rights	Entitlement (Shares)	\$
Terry O'Brien	2,000,000	Nil	200,000	12,000
Paul Steere	904,476	Nil	90,448	5,427
Nick Burrows	879,226	Nil	87,923	5,275
Hagen Stehr AO	105,498,344 ¹	Nil	10,549,835	632,990
Marcus Stehr	1,178,071	Nil	117,808	7,068
David Head	8,806,781	16,231,884 ²	880,679	52,841

Notes

1. Mr Paul Robinson was appointed Alternate Director for Hagen Stehr in December 2005 and holds 2,197,761 Shares (representing an Entitlement of 219,777 Shares under the Offer).
2. The Performance Rights are subject to the vesting conditions set out in Section 5.4.

The Board recommends all Shareholders take up their Entitlement and advises that Directors who hold Shares intend to take up all of their respective Entitlements.

3.3 Substantial Holders

Based on publicly available information as at the date of this Prospectus (and excluding Shares issued pursuant to the Placement), 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	%	Entitlement (Shares)
Australian Tuna Fisheries Pty Ltd ¹	105,498,344	7.7%	10,549,835
JP Morgan Nominees Australia Limited ²	91,774,535	6.68%	9,177,454

Notes:

1. Entity controlled by Hagen Stehr (a Director).
2. Custodian holder.

The Company notes that neither Australian Tuna Fisheries Pty Ltd nor any other Shareholder will be issued Shares under the Shortfall Offer if the issue of those Shares would contravene the takeover prohibition in section 606 of the Corporations Act. Refer to Section 3.6 for further details with respect to the Shortfall Offer.

3.4 Potential Dilution

Shareholders who have not participated in the Placement (refer to Section 3.7) should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 16% to 18% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Due to the Placement, Shareholders who have not participated in the Placement but do take up all of their Entitlement under the Offer will be diluted by 8% to 10% on the same basis. Examples of how the dilution may impact Shareholders based on their holding as at the Record Date (i.e. after completion of the Placement) and assuming no Performance Rights are converted is set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	100,000,000	6.71	10,000,000	100,000,000	6.10
Shareholder 2	50,000,000	3.36	5,000,000	50,000,000	3.05
Shareholder 3	10,500,000	0.70	1,050,000	10,500,000	0.64
Shareholder 4	4,000,000	0.27	400,000	4,000,000	0.24
Shareholder 5	500,000	0.03	50,000	500,000	0.03

Notes:

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Shortfall Offer.

3.5 Underwriting

The Offer is fully underwritten by Patersons. Refer to Section 8.4 of this Prospectus for details of the underwriting.

3.6 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. The Shortfall Offer is a separate offer pursuant to this Prospectus and will remain open for up to three months following the Closing Date. Non-Shareholder Applicants will need to complete a Shortfall Application Form that accompanies this Prospectus in accordance with the instructions on the form.

Eligible Shareholders may apply for Shares under the Shortfall Offer subject to such Applications being received by the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.06 being the price at which Shares have been offered under the Offer.

The allocation of the Shortfall Shares will be at the discretion of the Board in conjunction with the Underwriter and otherwise in accordance with the terms of the Underwriting Agreement (defined below). The Directors do not intend to refuse an Application for Shortfall Shares from Eligible Shareholders other than in circumstances of oversubscription or where acceptance may result in a breach of the Corporations Act. If the number of Shortfall Shares applied for by Eligible Shareholders exceeds the total Shortfall, the Shortfall Shares will be allocated among applying Eligible Shareholders equitably and otherwise at the discretion of the Board.

The Company notes that no Shares will be issued to an Applicant under this Prospectus or via the Shortfall Offer if the issue of Shares would contravene the takeover prohibition in section 606 of the Corporations Act. Similarly, no Shares will be issued via the Shortfall Offer to any related parties of the Company.

3.7 Placement

The Company is conducting a placement to sophisticated and institutional investors to raise \$7,000,000 (**Placement**) in conjunction with the Offers. The issue of Shares under the Placement will occur on or before the Record Date, enabling the Placement participants the opportunity to participate in the Offer.

