

Seafarms rattles tin for tiger prawn project

Brad Thompson

Seafarms Group is seeking to raise \$105 million to progress a large-scale prawn project on Australia's far-north coast.

The capital raising will be underpinned by Perth businessman Ian Trahar, who is Seafarms' biggest shareholder and executive chairman. He has been pushing the company's "project sea dragon" for almost a decade and is closing in on a dream of creating a major new industry near Kununurra in Western Australia.

Mr Trahar will subscribe for \$20 million in stock under a \$90 million placement and has agreed to convert \$15.2 million of existing debt into equity. The company is looking to raise a further \$15 million through a share purchase plan.

The funds are being sought to begin construction of stage one of the project, with Seafarms aiming for a maiden harvest by the third quarter of 2023.

Seafarms is still trying to nail down another \$150 million in finance for the construction work.

The estimated capital cost is \$281 million, with stage one intended to produce 18,000 tonnes of black tiger prawns a year once in full flow. The production target for the first 12 months of operation is 6000 tonnes.

AAM Investment Group, the owners of Legune Station on the border of WA and the Northern Territory where the project is based, also intends to take part in the placement, with Bell Potter acting as lead manager.

Mr Trahar said the company remained focused on developing one of the world's biggest black tiger prawn farms at the remote location.



Seafarms already produces black tiger prawns at its Queensland operations.

"The capital raising will launch Seafarms into the first construction activities towards making project sea dragon one of the largest black tiger prawn operations in the world," he said.

"We are at the beginning of creating a significant industrial-scale food production business. Global demand for prawns continues to expand, particularly in Asia.

"The genetics we have spent many years developing will result in a product with true premium characteristics, both in terms of size and price."

Seafarms already produces black tiger prawns at its operations in Queensland and has breeding facilities at Exmouth on the WA coast.

Mr Trahar said his belief in the ultimate success of the project was underlined by his participation in the capital raising alongside AAM, with strong support from other long-term shareholders.

The company's shares were trading at 8.6¢ a share before it went into a trading halt yesterday.

The two-tranche placement is pitched at 5.5¢ a share, with a free unlisted 3-for-5, three-year option, which can be exercised at 9.75¢ a share.