



ASX Announcement | 30 August 2019
Seafarms Group Limited (ASX:SFG)
(SFG Announcement No. 627)

Seafarms Group Limited Year Ended 30 June 2019
Annual Report Presentation 2019

Enclosed is Seafarms Group's Annual Report Presentation and Market Update for the financial year ended 30 June 2019.

For further information, please contact:

Media Enquiries

True North Strategic Communication
Bridget McCue
P: +61 447 298 752
E: bridget@truenorthcomm.com.au

Investor Enquiries

The Capital Network
Julia Maguire
P: +61 419 815 386
E: julia@thecapitalnetwork.com.au

About Seafarms Group

Seafarms Group Limited (ASX:SFG) is a sustainable aquaculture company, producing the premium Crystal Bay® Prawns and developing the Project Sea Dragon prawn aquaculture project in northern Australia.

Seafarms Group uses environmentally sustainable culture processes and is currently Australia's largest producer of farmed prawns, its Crystal Bay® Prawns and Crystal Bay® Tigers are available year round in fresh and frozen formats. To learn more please visit: www.crystalbayprawns.com.au

Seafarms Group is investing in sustainable aquaculture for export through Project Sea Dragon, a large-scale, vertically integrated, land-based, prawn aquaculture project being developed in northern Australia. The standalone marine prawn production system will be capable of annually producing over 150,000 tonnes of prawns and the high-quality, year-round volumes will target export markets. To learn more please visit: www.seafarms.com.au



2019 Full Year Result and Market Update

August 2019

The transformation of Seafarms from Australia's largest prawn producer into a global low cost producer is underway

Seafarms Group Limited (ASX:SFG)

Disclaimer

- ❖ This presentation is provided for information purposes only. The information in this presentation is in a summary form, does not propose to be complete and is not intended to be relied upon as advice to investors or other persons. The information contained in this presentation was prepared as of its date, and remains subject to change without notice. This presentation has been provided solely for the purposes for giving background information about SFG, its operations and Project Sea Dragon (PSD).
- ❖ This presentation has been prepared without taking into account the investment objectives, financial situation or particular need of any particular person.
- ❖ To the extent permitted by law, no representation or warranty, express or implied, is made as to the accuracy, reliability, completeness or fairness of the information, opinions and conclusions contained in this presentation. To the extent permitted by law, none of SFG, its related bodies corporate, shareholders or affiliates, nor any of their respective directors, officers, employees, related bodies corporate, associates, affiliates, agents or advisers makes any representations or warranties that this presentation is complete or that it contains all material information about PSD or SFG. To the extent permitted by law, none of those persons accepts any liability for any loss, claim, damages, costs or expenses of whatever nature (whether or not foreseeable), including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of information contained in this presentation or in relation to the accuracy or completeness of the information, statements, opinions or matters, expressed or implied, contained in, arising out of or derived from, or for omissions from, this presentation.
- ❖ No person is under any obligation to update this presentation.
- ❖ This presentation may contain forward looking statements that are based on management's current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward looking statements. Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions. The forward looking statements contained in this presentation include statements about future financial and operating results, possible or assumed future growth opportunities and risks and uncertainties that could affect SFG's business. These statements are not guarantees of future performance, involve certain risks, uncertainties and assumptions that are difficult to predict, and are based upon assumptions as to future events that may not prove accurate. Actual outcomes and results may differ materially from what is expressed in this presentation. In any forward looking statement in which SFG expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurances that the statement or expectation or belief will result or be achieved or accomplished. SFG is not under any duty to update forward looking statements unless required by law.
- ❖ This presentation is not and does not constitute or form part of an offer, invitation or recommendation in respect of securities, or an invitation to buy or apply for securities, nor may it, or any part of it, form the basis of, or be relied on in connection with any contract or commitment whatsoever. In particular, this presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States.

Contents

- 🍊 Overview of Seafarms Group
- 🍊 FY19 Overview
- 🍊 Operations Overview
- 🍊 PSD – Project Overview
- 🍊 PSD – Step 1



Overview of Seafarms Group



Overview of Seafarms Group

Queensland Operations

Seafarms Group Limited (SFG) aquaculture expertise has demonstrated a track record of growth and innovation.

