



Our Ref: SFG ASX Announce Placement (480)

23 August 2016

ANNOUNCEMENT 480

Market 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

A\$11 million placement to institutional and professional investors

Seafarms Group Limited ACN 009 317 846 (**Seafarms** or **Company**) is pleased to announce that it has received commitments for a share placement to major domestic and international, institutional and professional investors to raise up to approximately A\$11 million (**Placement**).

Bell Potter Securities Limited (**Bell Potter**) is acting as lead manager to the Placement.

The Placement is being conducted in two tranches as follows:

- 78,489,713 fully paid ordinary shares in the capital of the Company (**Shares**) will be issued shortly to institutional and sophisticated clients of Bell Potter under the Company's 10% placement capacity (pursuant to ASX Listing Rule 7.1A) to raise approximately A\$7.1 million at A\$0.09 per Share (**Tranche 1 Placement**); and
- subject to shareholder approval being obtained at a meeting scheduled to occur in late September 2016, 43,892,366 Shares will be issued to raise approximately A\$3.9 million at A\$0.09 per Share (**Tranche 2 Placement**).

The Placement, which was completed at a 28% premium to the June equity raising, will see the introduction of new institutional investors to the Company's register. The Placement price of A\$0.09 represents a 10% discount to the Company's last closing price at Thursday, 18 August 2016 of A\$0.10 and a 13.96% discount to the 5 day volume weighted average price to Thursday, 18 August 2016 of A\$0.1046.

The Company will hold an extraordinary general meeting (**EGM**) in late September 2016 to seek shareholder approval for the Tranche 2 Placement under the ASX Listing Rules. The Board has unanimously recommended that shareholders vote in favour of the Tranche 2 Placement and each director has indicated his (and his associates') intention to vote in favour of the resolution. The Company will also refresh its new share issue capacity under ASX Listing Rules 7.1 and 7.1A by seeking ratification of the issue of Shares under the Tranche 1 Placement, and the 142,860,000 Shares issued on 10 June 2016 pursuant to a share placement.

The Company will issue a maximum of 122,382,079 Shares under the Placement, resulting in its total Share capital after completion of the Placement increasing to 1,151,349,528 Shares. New Shares when issued will rank equally with all ordinary shares already on issue.

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Use of Proceeds

The Company was made aware of immediate institutional investor interest in the Project. Against this background, the board has decided to proceed with the capital raising for two additional key reasons:

- to provide ongoing working capital for the development of Project Sea Dragon (**PSD**), which is;
 - in the final stages of submission of and seeking approval for an Environmental Impact Statement; and
 - seeking to negotiate an Indigenous Land Use Agreement; and
- to allow the Company to take advantage of the increasing interest in PSD from offshore investors.

This Placement will enable the Company to enter into any negotiations with potential investors from a position of financial strength. The Placement extends the financial security of the Company beyond the expected approval timelines allowing it to fully exploit maximum value for Seafarms Group shareholders from any such negotiations.

Funds raised by the Placement will be applied to:

- complete a bankable feasibility study on the Company's PSD;
- undertake early capital works programs and costs associated with securing PSD tenure and access including:
 - Broodstock catching program;
 - Exmouth Founder Stock Centre – Stages 2 and 3;
 - additional environmental studies for hatchery and brood stock centres (in and around Darwin);
 - negotiating an Indigenous Land Use Agreement with traditional owners;
 - construction readiness – preparation for contracting, a base level of detailed engineering design, maintenance of Garrjang Village;
- undertake technical due diligence on and acquisition of secondary sites associated with breeding program facilities;
- develop the export brand and offtake negotiations for PSD;
- assist with access to Northern Territory and Commonwealth Government funding and assistance for PSD; and
- general working capital.

The timing and use of funds from the Placement is dependent in part on and may be influenced by results from PSD development studies, market conditions and a range of other factors outside the control of the Company. Therefore, there can be no guarantee that the Company will not require further funding in the short to medium term if its plans and objectives require it.

Activities progressed over the past three months include:

- substantially progressed bankable feasibility study on PSD, including:
 - earth work trials at Legune completed;
 - environmental studies and approvals for the Ceylon Point (Bynoe Harbour) Breeding Facilities;
 - proved up groundwater resources suitable for processing plant at Kununurra – likely to reduce development costs at that site;

- early capital works:
 - first stage Exmouth Founder Stock Centre nearing completion; and
- progressed significant cultural heritage and Sacred Sites work program with traditional owners through the Northern Land Council and the Aboriginal Areas Protection Authority.

As previously announced on 31 May 2016, the Company reported a loss of \$11.1 million for the half year ended 31 March 2016. The subsequent works on PSD progressed over the 3 months to 30 June 2016 have been expensed in line with the Company's previous disclosures to the market. As a consequence, the Company expects to announce a loss for the financial year ending 30 June 2016 in the order of \$18.7 million. This figure remains subject to audit and the Company will announce the audited accounts for the financial year ending 30 June 2016 in due course.

Indicative Timetable

Indicative dates for the Placement are provided below:

Announcement of Placement	Tuesday, 23 August 2016
Settlement of Tranche 1 Placement	Monday, 29 August 2016
Date of the EGM	Wednesday, 28 September 2016

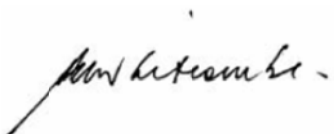
These dates are indicative only and may be subject to change. Subject to the Corporations Act and the Listing Rules, the Company reserves the right to vary the timetable without prior notice.

Enquiries

General enquiries in relation to the Company or the Placement can be made to the Company Secretary at Level 11, 225 St Georges Terrace, Perth, Western Australia or by telephone on +61 8 9321 4111 at any time between 8.30am and 5.00pm (AWST time) on any business day.

Yours faithfully

Seafarms Group Limited



Harley Whitcombe
Director and Company Secretary

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