



**5 June 2017**

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

ANNOUNCEMENT 515

**By ASX Online**  
**Number of pages: 15**  
(including this page)

Dear Sir

**Seafarms Group Limited – Notice of Extraordinary General Meeting**

Enclosed are the following Seafarms Group Limited (ASX: SFG) (**Company**) documents which will be sent to shareholders today:

- (a) Notice of Extraordinary General Meeting with supporting Explanatory Memorandum; and
- (b) Pro Forma Proxy Form.

The Company's Extraordinary General Meeting will be held in Melbourne on Tuesday, 4 July 2017 at 11am AEST.

Please telephone Harley Whitcombe on (08) 9321 4111 with any queries.

Yours sincerely

**Seafarms Group Limited**

A handwritten signature in black ink, appearing to read "Harley Whitcombe".

Harley Whitcombe  
Director and Company Secretary

**Seafarms Group Limited**  
ABN 50 009 317 846

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# SEAFARMS GROUP LIMITED

ABN 50 009 317 846

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## **Notice of Extraordinary General Meeting** 11.00am (AEST), Tuesday, 4 July 2017

At Corrs Chambers Westgarth  
Level 25,  
567 Collins Street  
Melbourne VIC 3000

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# Seafarms Group Limited

## NOTICE OF MEETING

An Extraordinary General Meeting of  
Seafarms Group Limited (**SFG** or the **Company**)  
will be held at

Corrs Chambers Westgarth Level 25, 567 Collins Street, Melbourne  
at 11.00am (AEST), Tuesday, 4 July 2017.

**Dear Shareholder**

I am pleased to invite you to attend an Extraordinary General Meeting of Seafarms Group Limited to be held at Corrs Chambers Westgarth Level 25, 567 Collins Street, Melbourne VIC 3000 on Tuesday, 4 July 2017 at 11.00am (AEST).

The Extraordinary General Meeting is being held for certain shareholders approvals required in connection with the Company's capital raising announced on 2 June 2017.

As set out in that announcement, the Company is raising approximately \$10 million under a placement (**Placement**) and share purchase plan (**SPP**) at an issue price of \$0.06. A further \$2.5 million worth of shares is to be subscribed for by Avatar Finance Pty Ltd (**Avatar Finance**) at the same issue price, which is to be used to repay debt to Avatar Finance (**Debt Conversion**). Avatar Finance is a company associated with the Executive Chairman and largest shareholder in the Company, Mr Ian Trahar. Each person receiving shares under the Placement, SPP or Debt Conversion will be entitled to bonus options on the basis of 1 new option for every 2 shares issued.

As announced on 2 June 2017, the Company has received commitments for the full \$8 million to be raised under the placement from institutional and sophisticated clients of Bell Potter Securities Limited (**Bell Potter**).

The Placement and SPP are underwritten by Bell Potter subject to usual terms and conditions.

With all major agreements, approvals and licences required for Project Sea Dragon scheduled to be completed in the short term, the capital raising should put the Company in a strong position to enter into negotiations with potential investors to fund development of Project Sea Dragon.

Our announcement on 2 June 2017 sets out more details of the raisings and the proposed use of funds.

The following pages contain details on the items of business to be conducted at the Extraordinary General Meeting.

Your Directors believe that each of the resolutions is in the best interests of the Company and its Shareholders. Mr Ian Trahar, gives no recommendation in respect of Item 6 (Approval of Debt Conversion) due to his interest in the outcome of that resolution.

Voting on the resolutions at the Extraordinary General Meeting is important and if you are not able to attend I encourage you to nominate a proxy by returning the enclosed Proxy Form.

If you nominate a proxy, please carefully consider the proxy comments in this Notice. Please ensure you forward the Proxy Form to the Company's Share Registry, Computershare Investor Services Pty Limited, so that it is received by 11.00am (AEST) on Sunday, 2 July 2017.

