



Our Ref: SFG ASX Announce Cap Raising (600)

5 April 2019

ANNOUNCEMENT 600

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

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Dear Sir

**Seafarms announces it has raised A\$20 million under a placement and will conduct a share purchase plan to raise up to \$4 million along with a \$3 million debt to equity conversion.**

Seafarms Group Limited ACN 009 317 846 (**Seafarms** or the **Company**) is pleased to announce that it has received commitments for a share placement to major domestic, institutional and professional investors in excess of A\$20 million (**Placement**) at A\$0.09 per fully paid ordinary share in the capital of the Company (**Share**) however the Placement was capped at \$20 million. Bell Potter Securities Limited (**Bell Potter**) is acting as lead manager to the Placement.

In addition, Avatar Finance Pty Ltd (**Avatar**), a company controlled by the major shareholder and Chairman of Seafarms, Mr Ian Trahar, has committed to subscribe for A\$3 million of new Shares at the same price as the Placement, which will be used to repay debt (**Debt Conversion**), subject to shareholder approval.

To enable all shareholders to participate, the Company will also implement a share purchase plan (**SPP**) also at A\$0.09 per Share to eligible SFG shareholders, with the expectation of raising A\$4 million (with an ability to accept oversubscriptions subject to the directors' discretion). The Company will accept subscriptions of up to \$15,000 from each shareholder under the SPP.

Seafarms' Executive Chairman, Mr Ian Trahar commented:

*"Since the Company's last capital raising in June 2017, Seafarms has secured the material approvals and licences necessary to develop Step 1 of Stage 1 of its world class Project Sea Dragon, secured a global seafood partner Nissui and only recently and importantly secured a 90 year sublease agreement at our major development site – Legune Station in December 2018. This new equity raising will place the company in a strong position to further progress the early works programs for Project Sea Dragon which started in the dry of 2018 and to secure project funding for Step 1 of Stage 1 of the Project. The placement highlights the strong sophisticated investor support for the Project. The share purchase plan ensures our loyal shareholder base is able to participate in the issue and the debt to equity conversion highlights my own confidence in this world class development.*

*Seafarms has formally notified our global industry partner Nissui of this capital raising. All equity investments by Nissui require formal Nissui board approval and may also require applicable regulatory approvals and consents. The Company has agreed to provide Nissui with a 60 day period commencing on the date of this announcement to*

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*determine whether it intends to make a further investment into Seafarms at A\$0.09 per Share to maintain its current equity position in the Company."*

Attached is an Investor Presentation which provides further details in relation to the raising and an update on Project Sea Dragon.










### **Use of funds**

Seafarms is currently Australia's largest producer of farmed prawns, with significant operational aquaculture expertise and a demonstrated track record of growth and innovation.

Seafarms' Project Sea Dragon (**PSD**) is a world class industrial scale aquaculture project to be developed and constructed in stages primarily located at Legune Station in the Northern Territory. Following eight years of development and approximately \$100 million of investment, Seafarms has obtained the material regulatory approvals required for Stage 1 of the development, meaning that PSD is shovel ready.

Seafarms sponsored early work programs for PSD and government sponsored infrastructure support that commenced in the 2018 dry season.

The funds raised under the Placement and SPP will be applied to:

-  further expansion of Exmouth Founder Stock Centre to enable G3 (third generation) Specific Pathogen Free animals;
-  commencing the initial development of the Bynoe Harbour Broodstock Maturation Centre;
-  undertaking required capital works on Legune Station which are beneficial for PSD and agricultural operations on the station, as agreed in the Sublease and Cooperation Agreement;
-  obtaining/commissioning the engineering and detailed design and procurement packages for the current (2019) and next (2020) dry seasons;
-  finalising processing plant design and associated tender documents;
-  Australian Research Council research commitments;
-  facilitating the project funding process including negotiating with equity and debt funding participants and adviser costs;
-  meeting SFG's ongoing contractual, regulatory and environmental compliance commitments relating to PSD; and
-  the costs of the capital raising and general working capital requirements

### **Placement**

The Placement will see the introduction of new institutional investors to the Company's register.

The Placement price of A\$0.09 represents a 14.29% discount to the Company's last close price on Tuesday, 2 April 2019 of A\$0.105 and a 11.68% discount to the 5 day volume weighted average price to Tuesday, 2 April 2019 of A\$0.1019.

Under the Placement 222,222,222 Shares will be issued to institutional and professional clients of Bell Potter under the Company's placement capacity (under ASX Listing Rules 7.1 (170,069,154 shares) and 7.1A (52,153,068 shares)) to raise A\$20 million at A\$0.09 per Share.

At the shareholders meeting to be convened in May or June 2019, the Company will ask shareholders to ratify the Placement to refresh the Company's placement capacity.

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New Shares when issued will rank equally with all Shares already on issue.

### **SPP**

The SPP will provide eligible shareholders the opportunity to subscribe for up to A\$15,000 each in Seafarms at A\$0.09 per Share, the same issue price as the Placement. The amount to be raised is expected to be up to A\$4 million (with an ability to accept oversubscriptions subject to the directors' discretion).

The books closing date for the SPP was close of business 4 April 2019.

The SPP booklet is scheduled to be sent to shareholders on Monday, 8 April 2019. The Directors propose to participate to the maximum extent permissible under the SPP, subject to any legal or regulatory requirements (including superannuation legislation and policy).

### **Debt Conversion**

Shareholders have previously approved the loan by Avatar of up to A\$15.2 million (**Avatar Facility**). The facility is currently drawn to A\$13.4 million. Subject to shareholder approval, Avatar will subscribe for 33,333,333 new Shares at A\$0.09 per Share. The A\$3 million raised will be used to repay debt in the Company. The Debt Conversion will reduce the debt currently owed by the Company to Avatar Finance to \$10.4 million.

Avatar Finance has also indicated its desire to undertake further debt conversions. Seafarms is considering (subject to obtaining shareholder approval) making amounts outstanding under the existing facility agreement (after the Debt Conversion) convertible into Shares up to a maximum of \$12.2 million, at Avatar Finance's election, at an issue price of A\$0.09 to avoid the need for obtaining shareholder approval prior to any further debt conversions. Further details will be provided if the Company decides to proceed with this.

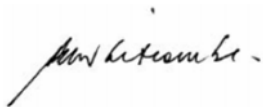
### **Enquiries**

General enquiries in relation to the Company or the proposed issues of securities can be made to Harley Whitcombe at Level 11, 225 St Georges Terrace, Perth, Western Australia or by telephone on +61 8 9216 5200 at any time between 8.30am and 5.00pm (AWST time) on any business day.

Enquiries in relation to entitlements to participate in the SPP should be directed to Computershare Investor Services Pty Ltd on 1300 798 306 (callers within Australia) or +61 3 9415 4830 (callers outside Australia).

Yours faithfully

**Seafarms Group Limited**



Harley Whitcombe  
Director and Company Secretary  
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**Media contact:**

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**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](http://www.seafarms.com.au)**

**Project Sea Dragon**

Project Sea Dragon Pty Ltd is developing Australia's largest 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/](http://www.seafarms.com.au/about-project-sea-dragon/)**