- SFG is an ASX listed Australian agri-food company, with a current market capitalisation of circa A\$174 million:
 - SFG's Queensland operations became Australia's largest producer of farmed prawns just three years after acquisition;
 - The Cardwell farms have been operational for 30+ years. Current capacity can produce *circa* 1,800 tonnes pa which currently represents over 30% of the entire Australian prawn farm industry;
 - Seafarms prawns are marketed under the well known Crystal Bay Tigers® and Crystal Bay Prawns® brands;
 - The Queensland operations are fully vertically integrated;
 - They provide SFG with a commercial-scale pilot operation to develop and test best practices for Project Sea Dragon (PSD). Current operations represent 40% of Step 1 PSD development size.
- Seafarms Group Queensland operations support the critical biological assumptions used in the PSD business case including growth rates, feed conversion and survival of BTP. Relevant cost and contribution assumptions for PSD also continue to be supported by Queensland operations.



Project Sea Dragon (PSD) Development Underway

Project Sea Dragon (PSD) is shovel ready – development underway.

- Major agreements already in place for 90 year operational life - 10,000ha PSD project:

- Project Development Agreement with the NT Government;
- Indigenous Land Use Agreement (ILUA) with Traditional Owners;
- Secure tenure through Sublease and Co-operation Agreement at Legune Station.

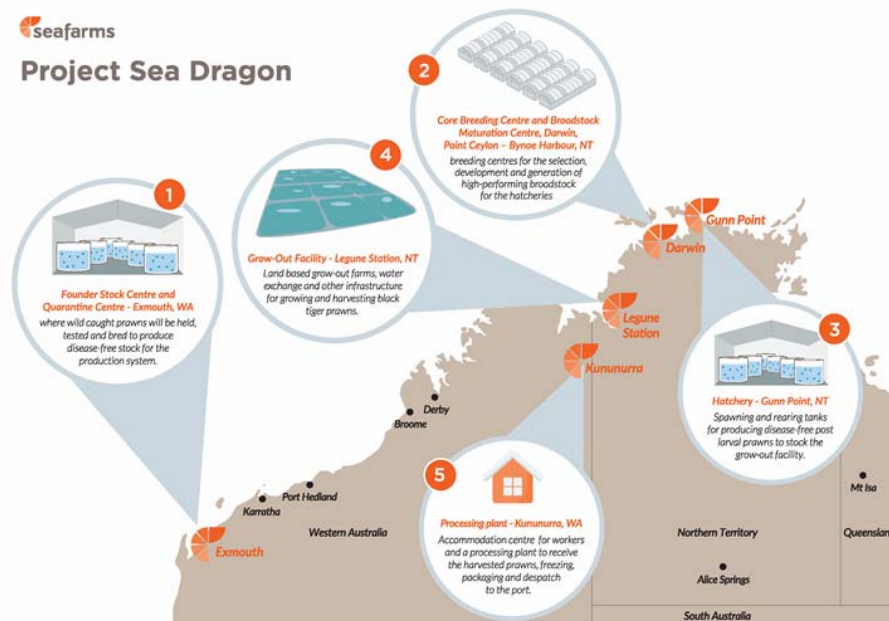
- All regulatory approvals are in place for Stage 1 (1,120 ha's) with Step 1 development (400 ha's) now in progress.

- Traditional Owners/local communities:

- Strong support by Indigenous stakeholders and local communities.

- Extensive 6 year project evaluation completed including:

- 2 years of validation, de-risking and refinement;
- Validation of core project assumptions through comprehensive independent Vendor Due Diligence, a 12 month process;
- Further validation of project assumptions and business model with PSD project partners and advisors (Nissui, Sealord, AAM, PwC, Bell Potter) undertaken over a 3 year time period.



Please note this is a styled map of Project Sea Dragon and does not represent the accurate scale and location of the project facilities.

For more information please contact info@seafarms.com.au

PSD Main Facility Locations

Overview: Project Sea Dragon

De-risked



Sovereign and regulatory

- Major Project Status with Australian, WA and NT Government;
 - Project Development Agreement ('State Agreement') with NT Government.
- Tenure secure for all sites;
- All approvals (environmental, construction) in place for Stage 1;
- Indigenous Land Use Agreement in force.



Construction (refer pages 43-44)

- Successful construction of trial ponds;
- Local supply chains integrated into PSD design (more cost-effective and reliable);
- Prices returned from contractors within budgets;
- Early works packages – Legune & Bynoe Harbour delivered on time & on budget.



Market

- Negotiated a domestic marketing agreement with Sealord (50% owned by Nissui) – one of the largest seafood companies in the southern hemisphere;
- Secured strong international demand via MoU with Chinese corporates and agreement with Nissui for PSD premium product that significantly outweighs PSD initial production profile. Covers all key export markets;
- Contracted off-take with Nissui;
- Test product shipped to Japan.