**Yours faithfully**



**Dr Chris Mitchell**  
**Executive Director**  
**5 June 2017**

# Seafarms Group Limited

## NOTICE OF MEETING

Items of Business	Resolution	Approval	Further Details
<b>SPECIAL BUSINESS</b>			
1. <b>RATIFICATION OF PLACEMENT</b>	That, for the purposes of refreshing the Company's issue capacity, in accordance with Listing Rule 7.4, and for all other purposes, the Company ratify the issue of 133,333,333 Shares at an issue price of \$0.06 per Share ( <b>Placement Shares</b> ) on 9 June 2017 to professional and sophisticated investors on the terms and conditions set out in the Explanatory Notes.	Ordinary resolution	Overview, page 5 Item 1, page 6
2. <b>RATIFICATION OF OPTIONS TO SUBSCRIBERS UNDER THE PLACEMENT</b>	That, for the purposes of refreshing the Company's issue capacity, in accordance with the provisions of Listing Rule 7.1, and for all other purposes, the Company is authorised to issue up to 66,666,666 Options ( <b>Placement Options</b> ) to shareholders who received the Placement Shares, on the basis of one Placement Option for every two Placement Shares issued, on the terms and conditions set out in the Explanatory Notes.	Ordinary resolution	Overview, page 5 Item 2, page 6
3. <b>RATIFICATION OF OPTIONS TO SUBSCRIBERS UNDER THE SHARE PURCHASE PLAN</b>	That, for the purposes of refreshing the Company's issue capacity, in accordance with the provisions of Listing Rule 7.1, and for all other purposes, the Company is authorised to issue up to 33,333,333 Options ( <b>SPP Options</b> ) to shareholders who receive Shares pursuant to the SPP, on the basis of one SPP Option for every two shares issued pursuant to the SPP, on the terms and conditions set out in the Explanatory Notes.	Ordinary resolution	Overview, page 5 Item 3, page 7
4. <b>RATIFICATION OF SHARES ISSUED UNDER SHARE PURCHASE PLAN SHORTFALL</b>	That, for the purposes of refreshing the Company's issue capacity, in accordance with Listing Rule 7.4, and for all other purposes, the Company ratify the issue of 33,333,333 Shares comprising any shortfall under the Share Purchase Plan ( <b>SPP Shortfall Shares</b> ) to Bell Potter, any sub-underwriter and other investors who subscribe for SPP Shortfall Shares on the terms and conditions set out in the Explanatory Notes.	Ordinary resolution	Overview, page 5 Item 4, page 7
5. <b>RATIFICATION OF OPTIONS ISSUED IN RELATION TO SHARE PURCHASE PLAN SHORTFALL</b>	That, for the purposes of refreshing the Company's issue capacity, in accordance with the provisions of Listing Rule 7.1, and all other purposes, the Company is authorised to issue to persons who subscribe for any SPP Shortfall Shares, up to 16,666,666 Options on the basis of one SPP Shortfall Option for every two SPP Shortfall Shares issued, on the terms and conditions set out in the Explanatory Notes.	Ordinary resolution	Overview, page 5 Item 5, page 8
6. <b>APPROVAL OF DEBT CONVERSION</b>	That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to: <ul style="list-style-type: none"> <li>(a) 41,666,666 Shares at a deemed issue price of \$0.06 (<b>Debt Conversion Shares</b>); and</li> <li>(b) 20,833,333 Options (<b>Debt Conversion Options</b>), on the basis of one Debt Conversion Option for every two Debt Conversion Shares issued,</li> </ul> to Avatar Finance Pty Ltd on the terms and conditions set out in the Explanatory Notes.	Ordinary resolution	Overview, page 5 Item 6, page 8

Capitalised terms are defined in the attached Explanatory Notes

# Seafarms Group Limited

## NOTICE OF MEETING

### VOTING

#### Notice Record Date

The Company's shareholders (**Shareholders**) recorded on the Company's register of members at 7.00pm (AEST) on Thursday, 1 June 2017 (**Notice Record Date**) will be entitled to receive this notice of meeting (**Notice**).

#### Voting Entitlement

Shareholders recorded on the Company's register of members at 7.00pm (AEST) on Sunday, 2 July 2017 (**Voting Entitlement Date**) will be entitled to vote on Items at the Company's extraordinary general meeting (**Meeting**).

#### Becoming a Shareholder

Persons who become registered Shareholders between the Notice Record Date and the Voting Entitlement Date, and wish to vote at the Meeting by proxy should call 1300 798 306 (within Australia) or +61 3 9415 4830 (outside Australia) and request an additional personalised voting form.

Persons who become beneficial Shareholders between the Notice Record Date and the Voting Entitlement Date, and wish to vote at the Meeting by proxy should contact their broker or intermediary for instructions on how to do so.

#### Voting Procedure

Under the Company's constitution (**Constitution**), any poll will be conducted as directed by the chair of the Meeting (the **Chair**).

Shareholders can vote in one of two ways:

- by attending the Meeting and voting; or
- by appointing a proxy to attend and vote on their behalf.

Shareholders are asked to arrive at the venue 30 minutes prior to the time designated for the Meeting, if possible, so that the Company may check their Shareholding against the Company's share register and note attendances.

#### Voting Restrictions

The voting exclusions under the ASX Listing Rules for each Item are set out in the Explanatory Notes to this Notice.

### PROXY FORMS

#### Proxy Form

Enclosed with this Notice is a personalised proxy form (**Proxy Form**). The Proxy Form allows Shareholders who are not attending the Meeting to appoint a proxy to vote on their behalf.

If you hold fully paid ordinary shares in the capital of the Company (**Shares**) in more than one capacity, please complete the Proxy Form that is relevant to each holding.

#### Appointing proxies

Shareholders, who are entitled to attend and vote at the Meeting, may appoint a proxy to act generally at the Meeting and to vote on their behalf.

A proxy need not be a Shareholder of the Company.

A Shareholder entitled to attend and vote can appoint up to two proxies, and should specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes. If you wish to appoint two proxies please call 1300 798 306 (within Australia) or +61 3 9415 4830 (outside Australia) and request an additional Proxy Form.

A corporate Shareholder or proxy must appoint a person as its corporate representative.

#### Undirected proxies

The Chair intends to vote all valid undirected proxies for all Items in favour of those Items.

#### Power of attorney and corporate representatives

If the Proxy Form is signed by an attorney, the power of attorney or a certified copy of it must be sent with the Proxy Form.

A body corporate member may elect to appoint a representative, rather than appoint a proxy. Where a body corporate appoints a representative, written proof of the representative's appointment must be to be lodged with, or presented to the Company before the Meeting.

