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Seafarms Group Limited – Prospectus Dispatched

Seafarms Group Limited (ACN 009 317 846) (**Company**) is pleased to advise that the prospectus for the offer of free attaching options to participants in the Company's recently completed capital raising (**Option Offers**), first announced on ASX on 2 June 2017, will be despatched to eligible shareholders today.

The Option Offers opens on Thursday, 6 July 2017 and will close on Tuesday, 11 July 2017.

Yours faithfully
Seafarms Group Limited

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

Harley Whitcombe
Director and Company Secretary

ENC

Seafarms Group Limited
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SEAFARMS GROUP LIMITED
ACN 009 317 846

Prospectus

For an offer of up to 66,666,666 Options to Placement Participants on the basis of one Option for every two Shares issued pursuant to the Placement, to be issued for nil consideration (**Placement Option Offer**);

AND

For an offer of up to 38,592,586 Options to SPP Subscribers on the basis of one Option for every two Shares issued pursuant to the SPP, to be issued for nil consideration (**SPP Option Offer**);

AND

For an offer of up to 20,833,333 Options to Avatar Finance on the basis of one Option for every two Shares issued pursuant to the Debt Conversion, to be issued for nil consideration (**Debt Conversion Option Offer**).

YOU DO NOT NEED TO TAKE ANY FURTHER ACTION TO BE GRANTED OPTIONS

Opening and Closing Dates

The Option Offers open on Thursday, 6 July and close at 5.00pm (Perth time) on Tuesday, 11 July 2017.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.
If you do not understand it you should consult your professional advisers without delay.
The Options offered by this Prospectus should be considered highly speculative.

Important notices

About this Prospectus

This Prospectus is issued by Seafarms Group Limited ACN 009 317 846 (**Seafarms** or the **Company**) and is a transaction specific prospectus for an offer of options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act.

Lodgement

This Prospectus is dated 5 July 2017 and was lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Please refer to Section 1.7 for information on accepting an Option Offer.

No Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No investment advice

It is important that you read this Prospectus in its entirety and in conjunction with the other documents which accompany this Prospectus and seek professional advice where necessary. The Options the subject of this Prospectus should be considered highly speculative.

Potential investors should be aware that subscribing for Options in the Company involves a number of risks. Some of the more material risks associated with an investment in the Company are set out in the Section 4 of this Prospectus. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Options in the future.

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Options under this Prospectus.

Applicants should seek independent taxation advice having regard to their personal circumstances before making a decision to subscribe for Options.

Disclaimer and forward looking statements

This Prospectus does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

No person is authorised to give information or to make any representation in connection with the Option Offers, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Option Offers.

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and our management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4 of this Prospectus.

Foreign jurisdictions

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

In particular, any securities described in this Prospectus have not been, and will not be, registered under the *US Securities Act 1933* (as amended) (**US Securities Act**) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Options to be issued are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the Option Offers are being made in reliance on the *Financial Markets Conduct Act 2013* and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong

Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Options have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Options has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Options that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Options may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Neither the information in this document nor any other document relating to the Option Offers have been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Options.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the Options may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Options has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Privacy

Refer to Section 6.9 for important information about how your personal information will be treated.

Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus, unless otherwise specified, have the meaning given to them in Section 8. Unless otherwise specified or implied, reference to times in this Prospectus are references to the time in Perth, Western Australia. References to "\$" or "dollars" in this Prospectus are, unless otherwise specified or implied, a reference to the lawful currency of the Commonwealth of Australia.

Questions

If you have any questions in relation to the Option Offers, please call the Company Secretary, Mr Harley Whitcombe, on + 61 8 9321 4111.

Key Dates

Indicative timetable*	
Announcement of the Capital Raising	Friday, 2 June 2017
Lodgement of Prospectus with ASIC and ASX	Wednesday, 5 July 2017
Prospectus sent to Placement Participants, SPP Subscribers and Avatar Finance	Wednesday, 5 July 2017
Opening Date of Option Offers	Thursday, 6 July 2017
Closing Date of Option Offers	Tuesday, 11 July 2017
Issue of Options pursuant to Option Offers	Monday, 17 July 2017
Despatch of holding statements	Tuesday, 18 July 2017
Commencement of trading of Options	Tuesday, 18 July 2017

** The above dates are indicative only and may be subject to change. The Directors reserve the right to vary these dates without prior notice, including closing the Option Offers early without notifying any recipient of this Prospectus, but subject to any applicable requirements of the Corporations Act or the Listing Rules.*

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5 July 2017

Dear Shareholder,

Seafarms Group Limited Option Offers

On behalf of the Directors of Seafarms Group Limited (the **Company**), I am pleased to offer Capital Raising Participants the opportunity to participate in the Company's Option Offers.

As announced to the market on 2 July 2017, the Company is offering each Capital Raising Participant free Options on the basis of one Option for every two Shares issued to them pursuant to the Capital Raising.

The Company recognises, and greatly appreciates, the loyalty and support of its shareholders and as such the purpose of the Option Offers is to reward Capital Raising Participants for their continued support of the Company.