3.8 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 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:

	(\$)	Date
Highest	\$0.080	11 October 2017
Lowest	\$0.043	24 July 2017
Last	\$0.063	23 October 2017

3.9 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 7.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a renounceable entitlement issue of one (1) Share for every ten (10) Shares held by Shareholders registered at the Record Date at an issue price of \$0.06 per Share. 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 (and assuming completion of the Placement and no existing Performance Rights are converted prior to the Record Date), a maximum of approximately 148,971,013 Shares will be issued pursuant to this Offer to raise approximately \$8,938,261 (before costs of the Offer).

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 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 5.1.

4.2 Top-up Offer

In the event the Shortfall is less than 33,333,333 Shares, the Company will offer to the sub-underwriters (or their nominees) such number of Shares that is equal to the difference between 33,333,333 Shares and the total available Shortfall at an issue price of \$0.06 per Share and otherwise on the same terms as the Offer. The maximum amount that can be raised under the Top-up Offer is \$2,000,000.

The Top-up Offer is open to the sub-underwriters and any other nominees of the Underwriter.

4.3 Minimum subscription

As the Offer is fully underwritten, the minimum subscription is the full subscription, being approximately \$8,938,261.

4.4 What Eligible Shareholders may do

The number of Shares to which Eligible Shareholders are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up all of their Entitlement (refer to Section 4.5);
- (b) take up all of their Entitlement and apply for Shares under the Shortfall Offer (refer to Section 4.6);
- (c) sell all of their Entitlement on ASX (refer to Section 4.7);
- (d) take up a proportion of their Entitlement and sell the balance on ASX (refer to Section 4.8);
- (e) take up a proportion of their Entitlement and allow the balance to lapse (refer to Section 4.9);

- (f) sell all or a proportion of their Entitlement other than on ASX (refer to Section 4.10); or
- (g) allow all or part of their Entitlement to lapse (refer to Section 4.11).

4.5 Taking up all of your Entitlement

Should you wish to accept all of your Entitlement, then Applications for Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Clean Seas Seafood Limited" and lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's Share Registry (by delivery or by post) at:

By delivery Clean Seas Seafood Limited
C/- Boardroom Pty Limited,
Level 12, 225 George Street
Sydney NSW 2000
(please do not use this address for mailing purposes)

By Post Clean Seas Seafood Limited
C/- Boardroom Pty Limited,
GPO Box 3993,
Sydney NSW 2001

If you wish to pay via BPAY® you must follow the personalised instructions in your Entitlement and Acceptance Form. Make sure that you use the specific Biller Code and unique Customer Reference Number (CRN) on your personalised Entitlement and Acceptance Form. You do not need to return a completed Entitlement and Acceptance Form but are taken to have made the declarations in the Entitlement and Acceptance Form and the representations outlined below in Section 4.12. If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any application in respect of your remaining Shareholdings will not be valid).

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by 5:00pm (AEDT) on the Closing Date.

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

4.6 Taking up all of your Entitlement and applying for Shares under the Shortfall Offer

Should you wish to accept all of your Entitlement and apply for Shares under the Shortfall Offer, then Applications for Shares under this Prospectus must be made on the personalised Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

4.7 Selling all your Entitlement on ASX

The Entitlements under the Offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Shares under the Offer may be traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX. Trading of Entitlements will commence on ASX on 26 October 2017 and will cease on 3 November 2017.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

4.8 Taking up a proportion of your Entitlement and selling the balance on ASX

If you wish to take up only part of your Entitlement, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in Section 4.5, or make a payment by BPAY in accordance with Section 4.14.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX.