A body corporate appointed as a proxy must also lodge a certificate of appointment of a corporate representative.

### LODGING PROXY FORMS

#### Deadline

Proxy Forms must be received by 11.00am (AEST) on Sunday, 2 July 2017.

#### How to lodge Proxy Forms

You can lodge your Proxy Form with the Company by:

**Mail:** to GPO Box 242, Melbourne Victoria 3001.

**Delivery:** to Level 11, 172 St Georges Terrace, Perth, Western Australia 6000.

**Facsimile:** 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Further details on how to lodge your Proxy Form can be found on the reverse side of the Proxy Form.

### ENQUIRIES

If you have any questions about this Notice or your Proxy Form please contact the Company's share registry, Computershare Investor Services Pty Ltd, at 1300 798 306 (within Australia) or +61 3 9415 4830 (outside Australia).

#### By order of the Board of Directors



Dr Chris Mitchell  
Executive Director

5 June 2017

# Seafarms Group Limited

## EXPLANATORY NOTES

### CAPITAL RAISING OVERVIEW

On Friday, 2 June 2017, the Company announced a capital raising and issue of fully paid ordinary shares in the Company (**Shares**) and bonus options, expiring on 17 July 2021, at an exercise price of \$0.10 (**Options**) comprising the Institutional Placement, Share Purchase Plan, Option Offer, and Debt Conversion (**Capital Raising**).

#### Institutional Placement

An underwritten placement (**Placement**) to unrelated institutional and sophisticated clients of the Company's broker, Bell Potter Securities Limited (**Bell Potter**), to raise approximately \$8 million (before costs) through the issue of 133,333,333 Shares (**Placement Shares**) at an issue price of \$0.06 per Share (**Offer Price**).

Investors under the Placement (including any shortfall Shares) will be entitled to be issued one Option for every two new Shares issued under the Placement.

These Shares (including any shortfall Shares) will be issued utilising the Company's existing placement capacity under Listing Rules 7.1 and 7.1A. The Company seeks to ratify the issue of the Placement Shares at the Extraordinary General Meeting – see Item 1 below for more details.

The Company engaged Bell Potter as lead manager and underwriter of the Placement on usual terms and conditions.

#### Share Purchase Plan

An underwritten Share Purchase Plan to accompany the Placement under which eligible shareholders (i.e. Shareholders with an address in Australia or New Zealand who are on the register at 5pm (Perth time) on Thursday, 1 June 2017) are entitled to subscribe up to \$15,000 worth of new Shares at the Offer Price (**SPP**). The Company is seeking to raise \$2 million under the SPP.

The Company reserves the right to accept applications for up to a maximum of \$4 million worth of new Shares at the Offer Price, and a discretion to scale back applications if this amount is exceeded.

Investors under the SPP (including any shortfall Shares) will be entitled to be issued one Option for every two new Shares issued under the SPP.

The Company engaged Bell Potter to underwrite the SPP (up to \$2 million) on usual terms and conditions.

Further terms in respect of the SPP will be set out in the SPP Offer Booklet to be despatched to Shareholders on or around Monday, 5 June 2017.

#### Option Offer

The Options will be offered under a transaction-specific prospectus issued by the Company after the date of the Meeting. The Company will apply for quotation of the Options on ASX, the grant of which will be subject to satisfaction of minimum spread requirements under the Listing Rules.

The Prospectus will be sent to:

- each sophisticated and institutional investor who participates in the Placement;
- those Shareholders who participate in the SPP;
- Bell Potter, any sub-underwriter and other investors who subscribes for SPP shortfall Shares; and
- Avatar Finance.

Any fractional entitlement to be issued Options will be rounded down.

#### Debt Conversion

The subscription of \$2.5 million by Avatar Finance Pty Ltd (**Avatar Finance**) at an issue price of \$0.06 per Share to be used to repay debt to Avatar Finance. This will result in the issue of 41,666,666 Shares.

Avatar Finance will also be entitled to be issued 20,833,333 Options.

Avatar Finance is a company controlled by Mr Ian Trahar, the Company's executive Chairman and its largest shareholder.

The Company has an existing credit facility agreement pursuant to which Avatar Finance has made available to the Company, a rolling credit facility of \$8.5 million (**Loan Amount**) for working capital purposes which is repayable on 31 January 2019 (**Loan Arrangements**). Prior to the proposed Debt Conversion, \$8 million of the facility has been drawn.

The Options are to be issued on the basis of one Option for every two Shares issued to Avatar Finance.

The Debt Conversion demonstrates Mr Trahar's ongoing support and belief in the prospects of Project Sea Dragon and that, as the Company's largest shareholder, he will invest in new Shares and Options on the same terms as those applicable under the Placement and SPP. In addition, the \$2.5 million will continue to be available to the Company to be redrawn under the loan arrangements, thereby providing access to further financial resources should the Company require it. The Debt Conversion also reduces interest payable while the Loan Amount is at a reduced level. The issue price and terms of the Shares and Options received by Avatar Finance as consideration for the Debt Conversion were aligned with the investment terms which are applicable to "arm's length" third party investors under the Placement and with the offer made to shareholders under the SPP.

#### Use of funds

The proceeds of the Capital Raising will be used to fund the development of Project Sea Dragon and for general working capital and corporate purposes.

