



Our Ref: CO2 ASX Announce 2013 AGM Presentations (403)

28 February 2014

ANNOUNCEMENT 403

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

By ASX Online  
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(including this page)

Dear Sir

**RE: ANNUAL GENERAL MEETING OF SHAREHOLDERS  
ADDRESSES TO SHAREHOLDERS**

We enclose herewith a copy of the Addresses to Shareholders which will be presented at the Company's Annual General Meeting to be held at 10.00 am today, 28 February 2014.

Further information on Seafarms Group Limited (formerly Western Australian Resources Limited) can be found on the Company's web site [www.co2australia.com.au](http://www.co2australia.com.au).

Yours faithfully  
**CO2 Group Limited**

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

Harley Whitcombe  
Company Secretary

ENC

**CO2 Group Limited**

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CO2 Group Limited is a corporate authorised representative ("CAR") (Number 420079) of CO2 Group Financial Services Pty Ltd (ABN 92 142 542 774 AFSL 388086). The Group's Authorised Representative numbers are: CO2 Group Limited (CAR # 420079); Carbon Banc Limited (CAR # 420080); CO2 Australia Limited (CAR # 420081).

## CO2 Group Limited 2013 Annual General Meeting Presentations

### Chairman's Overview

#### Key messages:

- The company has undertaken a significant restructuring of its carbon based activities in view of the pessimistic climate for action and investment in carbon abatement. We do not expect that investment activity will return to domestic carbon for at least the next 12 months.
- Importantly, the cost cutting actions undertaken by the company are expected to produce a cash flow positive result this financial year for continuing operations.
- Your company's aquaculture operations have commenced production with the acquisition of Seafarms Queensland on 6<sup>th</sup> January 2014. We believe shareholders will be positively surprised by this investment.

Seafarms  
Group  
Limited

# Seafarms Group Limited

...sustainable aquaculture systems

...**producing the finest quality seafood**

... for domestic & export markets

**Annual General Meeting Presentation**

February 2014



# 1. Overview of Presentation

- Our journey & achievements in the last 12 months...
- WARL to Seafarms Group Limited – Operations?
- Seafarms Group Limited (SGL) – going forward...
  - Our Vision & Business Model
  - Our Structure
  - Our Business Plans
  - Our current assets, businesses & projects
    - Seafarm Queensland (**Dallas Donovan**)
- Q&A



## 2. Our journey & achievements 2013

- **Ongoing confirmation that our business objectives are sound...**
  - Global trends in food demand (& seafood)
  - Expanding financial investment in aquaculture
  - Prawn (shrimp) prices at record levels
  - Australian aquaculture continues to grow
- **Project Sea Dragon continues to progress...**
  - (Further information later in presentation)
- **Project Groper opens second strategic initiative**
  - Industry consolidation play: acquire, merge transform fragmented aquaculture assets
  - Develop strong enterprises ; good financial returns & strategically support PSD
  - Acquired Seafarm – largest prawn farm in Australia
- **People**
  - Quality investments assessment team
  - substantially increased Operations personnel
- **Research & Development**
  - CSIRO Agreement – Aquaculture R&D
  - CRCs (Aquaculture Genetics; Tropical Agri)



*Aquaculture will provide close to two thirds of global food fish consumption by 2030 as catches from wild capture fisheries level off and demand from an emerging middle class, especially in China, substantially increase...*

**(Fish to 2030: Prospects for Fisheries & Aquaculture, World Bank, Report 83177, 2014)**



National Research  
**FLAGSHIPS**  
Food Futures





### 3. Key Investment Attributes

#### Demand for Animal Protein

- Global food demand is forecast to increase by 70% to 2050 due to increases in population and higher demand for animal protein resulting from increasing global affluence

#### Proven Technology, Leading Science

- Existing production technology, coupled with advanced breeding and feed programs, creating industry best practice productivity and positioning **Sea Dragon** in the bottom quartile of the production cost curve
- Strategic collaboration with CSIRO and leading industry expertise

#### Expanding from a strong domestic base

- Become the leading Australian shrimp producer through strategic acquisitions (**Groper**), providing a strong foundation from which to expand production targeting international markets.
- Leverage Australia's food safety record to develop markets for 100,000 tonnes of shrimp produced by Sea Dragon using industry best practice technology, genetics and aquaculture management.

