Our procedures in relation to going concern included, but were not limited to:

- Considering the impact and the completeness of, the material uncertainties as disclosed in Note 1(c) to the consolidated financial statements;
- Inquiring with management and the board as to knowledge of events and conditions that may impact the assessment on the Group's ability to pay its debts as and when they fall due;
- Challenging the underlying assumptions reflected in management's cash flow forecasts, including the timing of expected cash flows;
- Assessing the historical accuracy of the forecasts prepared by management;
- Assessing the cash position and availability of financing facilities as at 30 June 2022 and up to the date of signing this audit report; and
- Assessing the adequacy of the disclosures in Note 1(c) to the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Significant deficiencies in internal controls over financial reporting Australian Accounting Standard AASB 101: *Presentation of Financial Statements*, provides the requirements to be applied in preparing and presenting general purpose financial statements. A strong entity level control environment which includes risk assessment, monitoring process and internal controls over the financial reporting process are key to ensure that these financial statements are reliable, fairly presented, and reported in a timely manner within *Corporations Act 2001* expected and regulated timelines. Challenges were experienced by management which limited the early identification of several highly complex matters, requiring significant estimation and judgement. Most matters were only identified after year-end. These matters required significant effort and time to obtain sufficient and appropriate audit evidence, to consider the facts, estimations and judgements and to conclude on the appropriate impacts on the consolidated financial statements. The financial reporting internal controls over complex matters, non-routine transactions, adoption and application of acceptable accounting policies, and the preparation and review of the financial statements and disclosures, were not effective, and therefore did not	Our procedures to respond to the impact of the breakdown in internal controls over financial reporting included: • Extensive involvement of senior audit team members, accounting technical experts and other senior partners, in: o obtaining a comprehensive understanding of the nature, cause, magnitude and interrelation of these complex matters involving significant judgement and estimates o reassessed the nature, timing and extent of our planned and performed audit procedures to address the potential impact on the consolidated financial statements and disclosures as result of identified matters o executing focused substantive procedures on non-routine transactions, re-performing procedures on management's calculations, challenging management's estimates and judgements, and on financial closing procedures, and o regular meetings with executive management. • Comprehensive reviews by our quality

<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>identify and address these in a timely manner resulting in numerous current year adjustments to transactions and disclosures being recorded. The Group's consolidated financial statements also include a number of prior year restatements as disclosed at Note 1(z).

All of these in combination resulted in regulated reporting timelines being missed, the suspension of the Group's shares on the Australian Securities Exchange, and our reporting of non-compliance with corporate reporting responsibilities to the regulator.

The directors have reported to shareholders that their own consideration has indicated a severe breakdown in internal controls over financial reporting confirming our assessment.

Due to the significant and pervasive impact the internal controls have on financial reporting we adopted a fully substantive audit approach in our audit of the consolidated financial statements.

This impacted the overall timing, efficiency, level of expertise and effort associated with the audit. We have concluded that the breakdown in these controls over the financial reporting process is a Key Audit Matter.</td><td>reviewers, auditor's internal specialists and individuals within the accounting and audit technical team, of management and the auditor memorandums, other supporting documentation, calculations, corrections made and disclosures relating to each matter involving significant complexity, estimation and judgement.
• With the involvement of an accounting technical partner performed:
  o a comprehensive review of all accounting policies to determine if accounting policies were relevant, appropriate and applied in compliance with Australian Accounting Standards
  o assessing the adequacy as it relates to required disclosures in the consolidated financial statements, and
  o assessing whether restatements met the criteria in terms of AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.</td></tr>
<tr><td>Accounting for and disclosure of Project Sea Dragon (PSD) costs, assets, impairments, contract provisions, right of use assets, lease liabilities and contingent liabilities

During the 2022 financial year, the Group raised equity funding and proceeded with the initial establishment phase of PSD in the Northern Territory. Subsequently the project was suspended and is currently under review by executive management and the Board of Directors with a final decision expected in quarter 4 of the 2023 financial year. After the initial suspension the Group decided to cancel the in-progress construction contract. Any continuance will be subject to obtaining adequate funding. Refer to disclosure in Note 1 (c) "Going concern" of the consolidated financial statements.

The Group's disclosure includes several references to the accounting and financial reporting implications of this project, referenced below.

Significant management judgement was applied on several PSD matters by management. These included:</td><td>Our procedures included, but were not limited to:
• obtaining an understanding of the processes used by management, the basis to determine their different estimates and judgements, and the relevant internal controls over the key inputs and assumptions used by management
• obtaining management's detailed calculations supporting management's estimates, testing the inputs to supporting information and documentation, and testing the mathematical accuracy of these calculations
• performing recalculations to develop an independent estimate (e.g. project costs, contractor claims, right of use asset and lease liability) based on our assessment of the information available, considering the independent advice obtained by management where applicable, comparing with management's estimate, and assessing any variance
• obtaining and reviewing relevant documents</td></tr>
</table>

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
• determining the project costs that should be capitalised or expensed ($46,399,748) (refer Note 9 of the consolidated financial statements) • interpretating the “reasonably certain” termination provisions in the Legune Station lease agreement, the ability to continue beyond the earliest termination date, reassessing and then changing the remaining lease term from 30 years to 18 months in accordance with AASB 16 *Leases*, and therefore changing the right of use asset and lease liability capitalised amounts (refer Note 17 of the consolidated financial statements) • the impairment of those costs that were capitalised as Work in Progress of $13,500,829 in Property, Plant and Equipment (refer to Note 16 and a further impairment charge of $3,480,847 and downwards remeasurement of $16,277,821 in the right of use asset (refer Note 17 of the consolidated financial statements) • determining the accrual of $506,762, provisions of $8,730,094 and possible contingent contractual liability to be disclosed for the construction contract termination claims received from the contractor, requiring interpretation of ambiguities in the contractual terms, uncertainties in relation to work performed, and the treatment of variations, the suspension and the later termination of the contract (refer Note 22, ‘Provisions’ of the consolidated financial statements) • consideration of contingent liabilities relating to rehabilitation obligations if the PSD project is abandoned (refer Note 35 of the consolidated financial statements). Given the extent of these interrelated matters, and the significant estimation and judgement involved in the measurement and recognition of project costs and assets, impairment of assets, provision for contractual liabilities and disclosure of contingent liabilities, we concluded this is a Key Audit Matter.	(e.g. lease agreements, legal contracts, progress claims by the contractor, progress payment certificates and the independent legal and certifier reports) • assessing management’s interpretation of the provisions within relevant documents (e.g. contractor agreement and claims, progress payment certificates, lease agreement) • evaluating and challenging the reasonableness of management’s critical assessments (e.g. percentage of costs to be capitalised, status of the PSD project, revised lease term, impairment indicators, assets to be impaired, extent of impairment required, contractual and contingent liabilities to be recorded, and extent of disclosure) • assessing the scope, experience, competence, independence and objectivity of the independent legal and certifier experts used by management to assess the claims received from the contractor, and • assessing the adequacy of the disclosures in Notes 9, 16, 17, 22 and 35 of the consolidated financial statements.
Carrying amount of non-current assets – Queensland aquaculture As at 30 June 2022 the carrying value of property, plant and equipment for the Queensland Aquaculture cash-generating-unit (“CGU”) was $16,940,032 as disclosed in Note 16 ‘Non-current assets - Property, Plant and	Our procedures included, but were not limited to: • evaluating the reasonableness of management’s identification of impairment indicators • assessing whether management had included all appropriate assets and liabilities in the carrying value of the CGU

<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>Equipment' of the consolidated financial statements.
Management has identified an indicator of impairment relating to the Queensland Aquaculture CGU as at 30 June 2022. In response, management assessed the recoverable amount of the CGU using the Fair Value Less Cost of Disposal ("FVLCD") method. In order to determine the FVLCD of the CGU, management obtained an independent valuation which requires them to exercise significant judgement in respect of:
• identification of the assets included within the scope of the valuation
• the estimated fair value per hectare of the land on which the CGU is operated, which is used as the basis for valuation of all assets integral to the aquaculture operation.
Given the judgements and estimates involved in measuring the recoverable amount of the CGU, we concluded this is a Key Audit Matter.</td><td>• assessing whether management's FVLCD assessment was performed in accordance with the relevant accounting standards, and
• in conjunction with our internal valuation specialists:
  o assessing the fair value per hectare used in the external valuation;
  o assessing the relevance of the comparable transactions used in developing the external valuation, and
  o evaluating the competence; and independence and objectivity of the third-party expert used by management.
We also assessed the adequacy of the disclosures in Note 16 of the consolidated financial statements.</td></tr>
<tr><td>Valuation of Biological assets
As at 30 June 2022 the Group held $2,454,171 of biological assets. This balance comprises the hatchery live crop of $1,811,819, carried at cost as an estimate of fair value, and live prawns of $642,352 carried at fair value less estimated costs to sell. The Group's disclosure of biological assets is included in Note 15 of the consolidated financial statements.
In order to determine the fair value of the live prawns, management prepare a valuation model which requires them to exercise significant judgement in respect of:
• survival rates
• harvest average body weight
• average production cost per kilogram
• sales price per type and category of prawn
• costs to sell.
Given the judgements and estimates involved in the valuation of biological assets we concluded this is a Key Audit Matter.</td><td>Our procedures included, but were not limited to:
• obtaining an understanding of the processes and relevant controls over the key inputs and assumptions used by management to determine fair value
• assessing the appropriateness of the valuation methodology
• assessing and challenging the key assumptions in the valuation model as follows:
  o survival rates by comparing to historical trends
  o harvest average body weight by comparing to historical trends
  o average production cost per kilogram and costs to sell by comparing to historical trends and testing a sample of recent costs to external supporting evidence, and
  o sales price per type and category of prawn by comparing to recent historical and forecast sales prices net of costs to sell.
We have also assessed the adequacy of the disclosures in Note 15 of the consolidated financial statements.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Deloitte.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 21 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Seafarms Group Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Prasad

Malvin Prasad
Partner
Chartered Accountants

Darwin, 31 October 2022