The Options granted under this Prospectus are being granted for no consideration. Accordingly, no funds will be raised at first instance from the Option Offers. If all Options granted pursuant to this Prospectus are exercised, the Company will receive approximately \$12.6 million in additional funds, which are intended to be used for general working capital and corporate purposes.

The Options granted under this Prospectus are exercisable at \$0.10 each and will expire on 17 July 2021. For details of the full rights attaching to the Options, please see Section 3 of this Prospectus.

Capital Raising Participants have already granted the Company a power of attorney to complete the Application Form accompanying this Prospectus and subscribe for each Capital Raising Participant's full entitlement to Options.

You do not need to do take any further action to be granted Options.

If you wish to opt out of your entitlement to free Options, please call Harley Whitcombe on (08) 9321 4111 by 5.00pm (Perth time) on Tuesday, 11 July 2017.

Full details of the Option Offers are contained in this Prospectus, which I encourage you to read and consider carefully.

Thank you for your continued support of the Company.

Yours sincerely,



Ian Trahar
Executive Chairman

1 Details of the Option Offers

1.1 Background

In accordance with the announcement made by the Company on Friday, 2 June 2017, the Company has now conducted the following Share issues (together, the **Capital Raising**):

Placement	a placement of 133,333,333 Shares to sophisticated and professional investors at an issue price of \$ 0.06 per Share raising an amount of \$8 million. Shares under the Placement were issued on Friday, 9 June 2017.
SPP	issue of 77,185,172 Shares under a share purchase plan that provided eligible shareholders with the opportunity to subscribe for up to \$15,000 worth of Shares at an issue price of \$0.06 per Share. Shares under the SPP were issued to eligible shareholders on Friday, 30 June 2017 raising approximately \$4.6 million.
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 resulted in the issue of 41,666,666 Shares. Avatar Finance is a company controlled by Mr Ian Trahar, the Company's executive Chairman and its largest shareholder. The Debt Conversion was subject to Shareholder approval, which was obtained on Tuesday, 4 July 2017. Shares were issued to Avatar Finance on Wednesday, 5 July 2017.

The Company refers you to its announcement on Friday, 2 June 2017, whereby it expressed its intention to offer Capital Raising Participants one free attaching Option for every two Shares issued to them under the Capital Raising.

1.2 Option Offers

By this Prospectus, the Company makes the following offers of Options (**Option Offers**):

(a) Placement Option Offer

An offer of up to 66,666,666 Options to Placement Participants on the basis of one Option for every two Shares issued pursuant to the Placement, to be issued for nil consideration.

(b) SPP Option Offer

An offer of up to 38,592,586 Options to SPP Subscribers on the basis of one Option for every two Shares issued pursuant to the SPP, to be issued for nil consideration.

(c) Debt Conversion Option Offer

An offer of up to 20,833,333 Options to Avatar Finance on the basis of one Option for every two Shares issued pursuant to the Debt Conversion, to be issued for nil consideration.

Fractional entitlements under the Option Offers will be rounded down to the nearest whole number.

The Options to be granted under this Prospectus are exercisable at \$0.10 on or before 17 July 2021.

Please refer to Section 3.1 of this Prospectus for further information regarding the terms and conditions of the Options.

As at the date of the Prospectus, the Company does not have any listed options on issue. As such, the Options will form a new class of securities, which subject to compliance with ASX requirements, are proposed to be listed on ASX.

All Shares issued on exercise of the Options offered under this Prospectus will rank equally with all Shares currently on issue. Please refer to Section 3.2 for further information regarding the rights and liabilities attaching to the Shares.

No funds will be raised from the grant of the Options. The purpose and effect of the Option Offers, and the intended use of funds raised pursuant to the Capital Raising, are set out in Section 2.

The Company announced that ASX had granted a waiver from Listing Rules 7.3.8 and 10.11 on Monday, 5 June 2017, allowing Shareholders who are related parties of the Company and who subscribed for Shares under the SPP to participate in the SPP Option Offer without the prior approval of Shareholders.

1.3 Purpose of this Prospectus

The primary purpose of this Prospectus is to make the Option Offers with the information and disclosure required under Chapter 6D of the Corporations Act to:

- enable the Options to be issued to the Placement Participants, SPP Subscribers and Avatar Finance;
- allow the Options to be on-sold without disclosure; and
- ensure that the Shares that are issued on exercise of the Options may be on-sold without disclosure in accordance with ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80).

1.4 Offer Period

Each of the Option Offers opens on Thursday, 6 July 2017 and is scheduled to close at 5.00pm (AWST) on Tuesday, 11 July 2017 (**Offer Period**). The Company reserves the right to extend the Offer Period, shorten the Offer Period or withdraw the Option Offers at any time prior to the grant of Options, by making an announcement to the ASX.

1.5 Eligibility

Only Capital Raising Participants may participate in the Options Offers.