#### World Class Location

- Limited alternative locations suitable for competitive large-scale shrimp production
- Sea Dragon's selected geographic isolated location provides ideal bio-security benefits
- Proximity to Asian target markets and key inputs (grain) provide unparalleled commercial benefits

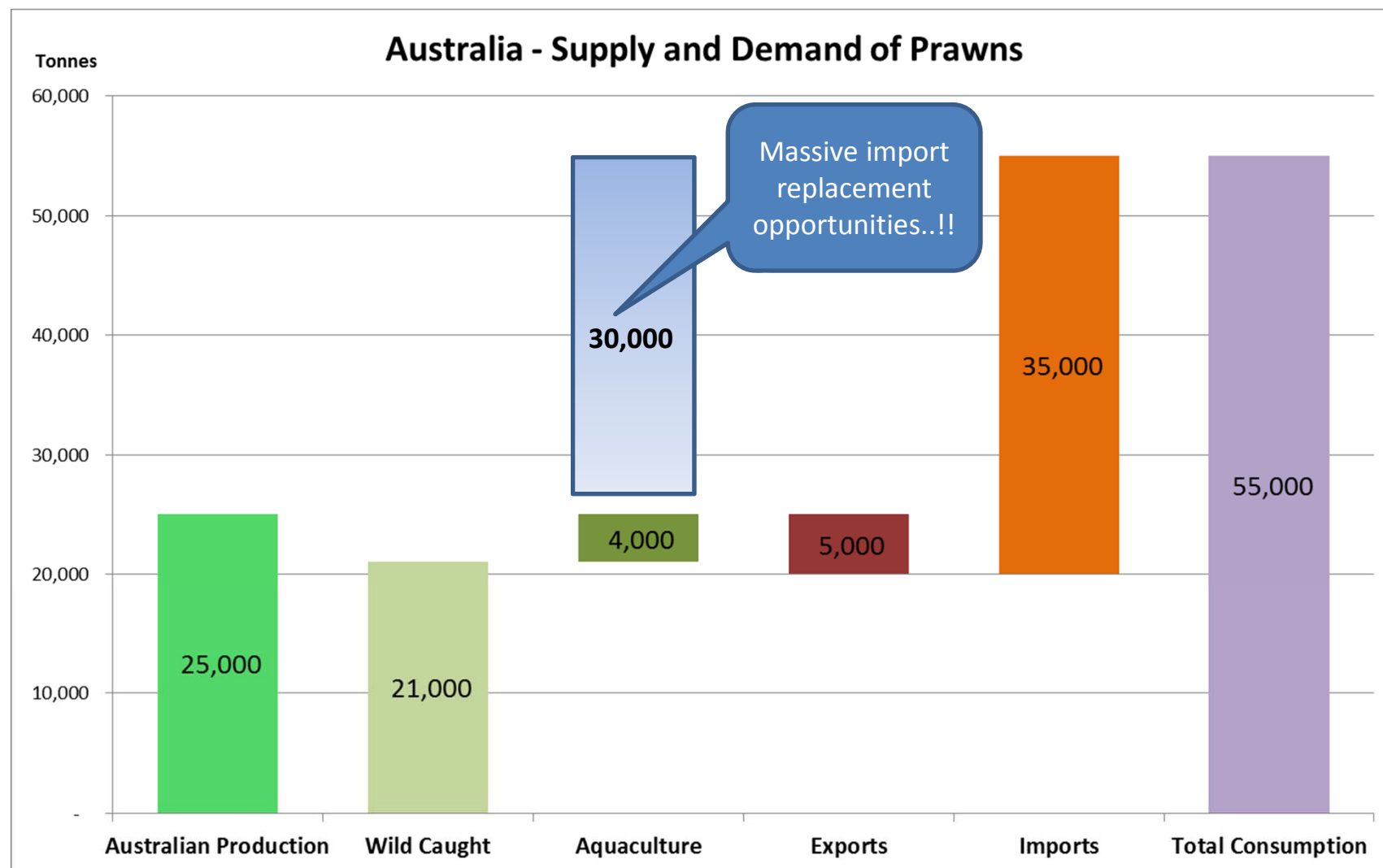
#### Committed Investors & Quality Management

- SGL has invested over \$10 million to date; commitment to support further investment in both Sea Dragon and strategic acquisitions
- Management with extensive experience across project development, successful large-scale aquaculture production, aquacultural science and business process

#### Attractive Financial Returns

- Pre-financial close investors projected IRR in excess of 42% and total projected WARL IRR (including financial close investors) of 31% over a 15-year production period
- Potential to underpin pre-financial close investment with significant land assets
- Attractive vendor finance arrangements for strategic acquisitions