#### Director participation in Capital Raising

Each Director has confirmed it is his present intention to take up his full entitlements under the SPP. Directors are not permitted to subscribe for securities under the Placement or any Placement or SPP shortfall.

As announced on 5 June 2017, ASX has granted the Company a waiver from Listing Rule 10.11 to permit related parties of the Company to receive Options in respect of Shares issued to them under the SPP on the same terms as all other shareholders. This waiver is conditional on shareholders approving Item 3. If Item 3 is not approved, related parties will not be able to receive Options in respect of the Shares issued to them under the SPP.

#### Purpose of shareholder approvals

The Shares and Options to be issued under the Placement and SPP and associated Option Offer can be done utilising the Company's existing placement capacity under Listing Rule 7.1 and Listing Rule 7.1A. Accordingly, these issues will proceed even if Shareholders do not approve any or all of resolutions 1 to 5. These resolutions are being sought solely to refresh the Company's new issue capacity. As mentioned above, related parties will only be able to receive Options if Item 3 is approved.

The approvals in Items 1 to 5 are being sought under Listing Rule 7.1 and/or Listing Rule 7.4.

Listing Rule 7.1 permits an issue of new equity securities equivalent in number to not more than 15% of its capital in any 12 month period without the prior approval of its shareholders.

Listing Rule 7.1A provides an additional 10% capacity to issue shares without shareholder approval for certain pre-approved purposes provided shareholders have approved that additional capacity at its AGM, the Company is not included in the S&P/ASX 300 Index and the Company's market capitalisation is less than \$300 million. Shareholders approved the additional 10% capacity at the Company's 2016 AGM held on 25 November 2016.

Listing Rule 7.4 allows shareholders to refresh the Company's Listing Rule 7.1 and 7.1A capacity by ratifying an issue of securities which has been made.

# Seafarms Group Limited

## EXPLANATORY NOTES

Equity securities issued with shareholder approval under Listing Rules 7.1 or 7.4 do not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A.

If any of Items 1 to 5 are not approved, the securities issued under the relevant resolution will be counted toward the new issue capacity limits in Listing Rule 7.1 and/or Listing Rule 7.1A. In these circumstances, the Company's issue capacity under Listing Rule 7.1 will not be refreshed and the Company may require shareholder approval to issue shares in the future to the extent that it does not have remaining capacity under Listing Rules 7.1 and/ or 7.1A.

If Item 6 is not approved by Shareholders the Company will not proceed with the Debt Conversion and the issue of Options associated with the Debt Conversion.

### Timetable of the Capital Raising

An indicative timetable for the Capital Raising is set out in the announcement made on 2 June 2017.

### Impact of the Capital Raising on the capital structure

<b>Current issued shares:</b>	1,151,349,528
<b>Capital Raising Shares:</b>	
• Placement Shares	133,333,333
• SPP Shares <sup>1</sup>	33,333,333
• Debt Conversion Shares	41,666,666
<b>Total Shares after Capital Raising<sup>1</sup></b>	<b>1,359,682,860</b>
<b>New Options Issued</b>	
• Placement Options	66,666,666
• SPP Options <sup>1</sup>	16,666,666
• Debt Conversion Options	20,833,333
<b>Total Options after Capital Raising<sup>1</sup></b>	<b>104,166,665</b>

<sup>1</sup> Assumes \$2 million raised under SPP and no over subscriptions.

<sup>2</sup> Seafarms has 30,150,189 preference shares on issue.

### Impact of the Capital Raising on the shareholder structure

Following implementation of the Capital Raising, it is anticipated that the voting power of Mr Trahar and his associates will be reduced.

At the date of this Explanatory Statement Mr Trahar has a relevant interest in 409,974,561 Shares, representing 35.61% of the current issued capital.

Assuming that the Capital Raising is implemented in full (raising \$2m under the SPP) and Mr Trahar and his associates are issued securities under the SPP and Debt Conversion, his relevant interest is estimated to increase to approximately 453,391,227 shares representing 33.34% of the then issued shares. Mr Trahar and his associates would also hold approximately 21,708,333 Options.

## FURTHER MATERIAL INFORMATION REGARDING EACH RESOLUTION

### ITEM 1 RATIFICATION OF PLACEMENT

Item 1 seeks shareholder ratification under Listing Rule 7.4 for the issue of Placement Shares under the Placement issued pursuant to the Company's 15% capacity under Listing Rule 7.1 and additional 10% capacity under Listing Rule 7.1A.

See 'Capital Raising Overview' above for further information on the Capital Raising, the Placement and the reasons why approval is being sought.

For the purposes of ASX Listing Rule 7.5, the Company advises:

<b>Number of securities issued</b>	133,333,333 Shares will be issued, of which: <ul style="list-style-type: none"> <li>• 18,198,381 Shares will be issued under the Company's Listing Rule 7.1 capacity: and</li> <li>• 115,134,952 Shares will be issued under the Company's Listing Rule 7.1A capacity.</li> </ul>
<b>Date of issue</b>	9 June 2017.
<b>Issue price</b>	\$0.06 per Placement Share.
<b>Recipients</b>	Professional, sophisticated and other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act who are clients of Bell Potter or who were otherwise identified by the Company. No related party of the Company participated in the Placement.
<b>Terms of securities</b>	Fully paid ordinary shares which rank equally with other Shares on issue.
<b>Intended use of funds</b>	See 'Capital Raising Overview' above for a description of the use of funds raised.