4.9 Taking up a proportion of your Entitlement and allowing the balance to lapse

If you wish to take up only part of your Entitlement and allow the balance to lapse, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in Section 4.5. If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

4.10 Selling all or a proportion of your Entitlement other than on ASX

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a Shareholder on the issuer sponsored subregister and you wish to transfer all or a proportion of your Entitlement to another person other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) and the applicable transferee's cheque for the Shares they wish to subscribe for payable to "Clean Seas Seafood Limited" and crossed "Not Negotiable" to the Share Registry (by delivery or by post at any time after the issue of this Prospectus and on or before the Closing Date) at the following address:

By delivery	Clean Seas Seafood Limited C/- Boardroom Pty Limited, Level 12, 225 George Street Sydney NSW 2000 <i>(please do not use this address for mailing purposes)</i>
By Post	Clean Seas Seafood Limited C/- Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHES subregister you must engage your CHES controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares the transferee of the Entitlement wants to acquire must be received by Share Registry in accordance with Section 4.5.

4.11 Allow all or part of your Entitlement to lapse

Shareholders should be aware that their Entitlement may have value. Entitlements are renounceable, which enables Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX.

If you do not wish to accept or trade any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.

4.12 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application Monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law.

4.13 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 no later than 5:00 pm (AEDT) on the Closing Date.

4.14 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 Shares 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 (AEDT) on the Closing Date. You should be aware that your financial institution may implement either 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.

4.15 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares 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 Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

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

4.16 Issue of Shares

Shares 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.

Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares 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 Shares 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 Shares 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 Shares issued under the Shortfall Offer as soon as practicable after their issue.

4.17 Overseas shareholders

This document is only intended to be distributed and made available to existing Shareholders of the Company and is personal to each Shareholder to whom it has been delivered. These Offers do not, and are 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 Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offers are not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Shares the subject of this Prospectus or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia and New Zealand.

If you are outside Australia and New Zealand it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

4.18 Appointment of Nominee

Pursuant to ASX Listing Rule 7.7, the Company has appointed Patersons as nominee to sell the Entitlements to which Ineligible Shareholders are entitled. Patersons will have the absolute and sole discretion to determine the timing and price at which the Entitlements will be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Ineligible Shareholders may receive no net proceeds if the costs of the sale are greater than the sale proceeds. In this regard, Patersons will not be required to sell Ineligible Shareholders' Entitlement at a particular price.

Neither the Company nor Patersons will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable opinion of Patersons, there is no viable market for the Entitlements of the Ineligible Shareholders, or a surplus over the expenses of the sale cannot be obtained the Entitlements that would have been offered to the Ineligible Shareholders, then those Entitlements will be allowed to lapse.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. 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 those regulations.

4.19 Enquiries

Any questions concerning the Offers should be directed to Mr Wayne Materne, Company Secretary, on +61 418 855 035.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The funds raised from the Placement and the Offer (excluding the Top-up Offer) are planned to be used in accordance with the table set out below:

Item	Proceeds	(\$)	%
Funds Available			
	Offer	8,938,261	56.1
	Placement	7,000,000	43.9
	Total	15,938,261	100
Allocation of funds			
1.	Growth in Kingfish biomass	7,000,000	43.9
2.	Expansion of farming infrastructure	5,000,000	31.4
3.	Investment in processing automation and new equipment	1,000,000	6.3
4.	General working capital	1,768,261	11.1
5.	Costs of the Offer ²	1,170,000	7.3
	Total	15,938,261	100

Notes:

1. The Top-up Offer (of up to \$2,000,000) is dependent on the level of Shortfall under the Offer. See Section 4.2 for further details. In the event the Top-up Offer proceeds, the amount raised after accounting for increased expenses will be allocated to general working capital.
2. Refer to Section 8.7 for further details relating to the estimated expenses of the Offer. In the event the Top-up Offer proceeds, additional expenses will be payable.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to materially affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

5.2 Effect of the Offer

The principal effect of the Placement and Offer (excluding the Top-up Offer) will be to:

- (a) increase the cash reserves by \$15,938,261 (prior to deducting the estimated expenses) immediately after completion of the Offer and the Placement; and
- (b) increase the number of Shares on issue from 1,373,043,448 as at the date of this Prospectus to approximately 1,638,681,128 Shares following completion of the Offer and the Placement.