## 4. Market Opportunity: Domestic prawn import replacement...



## 5. WARL to Seafarms Group Limited – Operations?

- **Western Australian Resources Limited**
  - Minerals explorations heritage, WA focus
  - Water resources IP – drove investigations into use of water – led to assessments of aquaculture potential (initially NW WA)
- **Seafarms Group Limited**
  - Evolution from being Developer to also, Operator...
  - Sea farms and ‘sea farming’ reflects our new business and strategic intent
  - Adopted name after acquisition of Seafarm in Queensland
    - Seafarm established over 30 years ago
    - One of most established and largest aquaculture operations in Australia
    - SGL continues name and brands and pay homage to Seafarm founder – Mr Ervin Vidor AM, a pioneer of the aquaculture industry
- **New branding and corporate identification process to be rolled-out during 2014**





## 6. Seafarms Group Limited – Vision & Key Business Plans

**Seafarms Group Limited (SGL)** is an Australian agri-food company building and investing in platforms for the supply of high-quality seafood, sustainably produced from aquaculture systems, for domestic and export markets. SGL is a wholly-owned subsidiary of ASX-listed company **Commodities Group Limited** (ASX: COZ) formerly CO2 Group Limited.

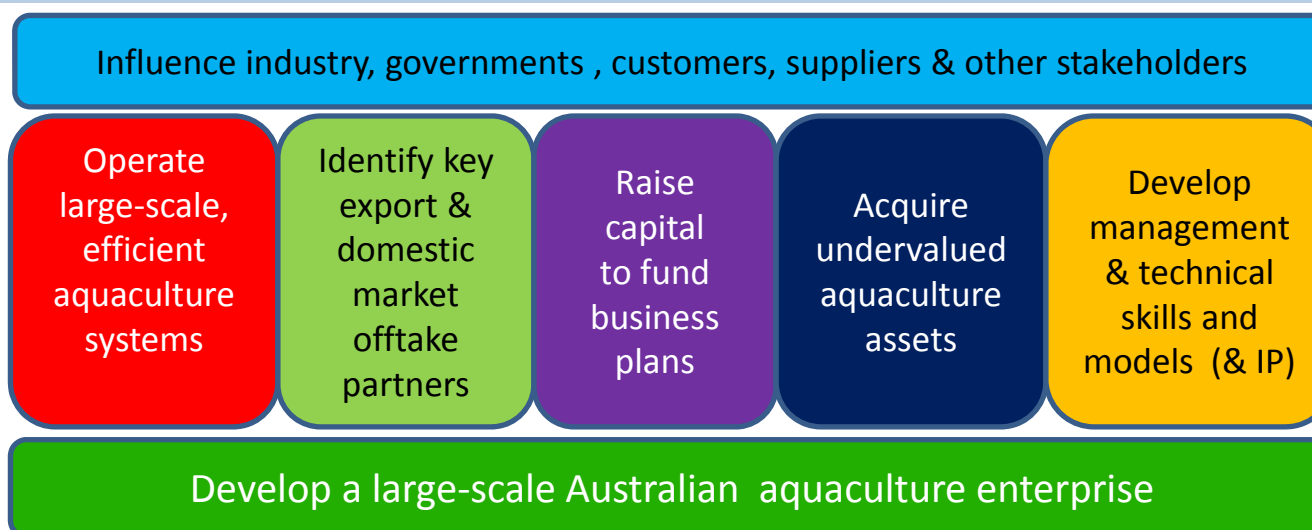
### Vision

*Seafarms Group will be a major Australian agri-food enterprise, supplying high-quality seafood, sustainably produced from aquaculture systems, for domestic & export markets*

### Strategic Enablers

5. Take advantage of new markets for seafood – particularly Asia
4. Innovate marketing, appeal of and demand for seafood to increase current markets
3. Develop efficient, sustainable aquaculture systems producing reliable, long-term, high volumes of quality seafood
2. Change aquaculture industry – industrialise operating models, streamline regulatory processes, attract capital
1. Leverage Australia's strategic advantages – bio-geographic, environmental, economic, production systems and financial markets

### Key Business Plans



Seafarms  
Group  
Limited

# Project Sea Dragon & Project Groper

...building platforms for large-scale sustainable aquaculture  
and quality seafood supply



## 8. Developing large-scale aquaculture enterprise...

- Seafarms Group Limited is currently developing two strategically significant land-based aquaculture initiatives in northern Australia...

### Project Sea Dragon...

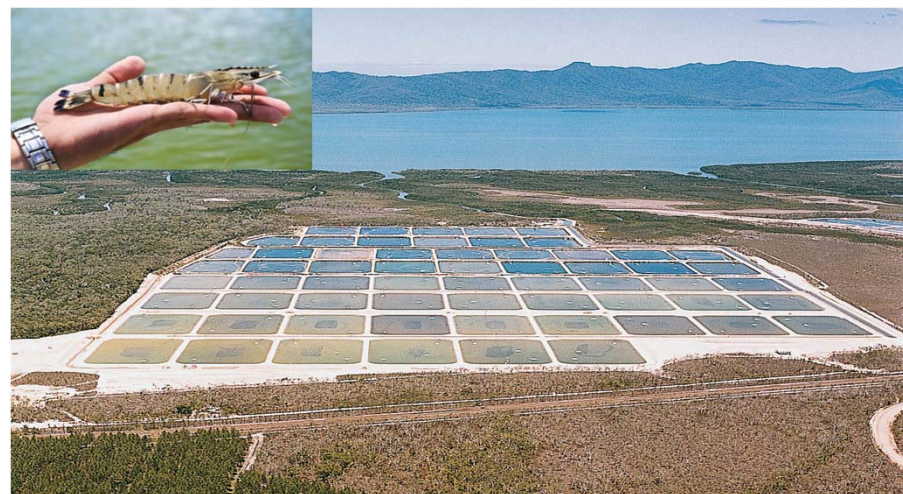
... a large-scale, integrated, land-based aquaculture project in northern Australia producing world class volumes of Black Tiger Prawns – a high quality/high value seafood commodity – for export markets...



and

### Project Groper...

...an industry consolidation play to acquire and merge currently fragmented aquaculture assets and transform them into a superior business enterprise which provides both strong financial returns and strategically supports Project Sea Dragon



## 9. Sea Dragon: Land, Engineering & Broodstock Development

**Project Sea Dragon is a industry transformative and economically substantial project and continues to progress steadily...**

### Land Tenure & Approvals

- January 2014 , the Northern Territory Government (NTG) passed amendments to Pastoral Lands Act allowing subleases to be created on pastoral land for non-pastoral uses such as aquaculture.
- Ongoing discussions with the NTG :
  - Non-pastoral Use/Special Lease – tenure, pricing & terms
  - Major Project Approvals Process & Project Facilitation
  - Environmental Studies and EIA process
  - Indigenous Land Use Agreement & Employment
  - Energy (electricity generation, gas supply), water supply & transportation
- Former NTG Chief Minister Paul Henderson engaged to advise SGL



### Bankable Feasibility Study (BFS)

Following completion of Detailed Feasibility, SGL is preparing to commence the final assessment phase - Bankable Feasibility which shall include:

- Technical & engineering design and procurement;
- SGL Project management and operations
- Establishment and operation of the breeding site;
- Aquaculture operations management
- Planning, permits and regulations
- Plant & equipment; and
- Project administration

### Ongoing Site Investigations and Studies

- Ongoing work on marine science, large scale aquaculture operations, agricultural economics and engineering to scope out the design and to cost key inputs

### Broodstock Development Program

- SGL has established Sea Dragon's broodstock development site in Western Australia (**Marine Farms**)
- will commence the breeding operations utilising world leading expertise to have genetically advanced stock ready for stocking the growout ponds.

### Engineering

- SGL continues to work with engineering contractor **SKM Jacobs** to finalise the technical and engineering design for stage one of the commercial grow-out operations as part of the BFS
- Post-FID, project delivery will be undertaken under an engineering, procurement, construction and management ('EPCM') contract.





# 10. 'Groper': An Industry Consolidation Play

**Project Groper** was initiated in Q3 2013 to:

- acquire and merge fragmented and under-performing aquaculture assets in Queensland
- transform them into a superior business enterprise to provide strong financial returns and strategically support Project Sea Dragon.
- Acquired Seafarm business assets in December 2013.
- Currently SGL has identified another acquisition (NQ2) and two smaller 'bolt-on' opportunities which will provide a significant first step to meeting these goals.

## About the NQ2 Acquisition

- NQ2 is a fully integrated shrimp enterprise located and substantial producer of Black Tiger Prawns. Operations include commercial grow-out ponds, hatchery and processing factory
- Product sold to Woolworths and Coles via a third party market agent and are being marketed under an established but generic brand with scope for better branding and consumer recognition.
- The business has suffered from being capital and management time constrained by its parent company.
- Acquisition of NQ2 provides opportunity to transform Seafarm Queensland into Australia's largest shrimp farming operations, and providing a strong platform to leverage into larger operations through Sea Dragon.