### Board recommendation

The Board unanimously recommends Shareholders vote in favour of this ordinary resolution.  
The Chair intends to vote undirected proxies in favour of Item 1.

### Voting exclusion statement

The Company will disregard any votes cast on this Item 1 by any person or entity who participated in the Placement and any associates of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### ITEM 2 RATIFICATION OF OPTIONS TO SUBSCRIBERS UNDER THE PLACEMENT

Item 2 seeks shareholder approval under Listing Rule 7.1 for the issue up to 66,666,666 Options to shareholders who received the Placement Shares.

Given that the issue of Options will occur after the shareholder meeting, approval is being sought under Listing Rule 7.1.

The Options can be issued utilising the Company's existing placement capacity under Listing Rule 7.1. Accordingly, the issue will proceed even if Shareholders do not approve Item 2. The resolution is being sought solely to refresh the Company's issue capacity.

See 'Capital Raising Overview' above for further information on the Capital Raising, the Placement and Option Offer.

For the purposes of Listing Rule 7.3, the Company provides the following information:

<b>Max number of securities to be issued</b>	66,666,666 Options.
<b>Date of proposed issue</b>	It is intended that the Options will be issued on or around 17 July 2017 and in any event no later than 3 months after the date of this Meeting.

# Seafarms Group Limited

## EXPLANATORY NOTES

<b>Issue price</b>	The issue price for the Options is nil.
<b>Recipients</b>	Persons issued shares under the Placement.
<b>Terms of securities</b>	Option Terms as set out in Schedule 1.
<b>Intended use of funds</b>	No funds are raised by the issue of the Options. Funds raised on exercise of Options will be used for working capital and general corporate purposes.

### Board recommendation

The Board unanimously recommends Shareholders vote in favour of this ordinary resolution.

The Chair intends to vote undirected proxies in favour of Item 2.

### Voting exclusion statement

The Company will disregard any votes cast on this Item 2 by any person who may participate in the issue of Options in connection with the Placement and any person who might obtain a benefit, except a benefit solely in the capacity of a shareholder of the Company, if the Item is passed, and any associates of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### ITEM 3 RATIFICATION OF OPTIONS TO SUBSCRIBERS UNDER THE SHARE PURCHASE PLAN

Item 3 seeks shareholder approval under Listing Rule 7.1 to issue up to 33,333,333 Options to shareholders who receive SPP Shares.

The approval sought is sufficient to cover over subscriptions received under the SPP up to a further \$2 million.

The SPP complies with the requirements of Listing Rule 7.2, Exception 15 and Listing Rule 10.12, Exception 8 and ASIC Class Order 09/425.

Accordingly, Shares issued pursuant to the SPP will not count towards the 15% limit under Listing Rule 7.1 or the 10% limit under Listing Rule 7.1A.

However, the Options to be issued to shareholders who receive SPP Shares do not fall within the Listing Rule exceptions as these exceptions apply only to Shares.

Given that the issue of Options will occur after the shareholder meeting, approval is being sought under Listing Rule 7.1.

The Options can be issued utilising the Company's existing capacity under Listing Rule 7.1. Accordingly, the issue will proceed even if Shareholders do not approve Item 3. The resolution is being sought solely to refresh the Company's new issue capacity.

However, as mentioned on page 5 above, if Item 3 is not approved, related parties will not be able to receive Options in respect of the Shares issued to them under the SPP.

See 'Capital Raising Overview' above for further information on the Capital Raising, the SPP and Option Offer.

For the purposes of Listing Rule 7.3, the Company provides the following information:

**Number of securities to be issued** 33,333,333 Options.

**Date of proposed issue** It is intended that the Options will be issued on or around 17 July 2017 and in any event no later than 3 months after the date of this Meeting.

**Issue price** The issue price for the Options is nil.

**Recipients** Shareholders who are issued Shares pursuant to the SPP.

**Terms of the Issued Securities** Option Terms as set out in Schedule 1.

**Intended use of funds** No funds are raised by the issue of the Options. Funds raised on exercise of Options will be used for working capital and general corporate purposes.

### Board recommendation

The Board unanimously recommends Shareholders vote in favour of this ordinary resolution.

The Chair intends to vote undirected proxies in favour of Item 3.

### Voting exclusion statement

The Company will disregard any votes cast on this Item 3 by any underwriter or sub-underwriter of the SPP or any investor who receives Shares under the SPP Shortfall and any associates of that person (or those persons).

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

As announced on 5 June 2017, the ASX has granted the Company a waiver from Listing Rule 7.3.8 to modify the voting exclusion statement as set out above.

### ITEM 4 RATIFICATION OF SHARES ISSUED UNDER SHARE PURCHASE PLAN SHORTFALL

Item 4 seeks shareholder approval under Listing Rule 7.4 for the issue of up to 33,333,333 Shares which comprise any shortfall under the SPP (**SPP Shortfall Shares**) to unrelated professional, sophisticated and other investors and/ or the underwriter.

If the SPP raises \$2 million, no shortfall will arise and no SPP Shortfall Shares will be issued.

