



Our Ref: SFG ASX Announce Legune Option Negotiations (586)

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ANNOUNCEMENT 586

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

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Dear Sir

Project Sea Dragon – Significant Milestone – 90 year sublease on Legune Station secured.

Further to announcements made on 2 July and 31 July 2018, Seafarms Group Limited (**Seafarms**) is now pleased to announce the signing of the Sublease and Co-operation Agreement (**the Agreement**) with AAM Licensees Pty Ltd as trustee of the Pastoral Development Property Trust (**PDT**) to provide secure long term (90 year) access to Legune Station for the construction, development and operation of the whole Project Sea Dragon (**PSD**) development – up to 10,000 hectares of production ponds.

PDT is part of the AAM Investment Group (**AAMIG**). AAMIG is a major Australian owned diversified agricultural investment and asset manager that specialises in agricultural operations throughout Australia.

Dr Chris Mitchell stated that the sublease, rather than outright acquisition, reduces the initial capital costs for PSD while providing long term tenure. The part of Legune Station not used for PSD will be used as a pastoral lease by PDT (AAMIG, an experienced operator will manage the cattle station operations). Importantly, PDT will be responsible for meeting the Pastoral Land Act requirements on the Station.

The Agreement is conditional on completion of the acquisition by PDT of Legune Station (**Legune Station Completion**) and certain other regulatory approvals and recognises the Native Title Holders' rights under the recently agreed Indigenous Land Use Agreement (ILUA). Seafarms has also retained an option to acquire the Legune Station from PDT at a later point in time in the event that it is more advantageous for PSD to own the Pastoral Lease and Seafarms and PDT may co-invest in capital works opportunities on the property where it is mutually beneficial to do so.

As previously announced, PDT has the right to acquire Legune Station from the current Legune owners. The acquisition remains conditional on AAMIG obtaining the necessary finance. Seafarms understands that AAMIG is well advanced in its financing arrangements and is confident that it will be in a position to complete the Legune Station acquisition in November 2018.

In addition to the Agreement, a number of ancillary documents have been signed by AAMIG companies and Seafarms companies, all of which are conditional on Legune Station Completion.

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In a strong show of commitment and ongoing support for PSD, an entity associated with AAMIG has agreed to invest in Seafarms and will be issued with two tranches of unlisted options (80 million unlisted options in total) at an exercise price of \$0.10. One tranche (30m unlisted options) expires within 6 months of PSD reaching financial close or otherwise on the fifth anniversary of Legune Station Completion. The other tranche (50m unlisted options) expires on the third anniversary of Legune Station Completion or earlier in certain circumstances (expected to be shortly after financial close of PSD). AAMIG is committed to supporting and assisting Seafarms with its funding efforts for PSD. Shareholder approval is not required for the issue.

Dr Chris Mitchell will be available to take queries/questions on (03) 9928 5111 in relation to this ASX announcement.

Yours faithfully

Seafarms Group Limited



Harley Whitcombe
Company Secretary

About Seafarms Group

Seafarms Group Limited (ASX: SFG) is an ASX listed holding company with separate subsidiary aquaculture companies., Seafarm Operations Pty Ltd operates aquaculture operations in northern Queensland, producing high - quality seafood. Seafarms is currently the largest producer of farmed prawns - growing, processing and distributing the well - known Crystal Bay Prawns™ premium brand.

For further information refer the company's web site: www.seafarms.com.au

About Project Sea Dragon

Seafarms Group is developing Project Sea Dragon – a large scale, integrated, land based prawn aquaculture project in northern Australia designed to produce high-quality, year-round reliable volumes for export markets.

For further information refer the company's web site: www.seafarms.com.au/about-project-sea-dragon/

About AAMIG

For further information refer the company's web site: www.aamig.com.au