Sponsorship & partnership

- Secured industry partner investments totalling approximately A\$110m (Nissui and AAM - major agriculture fund manager);
- Seafarms secured an early equity investment and offtake agreement (Queensland and PSD) with the world's second largest global seafood company Nissui;
- Nissui global operations are much larger than the entire Australian fishing and aquaculture industries:
 - Nissui manages over 1.6 million tonnes of seafood per annum;
 - Aquaculture operations commencing in 1988 and represent approximately 45% of the size of the entire Australian aquaculture industry.
- Strong support from existing and new shareholders including Nissui, with a further \$27.4M capital raised to further develop PSD with strong focus to fast track programs that are targeted to deliver more product more quickly;
- AAM Investment Group settled Legune with PSD sub-lease.



Technical - due diligence and sign-off

- Independent experts – vendor due diligence overseen by Lazard;
- Partners undertook additional due diligence.



Supporting public infrastructure

- All supporting public infrastructure subject to government cost-benefit analysis;
- Gunn Pt Road complete;
- Keep River Road construction tenders let and in construction.

Strong Government Support for Seafarms Project Sea Dragon

Project Sea Dragon (PSD) is shovel ready, with continued strong government support by both major political parties at both State, Territory and Federal level.

Policy support

- **Bi-partisan**, Joint Select Committee on Northern Australia recommendations regarding scaling up the aquaculture industry in northern Australia;
- **Free Trade** Agreements negotiated with numerous countries all with strong seafood focus;
- **New focus** on Agriculture (including aquaculture) to become an Australian \$100 Billion industry by 2030.

Project support

- Government support for the project remains strong, with the Federal Government renewing PSD Major Project Status in March 2019, Minister Andrews stating that “the Morrison Government recognises the importance of this project to northern Australia and to strengthen Australia’s economy”;
- The project also has Major Project Status with both the Northern Territory and WA Governments.

Tangible Government Support for Seafarms Project Sea Dragon

- Seafarms has entered into a Project Development Agreement with Northern Territory Government (NTG) which provides a pathway for the grant to secure tenure over the proposed project sites for PSD and upgrades to numerous public roads.
- Government has already completed construction of a sealed road to the future hatchery site at Gunn Point at an estimated cost of A\$38M.
- In early 2019, the NTG released the tender to upgrade the Keep River Road valued at approximately A\$40M to amongst other things “support the proposed Project Sea Dragon”.
- The WA Government has agreed to provide land tenure over the Kununurra land for the processing plant, under Crown lease convertible to freehold and agreed to upgrade the WA portion of the road between Kununurra and Legune Station.
- Together these governments have committed significant financial support including infrastructure upgrades estimated at A\$190M (roads and bridges), over 2,000 ha’s of land packages for breeding and processing facilities and in-kind research and development support (A\$9M).



Keep River Bridge Road – Completed Pylons



Photo courtesy of Katherine Times. Keep River Infrastructure

Overview of Seafarms Group Team

Highly experienced management team across project development and management, aquaculture operations, marketing, distribution, finance and business development.

Key SFG Management Team Members

Ian Trahar

Executive Chairman

- Extensive experience in the resource and financial services across multiple industries and organisations.
- Previous roles include joint CEO of Avatar Industries, Chairman of Ranger Minerals along with executive roles at Shell Australia and Citibank.

Dr. Chris Mitchell

Managing Director

- 20+ years experience in Australian and international climate change research holding both senior and executive roles.
- Foundation Director of the Centre for Australian Weather and Climate Research.

Ian Leijer

Commercial Director

- Chartered Accountant with 20+ years experience in corporate finance, strategy and business management.
- Previously CFO of former ASX listed Company Avatar Industries Ltd and interim CEO of ASX listed Kresta.

Dallas Donovan

Chief Operating Officer

- 25+ years aquaculture experience including technical and production management, harvesting, processing and marketing.
- 6 years managing the National Prawn Company in Saudi Arabia - one of the world's largest fully integrated aquaculture operations.

Jairo Llanos

Technical / Production Manager

- 35+ years of experience in Saudi Arabia and South America.
- Direct experience managing commercial shrimps operations, including extensive experience in large scale prawn/shrimp aquaculture including hatchery, breeding programs and grow out.

Rod Dyer

Chief Projects Officer

- 35+ years of experience in the leadership and delivery of a wide range of Projects and Project Programmes over a diverse range of Industry.
- Previous roles include Executive General Manager Projects for Macarthur Coal, Chief Projects Officer for Peabody Energy, VP Projects for BMA as well as project delivery roles for various food companies.