The issue of any SPP Shortfall Shares is scheduled to occur before this Meeting and so will be ratified under Listing Rule 7.4.

The SPP Shortfall Shares can be issued utilising the Company's existing Listing Rule 7.1 capacity. Accordingly, this issue will proceed even if Shareholders do not approve Item 4. The resolution is being sought solely to refresh the Company's issue capacity.

See 'Capital Raising Overview' above for further information on the Capital Raising, the SPP and the Option Offer.

For the purposes of Listing Rule 7.5, the Company provides the following information:

**Number of securities to be issued** Up to 33,333,333 SPP Shortfall Shares.

**Date of issue** Any SPP Shortfall Shares are scheduled to be issued on or around 30 June 2017.



# Seafarms Group Limited

## EXPLANATORY NOTES

<b>Issue price</b>	Any SPP Shortfall Shares will be issued at \$0.06 per Share.
<b>Recipients</b>	The Shortfall Shares will be issued to Bell Potter, any sub-underwriter and professional, sophisticated and other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act. No related party of the Company will participate in securities issued in respect of any shortfall.
<b>Terms of securities</b>	The SPP Shortfall Shares are fully paid ordinary Shares which rank equally with other Shares on issue.
<b>Intended use of funds</b>	See 'Capital Raising Overview' above for a description of the use of funds raised from any SPP Shortfall Shares issued.

### Board recommendation

The Board unanimously recommends Shareholders vote in favour of this ordinary resolution.

The Chair intends to vote undirected proxies in favour of Item 4.

### Voting exclusion statement

The Company will disregard any votes cast on Item 4 by Bell Potter, any sub-underwriter and other investors who subscribed for SPP Shortfall Shares and any of their associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### ITEM 5 RATIFICATION OF OPTIONS ISSUED IN RELATION TO SHARE PURCHASE PLAN SHORTFALL

Item 5 below seeks shareholder approval under Listing Rule 7.1 for the issue of up to 16,666,666 Options (**SPP Shortfall Options**) on the basis of one SPP Shortfall Option for every two SPP Shortfall Shares issued to unrelated professional, sophisticated and other investors and / or the underwriter.

If the SPP raises \$2 million, no shortfall will arise and no SPP Shortfall Options will be issued.

The issue of SPP Shortfall Options will occur after the Meeting and so approval is being sought under Listing Rule 7.1.

The SPP Shortfall Options can be issued utilising the Company's existing capacity under Listing Rule 7.1. Accordingly, this issue will proceed even if Shareholders do not approve Item 5. The resolution is being sought solely to refresh the Company's issue capacity.

See 'Capital Raising Overview' above for further information on the Capital Raising, the SPP and the Option Offer.

For the purposes of Listing Rule 7.3, the Company provides the following information:

<b>Max Number of securities to be issued</b>	Up to 16,666,666 SPP Shortfall Options.
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**Date of proposed issue** The SPP Shortfall Options are scheduled to be issued on or around 17 July 2017.

No SPP Shortfall Options will be issued later than 3 months after the date of this Meeting.

**Issue price** The issue price for the SPP Shortfall Options is nil.

**Recipients** The SPP Shortfall Options will be issued to Bell Potter, any sub-underwriter and professional, sophisticated and other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act who subscribed for SPP Shortfall Shares. No related party of the Company will participate in securities issued in respect of any shortfall.

**Terms of securities** Option Terms as set out in Schedule 1.

**Intended use of funds** No funds are raised by the issue of the Options. Funds raised on exercise of Options will be used for working capital and general corporate purposes.

### Board recommendation

The Board unanimously recommends Shareholders vote in favour of this ordinary resolution.

The Chair intends to vote undirected proxies in favour of Item 5.

### Voting exclusion statement

The Company will disregard any votes cast on Item 5 by any person who may participate in the issue of SPP Shortfall Options and any person who might obtain a benefit, except a benefit solely in the capacity of a shareholder of the Company, if Item 5 is passed, and any associates of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### ITEM 6 APPROVAL FOR CONVERSION OF DEBT

Item 6 seeks shareholder approval under ASX Listing 10.11 for the issue of Shares and Options to Avatar Finance which will be used to repay \$2.5 million of the Loan Amount to Avatar Finance, a company controlled by Mr Ian Trahar, a Director (and Chairman) of the Company.

As set out in the Company's 2016 Annual General Meeting documentation, the Company has an existing revolving credit facility agreement with Avatar Finance, a related party of the Company. Schedule 1 of the Explanatory Memorandum for that meeting sets out further details regarding the terms of these loan arrangements.

If Item 6 is approved by Shareholders, the amount drawn under the Loan Arrangements will be reduced to \$5.5 million. If Item 6 is not approved by Shareholders, the Company will not proceed with the Debt Conversion and the issue of Options associated with the Debt Conversion.

The Debt Conversion is also conditional on the Placement and SPP raising at least \$10 million (i.e. the amount underwritten by Bell Potter under the Placement and SPP), subject to Avatar Finance's right to waive this requirement.

# Seafarms Group Limited

## EXPLANATORY NOTES

Listing Rule 10.11 requires shareholder approval when issuing equity securities to a related party (except in certain circumstances, which are not applicable in this case). Approval of an issue of securities under Listing Rule 10.11 will also mean that those securities are not counted for the purposes of the new issue capacity in Listing Rules 7.1 and 7.1A.