5.3 Pro-forma balance sheet

The audited balance sheet as at 30 June 2017 and the unaudited pro-forma balance sheet shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming full completion of the Placement and the Offer (after expenses).

The pro-forma balance sheet 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 as noted below. 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.

\$'000	June 2017	Proceeds of Offer	Pro-Forma Post-Offer
Cash and cash equivalents	524	14,768	15,292
Other current assets	39,876	-	39,876
Non-current assets	17,256	-	17,256
TOTAL ASSETS	57,656	14,768	72,424
Current liabilities	5,139	-	5,139
Non-Current liabilities	964	-	964
TOTAL LIABILITIES	6,103	-	6,103
NET ASSETS	51,553	14,768	66,321
Share capital	165,998	14,768	180,766
Share rights reserve	172	-	172
Accumulated losses	(114,617)	-	(114,617)
TOTAL EQUITY	51,553	14,768	66,321

5.4 Effect on capital structure

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

Shares

	Number
Shares currently on issue	1,373,043,448
Shares offered pursuant to the Placement	116,666,667
Shares offered pursuant to the Offer	148,971,013
Total Shares on issue after completion of the Offer	1,638,681,128¹

Performance Rights

	Number
Performance Rights currently on issue ²	18,847,188
Performance Rights offered pursuant to the Offer	Nil
Total Performance Rights on issue after completion of the Offers and the Placement	18,847,188

Notes:

- Up to 33,333,333 Shares may be issued under the Top-up Offer.
- A share based LTI Equity Incentive Plan was submitted to and approved by shareholders at the Annual General Meeting held 28 November 2016. The share rights 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. No amount is payable upon vesting or exercise, and each share right on exercise converts to one ordinary share and an additional portion of shares equal in value to the value of dividends paid on ordinary shares during the period between the effective grant date and the exercise date. No share rights have vested or been exercised as at the date of this Prospectus, and it is unlikely the vesting conditions will be met prior to the Record Date.

No Shares on issue are subject to escrow restrictions, either voluntary or ASX imposed.

6. RIGHTS AND LIABILITIES ATTACHING TO SHARES

6.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being 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 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 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 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 Shares in respect of which there is any liability.

(e) **Transfer of shares**

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

(f) **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 Shares 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.

(g) **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.

7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend that potential investors 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 Shares 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, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

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

7.2 Company specific

(a) Future Funding Requirements

Even if the Offer is completed successfully, the Company will 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 Company's business strategy and could have a material adverse effect on the Company's activities.

(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.

7.3 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 insure its operations 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 fully 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, which are 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 become more onerous making the Company's operations more expensive.

There are also significant environmental risks affecting aquaculture that could impact fish growth and mortality levels, for example, 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 a minus 40 degree 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 inability to process and loss of inventory.

(i) **Research and Development**

The Company's business activities and operations include research and development for Yellowtail Kingfish and Southern Bluefin Tuna, with the latter scaled back over recent years. 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.

7.4 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. Its products are sold throughout the world. Therefore the price of its 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. This in turn 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 its 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 or 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.

7.5 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 Shares offered under this Prospectus.

Therefore, the Shares 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 Shares.

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

8. ADDITIONAL INFORMATION

8.1 Litigation

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

The litigation against Gibson's Limited, trading as Skretting Australia, in relation to taurine deficient feed supplied from December 2008 to July 2012 has progressed during FY17 with discovery and other necessary processes advancing. Gibson's Limited is defending the proceedings and has denied all liability. The Company is currently awaiting Gibson's expert reports and completion of the discovery process. A trial date is yet to be set, with this and any new mediation now expected to commence during 2018.

The Company also has potential litigation with Beston Global Food Company Limited (ASX: BFC) arising from the discontinuation of Beston's distribution of the Company's Yellowtail Kingfish in China, Hong Kong and South Korea. No litigation has commenced as at the date of the Prospectus.

8.2 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 Shares.

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 Shares on a company and the rights attaching to the Shares. 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 Shares 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
20/10/2017	Underwritten Rights Issue and Institutional Placement
17/10/2017	Trading Halt and Voluntary Suspension
11/10/2017	Clean Seas Continues Growth in Revenue and Farm Gate Prices
15/09/2017	Change of Director's Interest - Dr H Stehr
05/09/2017	Clean Seas Seafood Investor Presentation

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 at www.cleanseas.com.au.

8.3 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.

Share holdings

The relevant interest of each of the Directors in the Shares of the Company as at the date of this Prospectus, together with their respective Entitlement and take up intentions, is set out in Section 3.2.

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.

A Director may be paid fees 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 annual remuneration paid to both executive and non-executive Directors inclusive of superannuation for the past financial year ended 30 June 2017. The salary and fee amounts will change for the financial year ended 30 June 2018 due to changes in Board roles (e.g. Terry O'Brien anticipated to be Chairman for the full year), the introduction of Board Committee fees of \$7,500 pa for Committee Chairman and \$5,000 pa for Committee members and the annual review of the Managing Director and CEO's remuneration including the LTI resolution being submitted to the 2017 annual general meeting which will be released to ASX within days of the date of this Prospectus.

Director	Total Financial Year ending 30 June 2017 (\$)	Salary, Fees and Benefits	Share based payments
Terry O'Brien	\$35,000	\$35,000	Nil
Paul Steere	\$115,000	\$115,000	Nil
Nick Burrows	\$60,000	\$60,000	Nil
Hagen Stehr AO	\$60,000	\$60,000	Nil
Marcus Stehr	\$60,000	\$60,000	Nil
David Head	\$720,614	\$572,620	\$147,994

Note:

1. Mr Terry O'Brien was appointed as a Director on 3 February 2017 and elected by the Board as Chairman on 10 May 2017. In line with the Company's announcement at the Company's 2016 annual general meeting, Mr Paul Steere will continue as Non-Executive Director prior to retiring from the Board. Hagen Stehr also announced at the 2016 AGM that he would retire from the Board during his current term. The Board is progressing the identification of potential new directors.
2. Mr Paul Robinson was appointed Alternate Director for Hagen Stehr in December 2005 and received no remuneration for the financial year ended 30 June 2017 however did receive payment of consulting fees and associated expenses totalling \$76,885.

8.4 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter agreed to conditionally underwrite the Offer for 148,971,013 Shares (**Underwritten Shares**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter:

- (a) an underwriting fee of 6% of the gross amount underwritten under the Offer;
- (b) a management fee of \$60,000 in respect of its services in managing the Offer; and
- (c) a selling fee of 6% of the gross amount raised over and above the amount underwritten, including from any non-underwritten shortfall, the Placement and the Top-up Placement.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement in the event any of the termination events set out below:

- (a) (**Indices fall**): the All Ordinaries Index (IRESS XAO.ASX) or the S&P/ASX 200 (IRESS:XJO.ASX) or the S&P/ASX Small Industrials (IRESS:XSI.ASX) as published by ASX is at any time after the date of the Underwriting Agreement, 10.0% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;

- (b) **(Prospectus)**: the Company does not lodge the Prospectus on the Lodgement Date or the Prospectus or the Offer is withdrawn by the Company; or
- (c) **(Copies of Prospectus)**: the Company fails to comply with clause 4.1(d) and such failure is not remedied within 2 days; or
- (d) **(No Official Quotation)**: Official Quotation has not been granted for all the Rights Shares by the Shortfall Notice Deadline Date or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (e) **(Supplementary prospectus)**:
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under this Agreement as a result of an occurrence as described in clause 13.1(q)(vi), forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or
- (f) **(Non-compliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information required by section 713 of the Corporations Act; or
- (g) **(Misleading Prospectus)**: it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (h) **(Restriction on allotment)**: the Company is prevented from allotting the Rights Shares within the time required by this Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (i) **(Withdrawal of consent to Prospectus)**: any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (j) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;