For SPP Participants with a registered address in New Zealand, you must still be a shareholder on Thursday, 6 July 2017, to be eligible to participate in the SPP Option Offer.

Participation in the Option Offers is optional and is subject to the terms and conditions relating to the Option Offers set out in this Prospectus.

1.6 Minimum and maximum subscription

There are no minimum or maximum subscriptions for any of the Option Offers. Applicants may only be granted Options on the basis of one Option for every two Shares issued to them pursuant to the Capital Raising.

1.7 Applications

An Offer Participant does not need to take any further action to accept the Option Offer applicable to them.

All Capital Raising Participants appointed the Company Secretary as their attorney to sign the Application Form. Accordingly, all Offer Participants will be deemed to have accepted their relevant Option Offer and subscribed for their entitlement to Options

under this Prospectus if the Company does not receive notice to the contrary prior to the Closing Date in response to an Application Form accompanying this Prospectus.

If you do not wish to be granted your entitlement to free Options, please notify Mr Harley Whitcombe, Company Secretary, of your intention on +61 8 9321 4111 at any time prior to the closing date of the Option Offers and no Options will be issued to you.

No subscription monies are payable in respect of an application for Options under this Prospectus. Brokerage or transfer/ stamp duty is not payable by Offer Participants.

1.8 Underwriting

The Option Offers are not underwritten.

1.9 ASX listing

Application for Official Quotation of the Options offered pursuant to this Prospectus will be made within 7 days of the date of this Prospectus.

Subject to approval being granted by ASX, quotation and trading of the Options issued under the Option Offers is expected to commence within five Business Days after the date of issue, provided the quotation requirements in the Listing Rules have been met.

If the Options are not admitted to Official Quotation by ASX before the expiration of three months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Options.

The fact that ASX may grant Official Quotation to the Options is not to be taken in any way as an indication of the merits of the Company or the Options now offered for subscription.

1.10 Issue of Options

The issue of Options pursuant to the Option Offers will take place in accordance with the Listing Rules and the indicative timetable. The Company expects that Options will be issued on Monday, 17 July 2017. Holding statements in relation to those Options are expected to be dispatched by Tuesday, 18 July 2017.

Applicants who sell Options before they receive their holding statements will do so at their own risk. The Company and Registry disclaim all liability, whether in negligence or otherwise, to any person who trades Options before receiving their holding statement, whether on the basis of a confirmation of allocation provided by the Company, the Registry, a broker or otherwise.

1.11 Applicants outside Australia

The distribution of this Prospectus outside of Australia (and its external territories) may be restricted by law.

Each of the Option Offers do not, and are not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

The Option Offers are not being extended, and Options will not be issued, to Shareholders with a registered address which is outside of Australia or New Zealand or any other jurisdiction where the Company is not satisfied that it is lawfully able to make such an offer or issue this Prospectus without being required to take any further action in the relevant jurisdiction concerned.

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (New Zealand) (**FMC Act**). The Options are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

The Options are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of Options is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

For SPP Participants with a registered address in New Zealand, you must still be a shareholder on Thursday, 6 July 2017, to be eligible to participate in the SPP Option Offer.

This document has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Shareholders resident in Australia or New Zealand holding Shares on behalf of residents overseas are responsible for ensuring that applying for Options under the Option Offers does not breach regulations in the relevant overseas jurisdiction.

Where an Offer Participant does not provide a notice of non-acceptance and the Application Form is returned in accordance with the attorney provision in Section 1.7, the Offer Participant will be deemed to have made a representation and warranty that there has been no breach of such laws and that all applicable approvals and consents have been obtained.

1.12 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Options issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

1.13 Major activities and financial information

A summary of the Company's major activities and financial information for the financial year ending 30 June 2016 is contained in the Annual Report announced on ASX on 28 September 2016.

A further market update relating to the Company's major activities and a financial report for the half-year ending 31 December were both released on 27 February 2017. The Company's continuous disclosure notices (i.e. ASX announcements) since the date of lodgement of the Annual Report on 28 September 2016 are listed in Section 6.2.

Copies of these documents are available from the Company free of charge. The Directors strongly recommend that Shareholders and potential investors review these and all other announcements prior to making a decision as to whether or not they will subscribe to Options under this Prospectus.

Please refer to Section 5 of this Prospectus for a summary of the Company's current activities and operations.

1.14 Enquiries

Any questions concerning the Option Offers should be directed to Mr Harley Whitcombe, Company Secretary, on + 61 8 9321 4111.

2 Purpose and effect of the Option Offers

2.1 Purpose of the Option Offers

The Option Offers are being made in accordance with the Company's announced intention to offer free Options to Capital Raising Participants on the basis of one free Option for every two Shares issued to them under the Capital Raising.

No funds will be raised through the issue of the Options pursuant to this Prospectus. However, if all Options issued under this Prospectus are exercised, the Company will receive approximately \$12.6 million. The current intention (as at the date of this Prospectus), is that any funds raised upon the exercise of any of the Options will be allocated towards the Company's working capital and general corporate purposes.