See the 'Capital Raising Overview' above for further information on the Capital Raising and the Debt Conversion.

Under the proposed Debt Conversion, a financial benefit is being provided to Avatar Finance by virtue of the issue of Shares and Options to Avatar Finance. The use of the funds to repay debt will reduce interest costs and can be redrawn under the terms of the facility documents.

The Board of the Company has concluded that the terms of the Debt Conversion and any financial benefit received by Avatar Finance under it, is on terms that would be reasonable in the circumstances where the Company and Avatar Finance were dealing at arm's length or are less favourable to Avatar Finance than those on which it is reasonable to expect if the Company and Avatar Finance were dealing at arm's length.

In part this conclusion was based on the fact that Avatar Finance will be issued Shares and Options on the same terms as arm's length parties who are not related parties of the Company under the Placement and SPP.

As with all issues being made, the issue of Shares and Options in respect of the Debt Conversion will result in dilution of each shareholder's proportionate interest in the company.

### Information required under Listing Rule 10.13

The following information is provided for the purposes of Listing Rule 10.13.

<b>Persons to receive securities</b>	Avatar Finance.
<b>Maximum number of securities to be issued</b>	41,666,666 Shares; and 20,833,333 Options.
<b>Date of issue</b>	It is intended that the Shares will be issued on or around 5 July 2017 and the Options will be issued on or around 17 July 2017, but in any event no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
<b>Relationship with the Company</b>	As Avatar Finance is controlled by Ian Trahar, a director (and Chairman) of the Company, Avatar Finance is a related party of the Company.  Avatar Finance is a substantial shareholder by virtue of being associated with Mr Trahar. Prior to the Capital Raising, Mr Trahar (and Avatar Finance) have voting power over 409,974,561 Shares representing 35.61% of the issued capital at the date of this explanatory statement. Avatar Finance may require the securities to be issued to a related party of Avatar Finance.
<b>Issue price</b>	The issue price of the Shares is \$0.06.  The issue price for the Options is nil. The exercise price of the Options is \$0.10 per Share.  This is the same price as the Shares and Options issued to unrelated parties of the Company under the Placement and SPP.
<b>Terms of issue</b>	The Shares are fully paid ordinary Shares which rank equally with other Shares on issue.  Option Terms are set out in Schedule 1.

### Use of funds

The \$2.5 million raised will be applied to repay a portion of the Loan Amount owed to Avatar Finance. Following the Debt Conversion, the Company will continue to have access to the \$3 million undrawn capacity under the Avatar Finance facility on the same terms and conditions as applied prior to the debt conversion (which were approved by shareholders at the 2016 AGM).

### Board recommendation

Each Director (other than Mr Trahar) considers that the conversion of the Loan Amount is in the best interests of Shareholders and recommends that the Shareholders vote in favour of Item 6 on the basis that the Debt Conversion is an important endorsement by the Company's largest shareholder of the terms of the Placement and SPP and it provides additional financial resources (by providing capacity to redraw the \$2.5 million if required by the Company) while reducing the Company's interest costs on the Loan. The Chair intends to vote undirected proxies in favour of Item 6.

Mr Ian Trahar declines to make a recommendation to Shareholders in relation to Item 6 due to his interest in the outcome by virtue of his controlling Avatar Finance.

In order to manage any potential or perceived conflict of interest, Mr Ian Trahar has did not participate in the Board's consideration or vote in relation to the conversion of the Loan Amount.

### Voting exclusion statement

The Company will disregard any votes cast on Item 6 by or on behalf of Avatar Finance and any of its associates (including Ian Trahar).

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

# Seafarms Group Limited

## SCHEDULE 1

### OPTION TERMS

1. Each Option entitles the holder to subscribe for 1 Share upon exercise of the Option and payment of the Exercise Price (defined below).
2. Each Option is exercisable at A\$0.10 (**Exercise Price**).
3. The Options automatically expire at 5.00pm (Perth time) on 17 July 2021 (**Expiry Date**).
4. The Options will be quoted on ASX.
5. The Company must give the holder of each Option a holding statement stating:
  - (a) the number of Options issued to each holder;
  - (b) the Exercise Price of the Options; and
  - (c) the date of issue of the Options.
6. Holders may exercise the Options at any time up to the Expiry Date. Any Option not exercised automatically expires on the Expiry Date.
7. Options may only be exercised during the hours of 8.30am to 5.00pm (Perth time) (**Business Hours**) by the delivery to the registered office of the Company or the Company's share registry a notice in writing stating the intention of the holder to:
  - (a) exercise all or a specified number of the Options; and
  - (b) pay the Exercise Price in full for the exercise of each such Option.
8. A notice in writing received outside of Business Hours will be deemed received at the next opening of Business Hours.
9. The exercise notice must be accompanied by the holding statement for the options being exercised and a cheque made payable to the Company for the Exercise Price for the Options being exercised.
10. The Options will be deemed to have been exercised on the date the exercise notice is received or deemed to be received by the Company or the Company's share registry.
11. The Company will allot the Shares to which a holder is entitled following exercise of Options and deliver a holding statement with respect to such Shares within the timeframe required by the ASX Listing Rules.
12. The exercise of only some Options will not affect the rights of the holder to the balance of the Options held by them.
13. If the holder of the Options exercises less than the total number of Options registered in the holder's name, the Company must issue the holder of Options a new holding statement for the remaining number of Options held by the holder.
14. Options will not confer an entitlement to receive dividends declared and paid by the Company, nor an entitlement to vote at general meetings of the Company unless the holder of the Options has exercised the Options before the Exercise Date and participates as a result of holding Shares.
15. All Shares issued on exercise of an Option will:
  - (a) rank equally in all respects (including, without limitation, rights relating to dividends) with other issued Shares;
  - (b) be issued credited as fully paid;
  - (c) be duly authorised and issued by all necessary corporate action; and
  - (d) be allotted and issued free from all liens, charges and encumbrances whether known about or not, including statutory and other pre-emption rights and any transfer restrictions.
16. The Company will apply to ASX for official quotation of the Shares issued upon exercise of Options within the time period required by the ASX Listing Rules.
17. A holder of Options does not have the right to participate in bonus issues or new issues of securities offered to Shareholders until Shares are allotted to the holder pursuant to the exercise of the Options.