- (k) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act;
- (l) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (m) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, or the Peoples Republic of China, Republic of Korea, Democratic People's Republic of Korea or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world other than hostilities involving Afghanistan or Iraq, any country bordering Afghanistan or Iraq or any Arab country (being a country the majority of whose inhabitants are of Arab ethnicity);
- (n) **(Authorisation)**: any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (o) **(Indictable offence)**: a director or senior manager of a Relevant Company is charged with an indictable offence;
- (p) **(Termination Events)**: subject always to clause 13.2, any of the following events occurs:
 - (i) **(Default)**: default or breach by the Company under this Agreement of any terms, condition, covenant or undertaking;
 - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in this Agreement is or becomes untrue or incorrect;
 - (iii) **(Contravention of constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (iv) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of this Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;

- (v) **(Error in Due Diligence Results)**: it transpires that any of the Due Diligence Results or any part of the Verification Material was false, misleading or deceptive or that there was an omission from them;
- (vi) **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (vii) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus;
- (viii) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) **(Official Quotation qualified)**: the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation";
- (x) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xi) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs;
- (xii) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (xiii) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of a Relevant Company;
- (xiv) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$500,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xv) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced or threatened against any Relevant Company, other than any claims foreshadowed in the Prospectus;
- (xvi) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter;
- (xvii) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;

- (xviii) (**Timetable**): there is a delay in any specified date in the Timetable which is greater than 3 Business Days;
- (xix) (**Force Majeure**): a Force Majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- (xx) (**Certain resolutions passed**): a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxi) (**Capital Structure**): any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus;
- (xxii) (**Investigation**): any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company; or
- (xxiii) (**Market Conditions**): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets; or
- (xxiv) (**Material Breach**): if the Company fails to rectify any material breach of the Mandate having been given 10 business days notice in writing by the Underwriter of such breach having occurred.

8.5 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 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 \$20,000 (excluding GST and disbursements) for these services.

Patersons will act as lead manager and underwriter to the Offer. The fees payable by the Company for these services are set out in section 8.4 of the Prospectus.

8.6 Consents

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;
- (b) 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.

Patersons has given its written consent to being named as underwriter and nominee to the Company in this Prospectus. Patersons Securities Limited 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 auditor to the Company in this Prospectus. 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 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.

8.7 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$1,170,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,400
ASX fees	26,153
Broker, nominee and commissions payable	1,040,000
Legal fees	20,000
Share registry, printing and other expenses	81,447
Total	1,170,000

In the event the Top-up Offer proceeds, the total expenses are estimated to increase by a further \$130,000. Any increase in expenses will be paid from general working capital.

8.8 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 on the number provided in Section 1 of this Prospectus 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.

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

The Company will not be issuing option 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 Shares 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 Shares 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.

8.10 Privacy Act

If you complete an application for Shares, 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 Shares 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 Shares in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised Share 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.

9. 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**

10. GLOSSARY

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

AEDT means Australian Eastern Daylight Time, being the time in Sydney, New South Wales.

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

Application means an application to subscribe for Shares 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 Shares and Investments Commission.

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

ASX Listing Rules means the listing rules of the ASX.

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

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

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

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

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

Eligible Shareholder means a Shareholder of the Company as at the Record Date other than an Ineligible Shareholder.

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

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

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

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

Offers means the Offer and the Top-up Offer.

Official Quotation means official quotation on ASX.

Patersons or the Underwriter means Patersons Securities Limited (ACN 008 896 311).

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

Placement means the placement to sophisticated and institutional investors on the terms and conditions set out in Section 3.7.

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.

Shareholder means a holder of a Share.

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

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

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 3.5 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall.

Top-up Offer means the offer on the terms and conditions set out in Section 4.2 of this Prospectus.

Underwriting Agreement has the meaning given to that term in Section 8.4 of this Prospectus.