2.2 Effect of the Option Offers

The Company currently has no options on issue as at the date of this Prospectus.

Therefore, the principal effect of the Option Offers, assuming all Options offered under this Prospectus are issued, will be to introduce a new class of listed securities, being up to 126,092,585 Options.

If all of the 126,092,585 Options are exercised, the Company will receive exercise proceeds of approximately \$12.6 million and an additional 126,092,585 Shares will be issued to the holders of Options.

2.3 Effect on capital structure

The effect of the Option Offers on the Company's capital structure, assuming all Options offered under this Prospectus are issued (but no other Shares are issued or options exercised), is set out below:

	Number of Shares	Number of Options	Number of convertible preference shares
Number currently on issue	1,151,349,528	0	30,150,189
Shares issued under the Placement	133,333,333	0	0
Shares issued under the SPP	77,185,172	0	0
Shares issued under the Debt Conversion	41,666,666	0	0
Options to be issued under the Placement Option Offer	0	66,666,666	0
Options to be issued under the SPP Option Offer	0	38,592,586	0
Options to be issued under the Debt Conversion Option Offer	0	20,833,333	0
Total on completion of Capital Raising and Option Offers	1,403,534,699	126,092,585	30,150,189
Shares to be issued upon exercise of Options	126,092,585	(126,092,585)	-
Diluted capital position	1,529,627,284	0	30,150,189

2.4 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Mr Ian Trahar	453,391,227	32.30%
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2.5 Financial impact of Option Offers

The impact of the Option Offers on the Company is demonstrated in the table below:

Financial	Unaudited 31 March 2017 \$m	Capital Raising and Debt Conversion \$m	Option Offers \$m	Pro forma 31 March 2017 \$m
Cash	0.8	12.6	0 ¹	13.4
Net Assets	23.3	12.0	0	35.3
Debt	6.4	(2.5)	0	3.9

¹ The Company has incurred expenses in conducting the Option Offer. Please see Section 6.7 for more detail in respect of these expenses.

The granting of Options under this Prospectus will not raise funds.

The information in the table above has been prepared assuming the maximum number of Options that can be issued pursuant to the Option Offers under this Prospectus are issued and includes expenses of the Capital Raising and Option Offers.

The table above is illustrative only and may not represent the financial position of the Company following the close of the Option Offers.

The table above is presented in abbreviated form, insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

3 Rights attaching to Securities

3.1 Rights attaching to Options

The Options to be issued under this Prospectus will be issued on the following terms and conditions (**Option Terms**):

(a) Entitlement

Each Option entitles the holder to subscribe for 1 Share upon exercise of the Option and payment of the Exercise Price (defined below).

(b) Exercise Price

Each Option is exercisable at A\$0.10 (**Exercise Price**).

(c) Expiry Date

The Options automatically expire at 5.00pm AWST on 17 July 2021 (**Expiry Date**).

(d) Quotation

The Options will be quoted on ASX.

(e) Holding Statement

The Company must give the holder of each Option a holding statement stating:

- (i) the number of Options issued to each holder;
- (ii) the Exercise Price of the Options; and
- (iii) the date of issue of the Options.

(f) Exercise

Holders may exercise the Options at any time up to the Expiry Date. Any Option not exercised, automatically expires on the Expiry Date

(g) Notice of Exercise

Options may only be exercised during the hours of 8.30am to 5.00pm AWST (**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:

- (i) exercise all or a specified number of the Options; and
- (ii) pay the Exercise Price in full for the exercise of each such Option.
- (iii) A notice in writing received outside of Business Hours will be deemed received at the next opening of Business Hours.
- (iv) 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.
- (v) 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.

(h) Issue of Shares on Exercise

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.

(i) Partial Exercise

- (i) The exercise of only some Options will not affect the rights of the holder to the balance of the Options held by them.
- (ii) 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.

(j) No Dividends

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.

(k) Shares on Exercise

All Shares issued on exercise of an Option will:

- (i) rank equally in all respects (including, without limitation, rights relating to dividends) with other issued Shares;
- (ii) be issued credited as fully paid;
- (iii) be duly authorised and issued by all necessary corporate action; and
- (iv) 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.

(l) Quotation

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.

(m) Bonus Issues

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.

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.

(n) Reorganisation of Capital

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 holder of Options 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.

(o) Pro Rata Issues

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.

(p) Registered Holders

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.

3.2 Rights attaching to Shares

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

For full details of the rights, privileges and restrictions attaching to Shares under the Constitution please see the Company's amended Constitution, approved by special resolution of shareholders on 25 November 2016 and announced to ASX on 5 December 2016.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares under the Constitution. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders:

(a) General meeting and notices

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company, every holder of Shares present in person or by an attorney, representative or proxy has one vote on a show of hands (unless a member has appointed two proxies) and one vote per Share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are two or more joint holders of a Share and more than one of them is present at a meeting and tenders a vote in respect of the Share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

(c) Shareholder liability

As the Shares issued pursuant to the exercise of Options offered under this Prospectus will be fully paid ordinary shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(d) Dividends

The Directors may from time to time determine dividends to be distributed to members according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares (or any class of shares) are issued, all dividends will be payable equally on all shares, save and except that a partly paid share confers an entitlement on the holder only to that proportion of the dividend that the amount actually paid (not credited as paid) on that share bears to the total amounts paid and payable on the shares.