# Seafarms Group Limited

## SCHEDULE 1

18. In the event of a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the capital of the Company, the rights of the holders of Options (including, without limitation, the number of Options to which the Optionholder is entitled to and the Exercise Price) will be changed (as appropriate) in accordance with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
19. If the Company makes a pro-rata issue (other than a bonus issue) to existing Shareholders and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the Exercise Price of each Option will be reduced in the manner permitted by the ASX Listing Rules applying at the time of the pro-rata issue.
20. If the Company makes a bonus issue to existing Shareholders and no Share has been issued in respect of that Option before the record date for determining entitlements to the issue, then the number of Shares over which that Option is exercisable will be increased in the manner permitted by the ASX Listing Rules applying at the time of the bonus issue.
21. The Company is entitled to treat the registered holder of an Option as the absolute holder of that Option and is not bound to recognise any equitable or other claim to, or interest in, that Option on the part of any person other than the registered holder, except as ordered by a court of competent jurisdiction or as required by statute.

# Seafarms Group Limited


## SCHEDULE 2

Director (including associated entities)	Current Shareholding (Direct and Indirect)	% of Total Share Capital	Shareholding upon issue of the Placement Shares	% of Total Share Capital following issue of Placement shares	Shareholding upon issue of the SPP Shares	% of Total Share Capital following issue of SPP shares	Shareholding upon issue of Debt Conversion Shares	% of Total Share Capital following issue of Debt Conversion Shares	Shareholding upon exercise of all Options issued pursuant to the Capital Raising	% of Total Share Capital on a fully diluted basis
<b>Ian Trahar</b>	409,974,561	35.61%	409,974,561	31.91%	411,724,561	31.24%	453,391,227	33.34%	475,099,560	32.45%
<b>Harley Whitcombe</b>	12,148,259	1.06%	12,148,259	0.95%	12,648,259	0.96%	12,648,259	0.93%	12,898,259	0.88%
<b>Paul Favretto</b>	37,500,000	3.26%	37,500,000	2.92%	37,750,000	2.86%	37,750,000	2.78%	37,875,000	2.59%
<b>Chris Mitchell</b>	2,393,936	0.21%	2,393,936	0.19%	2,893,936	0.22%	2,893,936	0.21%	3,143,936	0.21%
<b>Seafarms Issued Share Capital</b>	<b>1,151,349,528</b>	<b>100%</b>	<b>1,284,682,861</b>	<b>100%</b>	<b>1,318,016,194</b>	<b>100%</b>	<b>1,359,682,860</b>	<b>100%</b>	<b>1,463,849,525</b>	<b>100%</b>

### Key assumptions

The calculations above assume an issue price of \$0.06 for all issues under the Capital Raising, an entitlement for Capital Raising participants to be issued one Option for every two Shares issued to them under the Capital Raising, full participation by the relevant director and his associated entities in the SPP and a raising of \$2 million under the SPP.

**Lodge your vote:**

 **Online:**  
www.investorvote.com.au

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

**For all enquiries call:**  
(within Australia) 1300 798 306  
(outside Australia) +61 3 9415 4830

SFG  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**Proxy Form**

**XX**



**Vote online**

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



**Your access information that you will need to vote:**

**Control Number: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 11:00am (AEST) Sunday, 2 July 2017**

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

**Signing Instructions for Postal Forms**

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

**Attending the Meeting**

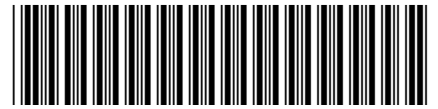
Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form →**

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Seafarms Group Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Seafarms Group Limited to be held at Corrs Chambers Westgarth, Level 25, 567 Collins Street, Melbourne, Victoria on Tuesday, 4 July 2017 at 11:00am (AEST) and at any adjournment or postponement of that meeting.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Ratification of Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Ratification of Options to Subscribers under the Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Ratification of Options to Subscribers under the Share Purchase Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Ratification of Shares issued under Share Purchase Plan Shortfall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Ratification of Options issued in relation to Share Purchase Plan Shortfall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval of Debt Conversion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /