



Our Ref: SFG ASX Announce Market Update (468)

6 June 2016

ANNOUNCEMENT 468

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

By ASX Online
Number of pages: 3
(including this page)

Dear Sir

Market Update

Seafarms Group Limited (**Seafarms**) is pleased to provide an update on progress of Project Sea Dragon. Seafarms has:

- begun on-ground earthworks investigations at Legune Station to support the proposed development of Project Sea Dragon;
- been granted an Occupation Licence from the Northern Territory Government for the proposed breeding facilities at Bynoe Harbour that will enable Seafarms to conduct non-ground disturbing due diligence on the site; and
- obtained a licence to undertake test-drilling and other site suitability assessment at its preferred processing plant site in Kununurra.

These are significant project milestones in the development of Project Sea Dragon.

Pond Earthwork Trial

The work to be undertaken at Legune Station will create a sample of the planned development to trial the best methodology for the earthworks.

The trial will create scaled down versions of elements of the proposed farm, including:

- two small shallow ponds; and
- a section of adjacent drainage channel.

The on-ground investigations will help confirm earth-moving estimates and quantities for the Bankable Feasibility Study that has been outlined in previous announcements to market.

The trials will enable Project Sea Dragon to assess the most appropriate equipment needed for future development of the facilities.

The early investigations are an important milestone in the development stage of the project.

The works include:

- forming trial embankments, to simulate shallow pond construction, with several configurations of plant and compaction methods representative of the most likely selection; and
- conducting trial excavations, to simulate the recycling ponds and other deeper channel construction.

Seafarms Group Limited
ABN 50 009 317 846

Level 11, 225 St Georges Terrace
Perth WA 6000 Australia
PO Box 7312 Cloisters Square
Perth WA 6850 Australia

P +61 8 9321 4111
F +61 8 9321 4411
E info@seafarms.com.au
W seafarms.com.au

A contract for the trial works only has been awarded to a local earthworks company that utilises selected earthworks plant from Kununurra and Darwin.

The investigation works and trials will be carried out in the northern part of Legune Station, adjacent to the first aquaculture farm that is intended to be built in Stage 1 of Project Sea Dragon.

Stage 1 would include 1 000 hectares of production ponds, which could increase to about 2 100 hectares in Stage 2.

Project Sea Dragon would see over 100 000 tonnes per year of Black Tiger prawns produced, and would create about 1 500 jobs in north Australia.

Occupation Licence – Bynoe Harbour

The Occupation Licence provides Project Sea Dragon with the ability to undertake site investigations to support the design of the core breeding centre and the broodstock maturation centre proposed for the site.

Seafarms is now able to accelerate on-ground due diligence on this site as part of its feasibility study.

The Company has also received an Aboriginal Areas Protection Authority clearance certificate which satisfies requirements under the Sacred Sites Act to enable- works associated with the development and ongoing maintenance of a prawn breeding facility, consisting of a Core Breeding Centre and a Broodstock Maturation Centre.

Processing Site – Licence to Drill

Seafarms has identified a preferred site for the location of the processing plant near Kununurra in collaboration with the Western Australian Government and its agencies. This major facility will sort, grade and dispatch market ready prawns grown at the grow-out facilities.

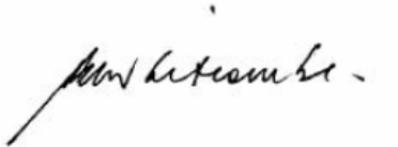
Seafarms has received a bore licence to assess ground water associated with the site. The test works are part of a comprehensive program that will confirm the optimal source of fresh water for the plant, see drilling photograph below.



For further information on the progress of Project Sea Dragon, please telephone Dr Chris Mitchell on (03) 9928 5111.

Yours faithfully

Seafarms Group Limited

A handwritten signature in black ink, appearing to read "Harley Whitcombe". The signature is written in a cursive style with a long, sweeping underline.

Harley Whitcombe
Director and Company Secretary

Media contact:

Elena Madden
Michels Warren Munday
0447 710 108