(e) Winding up

Subject to the rights of holders of shares with special rights in a winding-up, if the Company is wound up, members will be entitled to participate in any surplus assets of the Company in proportion to the percentage of the capital paid-up or credited as paid up on the shares when the winding up begins.

(f) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

(g) Future increases in capital

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to the restrictions on the issue or grant of securities in the Listing Rules, the Constitution and the Corporations Act (and without limitation affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) Alteration of Constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and entitled to vote at a general meeting.

4 Risk Factors

4.1 Introduction

This Section identifies the major areas of risk associated with an investment in the Company's securities, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed.

Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, there can be no guarantee that the Company will achieve its stated objectives or that any forward looking statement will eventuate.

The selection of risks contained in this Section has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the date of this Prospectus, but there is no guarantee or assurance that the importance of risks will not change or other risks will not emerge. Additional risks not presently known to the Company, or if known, not considered material, may also have an adverse impact.

This document is not financial product advice and has been prepared without taking into account your investment objectives or personal circumstances. Potential investors should read the entire Prospectus, consider publicly available information on the Company and consult their professional advisers before deciding whether to apply for Options.

4.2 Risks specific to Seafarms

(a) Capital requirements and impact on operations

The Company's operations, including the development of PSD, will require substantial expenditures. The funds raised through the Capital Raising, together with cash reserves are not sufficient to successfully achieve all the objectives of the Company's business structure. The continued growth and development of the Company's carbon and aquaculture businesses will be dependent upon the Company's ability to access funds to finance:

- (i) the growth and expansion of existing operations;
- (ii) new acquisitions; and
- (iii) studies into and, if applicable, the development of PSD.

There is no assurance that the Company will be successful in raising additional capital in the future as and when is required, in order to fully finance the Company's projects. Failure to obtain additional funding, may cause the Company to postpone any development plans, forfeit rights to some or all of its projects or reduce its operating structures.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing may involve restrictive covenants which limit the Company's operations and business strategy.

(b) Aquaculture industry risks

- (i) General aquaculture risks

Aquaculture is a form of primary production and has the normal and usual risks associated with primary production. These risks include but are not limited to:

- weather and climate risk;
- risks from pest and disease;
- sudden changes in environmental conditions that impact growth or performance; and

- death arising from failures in systems, plant and equipment (including adverse changes in water temperature, oxygen concentrations or salinity levels).

(ii) Operational risks

Given the remote location of the Company's current and proposed aquaculture operations, the Company may be unable to attract and retain suitable staff. Poor labour efficiency/ productivity may result, equipment used may not meet expectations and difficulties may arise with respect to logistics and marketing. In addition, labour costs in Australia are considered high in comparison with many competitors.

(iii) Disease

Disease is a major risk in any animal husbandry or aquaculture project. Disease may enter the production system through the broodstock and hatchery system, from the environment via water or through wildlife or human vectors.

The Company has minimised these risks by implementing tight operational biosecurity measures, minimising the use of externally sourced post-larvae and through rigorous pond preparations. The Company undertakes careful monitoring of prawn health which, combined with modern husbandry techniques that reduce the prevalence of pathogens, also mitigate the effects of any disease.

The remote locations of the Company's current and proposed aquaculture operations geographic separation and the lack of water and air pollution, also reduces the risk of disease and contamination.

(iv) Environmental impacts

Aquaculture operations have the risk of impacting on the environment, both internally and externally. Externally, tail water from an aquaculture may fail to meet required specifications.

Strategies to minimise the impact and risks to the environment, including surrounding vegetation, terrestrial and marine species, are in place for the Company's existing operations.

(v) Water supply

Aquaculture operations require sufficient access to quality water sources year round. The Company currently has access to adequate sources of water for its current operations in northern Queensland.

(c) Carbon operation risks

National and state laws and changes in regulation affect many facets of the carbon markets. Changes in regulation can impact on market conditions and thus business confidence. Carbon sinks are exposed to agricultural risk associated with weather and seasonal climatic conditions which may influence the growth of plantations.

(d) PSD specific risks

(i) PSD is an early stage opportunity

Although the Company is progressing studies into PSD, there can be no assurance that the studies will be successful or will result in a project being developed and, if developed, being a profitable operation.

(ii) Project approvals

The development of PSD is subject to the Company receiving the required state and local government approvals.

(iii) Project execution

PSD is also subject to usual project development risks, including those associated with engineering, unforeseen project construction delays and site specific challenges.