## Positioning WARL to be Australia's No.1 shrimp producer

- Seafarm operations currently represents 13% of Australia's land-based shrimp production. NQ2 acquisition provides scope to increase market share (to a market-leading 40%) and production margins.
- Production focus will shift to Black Tiger Prawns, providing market differentiation from imports and potentially substantial import replacement.
- Seafarm Queensland will provide a platform for Sea Dragon which be a major industry expansion.

## Benefit from changing market dynamics

- The retail market for Australian shrimp is dominated by the supermarket duopoly (Coles and Woolworths)
- Seafarms is well-placed to expand market share by selling directly to supermarkets, who are establishing direct relationships with producers.
- Seafarms has a well-developed brand presence in the Australian domestic market, providing a strong platform to expand sales. SGL will introduce the **Crystal Bay** brand into international markets prior to Sea Dragon's production.
- Demand for Australian farmed shrimp is anticipated to expand as consumers focus on food safety, quality and the un-sustainability of wild catch. Seafarms is well-positioned to take market share from imports and wild catch in the near to mid-term (import replacement)

## Leveraging SGLs management capabilities

- Groper has been identified as a significant turnaround opportunity that will leverage the skills and experience of SGL's management. The turnaround strategy will focus on:
  - ✓ Transitioning to Black Tiger shrimp, lifting average weight gain and FCRs
  - ✓ Improving hatchery performance, ensure optimal stocking & redeveloping underutilised commercial facilities
  - ✓ Applying technology to improve production & processing efficiencies
  - ✓ Aligning with key customers, eliminating unnecessary cost
- SGL's Director of Aquaculture, has the experience of building and running the largest single shrimp farm in the world, over 4000 ha of growout integrated with hatchery, feed mill and processing facilities in Saudi Arabia.

## Other Acquisitions

- WARL has identified another 3 properties which would add considerable production volume.

## New industry potential for Queensland – QCA's review of Aquaculture regulation

- Queensland Competition Authority (QCA) has launched a Ministerial initiated review into the regulation of the Queensland aquaculture industry:

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**SEAFARM QUEENSLAND PTY LTD**  
CRYSTAL BAY PRAWNS

# THE ASSET

- 128 hectares of established prawn farm in Cardwell on 356 hectares of land
- Australia's largest operating prawn farm
- Processing Plant
- Hatchery at Flying Fish Point (Innisfail)





# OPPORTUNITY

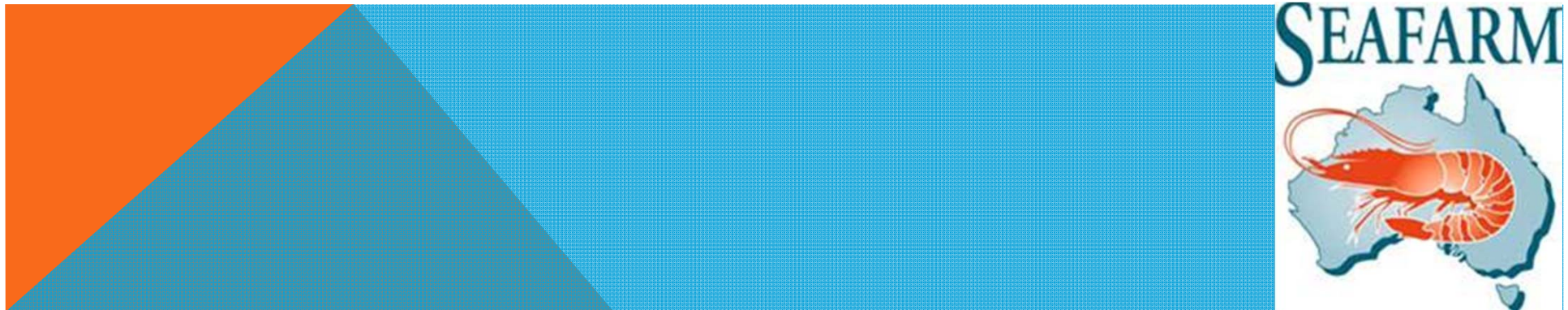


- Seafarm has significantly underperformed over the last several years due to resourcing issues.
- Production has been limited to 600 tonnes per year
- Appropriate planning and resourcing will see production pass 600 tonnes in the first half of 2014.



# CURRENT STATUS

- Currently have 116 hectares stocked (90%)
- 34 million Post Larvae stocked since Completion
- Sales since acquisition of 56,000kg





# NEXT STEPS

- Improve human resource capabilities to support production
- Increased attention to marketing
- Introduction of Crystal Bay Tigers
- Upgrades to Processing Plant and Hatchery to support increased production
- Incremental and targeted acquisitions