(iv) Shrimp market

The financial performance of PSD will be influenced by certain economic factors

(e) Insurance

The Company has taken out insurance to cover its business operations. However, the Company's insurance policies may not provide adequate insurance cover in some circumstances. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(f) Environmental regulations

National and local environmental laws and regulations affect nearly all existing planned aquaculture operations. These laws and regulations set various standards governing certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards. The Company has environmental monitoring protocols in place, but changes in regulations or unforeseen events may create liability for the Company.

(g) Dependence on key personnel

The Company is reliant upon its key management personnel. The loss of the services of certain personnel could have an adverse effect on the Company, as it may not be able to recruit replacements for the key personnel within a short time frame.

(h) Research and development

The Company's business activities and operations involve research and development, which has inherent risk.

(i) Intellectual property

The Company regards its patents, copyrights, trademarks, trade secrets and similar intellectual property as important. The Company relies on patent, trademark and copyright law, trade secret protection and duties of confidence with third parties to protect its intellectual property rights. While the Company will use all reasonable endeavours to protect these rights, the steps that the Company takes to protect its intellectual property rights may be inadequate. The unauthorised use or disclosure of its proprietary technology and systems may have adverse effects on the future operation and financial performance of the Company.

(j) Options and dilution

Options are, by their nature, only of value at times when the exercise price is lower than the price of the underlying Shares. There is no guarantee that the Options will, at any particular time, have an exercise price which is lower than the price of Shares. The Options may expire at a time when they have no value.

On completion of the Option Offers, there will be 126,092,585 Options (subject to rounding) on issue (assuming no other options are issued or exercised).

If exercised, these Options will be converted into Shares, thereby causing the shareholdings of Shareholders to be diluted by up to 8.24% (on the basis that all of the options offered under this Prospectus are issued and no other Shares are

issued). However, each Option has an exercise price of \$0.10 which means that the Company will receive additional funds of approximately \$12.6 million upon exercise of the Options, if all Options the subject of the Option Offers are exercised.

4.3 General Risks

(a) Potential acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or assets. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(b) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors or generally;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

For New Zealand based shareholders, the Option Offers may also involve a currency exchange risk. Securities trade on ASX in Australian dollars, not New Zealand dollars. Accordingly, the value of Options in New Zealand dollars will go up or down according to changes in the Australian dollar : New Zealand dollar exchange rate. These fluctuations may be significant.

(c) Economic and government risks

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the environment, health & safety (EHS) software market including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the technology and EHS software sector;
- (iv) movement in, or outlook on, interest rates, inflation rates and currency exchange rates in jurisdictions in which the Company operates; and
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(d) Taxation

There is the potential for changes to Australia's and New Zealand's tax laws. Any current rates of taxes imposed on the Company is likely to affect returns to Shareholders. An interpretation of taxation laws by the relevant tax authority that is contrary to the Company's view of those laws may increase the amount of tax to be paid. The Company obtains external expert advice on the application of tax laws to its operations.

In addition, an investment in Options involves tax considerations which may differ for each Shareholder. Investors are encouraged to obtain professional tax advice in connection with any investment in the Company.

(e) Litigation

The Company is exposed to the risk of actual or threatened litigation or legal disputes in the form of customer claims, intellectual property claims, personal injury claims, employee claims and other litigation and disputes. If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow and the price of Shares.

4.4 Speculative investment

The above list of risk factors should not be taken as an exhaustive list of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Options offered under this Prospectus. Potential investors should consider that an investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Options pursuant to this Prospectus.

5 Operational update

5.1 Seafarms' current operations

The Company has been operational since 1988 and is already the largest producer of farmed prawns in Australia under the well-known Crystal Bay brand, demonstrating the significant operational expertise of the Company.

Since 2013, continuous operational improvements have been achieved in production and processing, resulting in an uplift of 180% since that time.

5.2 Summary of Project Sea Dragon

The Queensland operations have provided the Company with a platform to develop and test best practices for industrial scale Black Tiger Prawn Production. At full operation Project Sea Dragon (**PSD**) will be the 7th largest producer of shrimp globally, producing more than 150,000 tonnes of Black Tiger Prawns per annum through year round operations.

Complete end to end control of operations allows the Company to ensure absolute biosecurity and process control.

5.3 Key project components

Stage 1 of PSD will involve the construction of 1,120 Ha of ponds, as well as all supporting infrastructure for all stages of the project.

Each farm will consist of up to 40 individual ponds of approximately 10 Ha in size, the key benefit being that each pond can operate as an independent production unit.

The Company has already completed a detailed full scale test pond construction program at Legune.

5.4 Current status of Project Sea Dragon

Considerable progress has been made by the Company over the past seven months, gaining all the necessary approvals, licences and agreements needed for Seafarms to place it in a position of strength to negotiate with potential investors interested in jointly developing this world class project.

Some recent key milestones achieved by the Company include:

- completion of a bankable feasibility study in December 2016; and
- the grant of environmental approvals from both the Northern Territory and Commonwealth governments.

The major outstanding requirements needed to make this project investment-ready are nearing completion with a project agreement with the Northern Territory Government at the final stages of documentation and the indigenous land use agreement also at an advanced stage of commercial negotiations.

Interest in the Project continues to gain significant momentum both with investors domestic and abroad, with new significant investors continuing to emerge and express interest in PSD.

To date, the Company has invested US\$51 million on the initial detailed feasibility study, the required environmental impact submissions and the Queensland operations.

5.5 Further details

For further details on PSD or the Company's activities and operation more generally, please see the Company's website (www.seafarms.com.au), or the Company's ASX announcements.

6 Additional information

6.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

6.2 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Options under this Prospectus.

Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms, a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date of the Option Offers:
 - (i) the Company’s annual financial report for the year ended 30 June 2016, being the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) the Company’s half-year financial report for the half-year ended 31 December 2016, being the only half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report

referred to in Section 6.2(c)(i) and before the lodgement of this Prospectus with the ASIC; and

- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in Section 6.2(c)(i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since 28 September 2016, (being the date of lodgement of the Company's most recent annual financial report referred to in Section 6.2(c)(i) and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
05/07/2017	SFG Change in substantial holding
05/07/2017	SFG Change of Director's Interest Notice
05/07/2017	SFG Debt Conversion Appendix 3B
04/07/2017	SFG EGM Resolutions
30/06/2017	SFG Change in substantial holding
30/06/2017	SFG Change of Director's Interest Notice
30/06/2017	SFG SPP Appendix 3B - CORRECTION
30/06/2017	SFG SPP Appendix 3B
28/06/2017	SFG Processing Plant
19/06/2017	SFG SPP Extension
09/06/2017	SFG Substantial Shareholder Notice
09/06/2017	SFG Cleansing Notice
09/06/2017	SFG Disclosure Notice
09/06/2017	SFG Placement Appendix 3B
05/06/2017	SFG Notice of Extraordinary General Meeting
05/06/2017	SFG SPP Offer Booklet and Application Form
05/06/2017	SFG Waiver of Listing Rules 7.3.8 and 10.11
05/06/2017	SFG Cleansing Statement – Share Purchase Plan (SPP)
02/06/2017	Market update and capital raising overview
02/06/2017	SFG Announce Capital Raising
31/05/2017	Trading Halt
11/05/2017	SFG EPBC Environmental Sign Off
03/05/2017	SFG NTG Keep River Road Funding
03/04/2017	SFG Bynoe Harbour EIS Approval
24/03/2017	SFG Legune EIS Approval
02/03/2017	SFG Change in Directors Interests
01/03/2017	SFG Director's Change of Interest Notice
27/02/2017	SFG Half Year Presentation and Update
27/02/2017	SFG Half Yearly Report and Accounts
13/02/2017	SFG EIS & Pond Update

Date	Description of Announcement
18/01/2017	SFG Market Update
05/12/2016	SFG Amended Constitution
25/11/2016	SFG AGM Resolutions
25/11/2016	SFG AGM Presentation
11/11/2016	SFG Bynoe Harbour EIS Lodged
11/11/2016	SFG Appoints Andrew Robb as Strategic Advisor
26/10/2016	SFG Notice of Annual General Meeting/Proxy Form
26/10/2016	SFG Corporate Governance Statement
24/10/2016	SFG PSD Founder Stock Facility Operational
07/10/2016	SFG EIS Lodged
06/10/2016	SFG Cleansing Notice
06/10/2016	SFG Tranche 2 Placement
28/09/2016	SFG Appendix 4G
28/09/2016	SFG Annual Report to Shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website at www.seafarms.com.au

Other than as set out in this Prospectus and the accompanying documents, there is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

6.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	(\$)	Date
Highest	0.085	13 April 2017
Lowest	0.058	9 June 2017
Last*	0.061	30 June 2017

* Price as at the close of trade on the final trading day prior to the printing of this Prospectus (30 June 2017)

6.4 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Option Offers, or

(c) the Option Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

(d) as an inducement to become, or to qualify as, a Director; or

(e) for services provided in connection with:

(i) the formation or promotion of the Company; or

(ii) the Option Offers.

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a director.

The directors, have an interest in the SPP Option Offer as SPP Subscribers. In addition to being an SPP Subscriber, Ian Trahar has an interest in the Debt Conversion Option Offer due to the entitlement of Avatar Finance, a company controlled by Mr Trahar, to Options under the Debt Conversion Option Offer.

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below:

Director	Shares	Options (proposed)
Ian Trahar	453,391,227	21,708,333 ¹
Harley Whitcombe	12,648,259	250,000
Christopher Mitchell	2,893,936	250,000
Paul Favretto	37,750,000	125,000

Notes

1. Includes 20,833,333 Options issued to Avatar Finance under the Debt Conversion Option Offer

Director Remuneration

Please refer to the Remuneration Report, which is contained on pages 6 to 12 of the Company's Annual Report for the financial year to 30 June 2016, for full details of the remuneration of the Company's executive and non-executive directors.

The Annual Report was lodged with ASX on 28 September 2016 and is available on the Company's website at www.seafarms.com.au. A hard copy of the Annual Report is also available free of charge by contacting the Company at its registered address.

6.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

(a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(b) promoter of the Company; or

(c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(d) the formation or promotion of the Company;

(e) any property acquired or proposed to be acquired by the Company in connection with:

(i) its formation or promotion; or

- (ii) the Option Offers; or
- (f) the Option Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Option Offers.

6.6 Consents

Each of the parties referred to in this Section:

- (a) has not authorised or caused the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (c) has not made any statement on which a statement in this Prospectus is based, other than as specified in this Section; and
- (d) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of the party as specified in this Section.

Computershare Investor Services Pty Ltd has given and, at the time of this Prospectus, has not withdrawn its written consent to being named in this Prospectus as the share registry to the Company in respect of the Option Offers in the form and context in which it is named.

6.7 Expenses of the Option Offers

The total expenses of the Capital Raising and Option Offers (excluding GST) are estimated to be approximately \$44,066 (excluding GST) as follows:

	\$
Legal expenses	14,750
ASIC	2,400
Quotation	22,602
Printing, mail and related services	4,314
Other	0
Total	44,066

Whilst there are no broker or underwriting fees associated with the Option Offers, the Company paid a fee of 5% of the total proceeds of the Placement and SPP to the Company's broker.

The estimated expenses will be paid out of the Company's existing working capital.

6.8 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of possible outcomes that it is not possible to prepare a reliable best estimate forecast or projection without such information being unduly speculative.

6.9 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your Application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

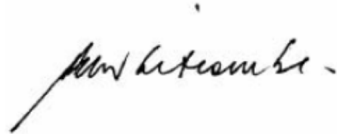
You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Options, the Company may not be able to accept or process your application.

7 Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

A handwritten signature in black ink, appearing to read "Harley Whitcombe", is written over a light grey rectangular background.

Mr Harley Whitcombe
Executive Director and Company Secretary
For and on behalf of
SEAFARMS GROUP LIMITED

8 Glossary

\$ means an Australian dollar.

Application Form means the application form accompanying this Prospectus.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Avatar Finance means Avatar Finance Pty Ltd ACN 009 034 315.

AWST means Western Standard Time as observed in Perth, Western Australia.

Board means the board of Directors as constituted from time to time.

Capital Raising means the fundraising activities referred to in Section 1.1.

Capital Raising Participants means investors who were issued Shares under the Placement, SPP and Debt Conversion.

Closing Date means the relevant date set out in the indicative timetable, or such other date as announced to ASX by the Company.

Company or **Seafarms** means Seafarms Group Limited (ACN **009 317 846**).

Company Secretary means the company secretary of the Company from time to time.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Debt Conversion means the conversion of debt to Shares as partial repayment of the existing, fully-drawn credit facility the Company has with Avatar Finance by way of a subscription agreement, referred to in Section 1.1.

Debt Conversion Option Offer means the offer of Options as set out in Section 1.2(c).

Directors means the directors of the Company at the date of this Prospectus.

Listing Rules means the official listing rules of ASX.

Official List means the official list of the ASX.

Official Quotation means official quotation by ASX in accordance with the Listing Rules.

Offer Participant is a party to whom an Option Offer is made.

Offer Period means the period between the Opening Date and the Closing Date.

Opening Date means the date identified as such in the indicative timetable, or such other date as announced to ASX by the Company.

Option means a free attaching option granting the holder the right to acquire one Share on the exercise of the option, on the terms and conditions set out in Section 3.1.

Option Offers mean the Placement Option Offer, the SPP Option Offer Option Offer and the Debt Conversion Option Offer as set out in Section 1.2.

Placement means the placement referred to in Section 1.1

Placement Option Offer means the offer of Options referred to in Section 1.2(a).

Placement Participant means a party that subscribed for Shares under the Placement.

Prospectus means this prospectus.

Registry means Computershare Investor Services Pty Ltd ACN 078 279 277.

Related Party has the meaning it has in the Corporations Act.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of one or more Shares.

SPP has the meaning ascribed to the term in Section 1.1

SPP Application Form means the application form under the SPP, either attached to or accompanying, this Prospectus.

SPP Option Offer means the offer of Options as set out in Section 1.2(b).

SPP Subscriber has the meaning ascribed to the term in Section 1.1

US Securities Act means the *US Securities Act 1933* (as amended).

VWAP means the volume weighted average price per Share.

Corporate Directory

Directors

Ian Trahar
Executive Chairman

Harley Whitcombe
Executive Director

Christopher Mitchell
Executive Director

Paul Favretto
Non-Executive Director

Company Secretary

Harley Whitcombe

ASX Code

SFG

Registered Office

Level 11
225 St George's Terrace
Perth WA 6000

Telephone: +61 8 9321 4111
Email: info@seafarms.com.au
Website: www.seafarms.com.au

Share Registry

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172 St Georges Terrace
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T: +61 8 9323 2000