Hisami Sakai

Non Executive Director

- 40 years commercial experience with Nissui.
- Currently Executive Officer at Nissui
- Responsibilities include Business Supervisor in Europe and Oceanic, Supply Chain Management and Marine Business Strategy Departments'.

Harley Whitcombe

Executive Director & Company Secretary

- CPA Accountant with many year experience in commerce and finance.
- Extensive experience providing company secretarial services to publically listed companies.



Seafarms Financial Overview FY19

Seafarms Achieves Revenue of A\$24.4M in FY19 Supporting Continued Investment in PSD

- As previously stated the Queensland operations are primarily intended to demonstrate and trial operating concepts for PSD – a commercial pilot approximately 40% of the size of the initial PSD development and most importantly provide the platform to recruit a core operational workforce and support our graduate program needed for PSD.
- Aquaculture revenues for the FY19 reporting period were approximately A\$24.4M. The 2019 Christmas crop is in line with expectations.
- For the 12 months reporting period to 30 June 2019, Seafarms has reported a loss in the order of A\$30.9M, of which approximately A\$3.9M was contributed by the Queensland operations (which included over A\$0.8M in commissioning costs for the new processing plant). As required by Australian Accounting Standards, this loss included expensing all direct PSD development costs (approximately A\$19.0M) including approximately A\$7.3M in PSD expenses relating to both its R&D trials and infrastructure expenses relating to the domestication facility development program. The reported loss also included non cash writedowns/adjustments in the order of A\$3.8M and includes all of Seafarms corporate overheads costs which are predominately supporting the development of PSD.
- The Queensland loss was substantially affected by the lower first half production outcomes as a direct result of poor wild black tiger broodstock availability, an ongoing and industry wide issue in FY2019 and as a direct consequence lead to a higher proportion of banana prawn production (a less profitable crop):
 - Since the acquisition of Queensland aquaculture assets in 2014, adverse crop outcomes to date can predominantly be attributed to the use of wild broodstock. It should be noted that PSD will only use domesticated (specific pathogen free for at least 3 generations) broodstock, a major industry leading PSD bio-security strategy now in its fifth year of development.

Seafarms Group Limited

Corporate Overview

ASX Listing Code	SFG
Market capitalisation (August 2019)	Approx. \$174M
Fully Paid Shares on Issue	1.97B
Cash, Debtors & Inventories (as at 30 June 2019)	\$35.9M
Financial Year End	30 June
Directors Shareholdings	40.7% <i>(including Nissui)</i>
Current Directors	Ian Trahar (Executive Chairman) Harley Whitcombe Chris Mitchell Paul Favretto Hisami Sakai (Nissui representative)



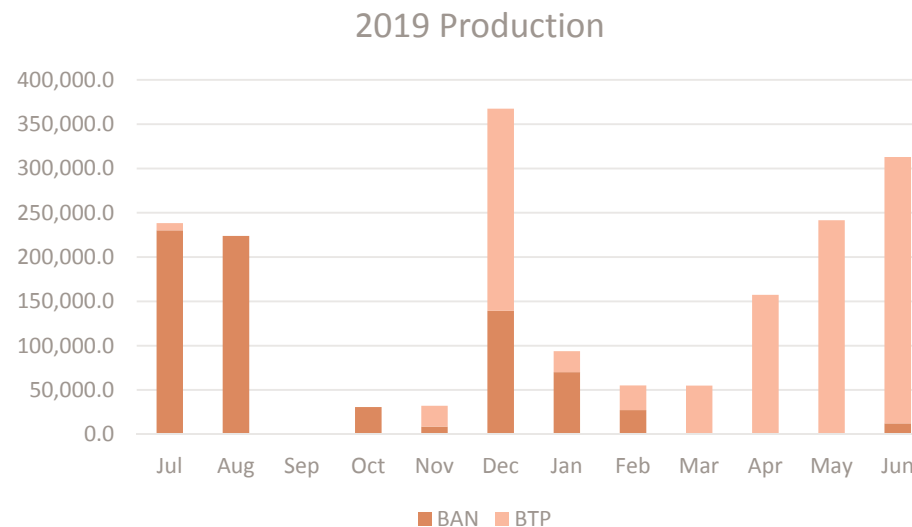
Ongoing Improvements Across Operations and Productions Continues

Overview of Northern Queensland Operations

- Queensland farms at Cardwell are a fully vertically integrated business and have been operational for over 30 years:
 - Seafarms acquired Cardwell in early 2014, continued its banana prawn production and commenced production of its premium Black Tiger prawn production and genetic/breeding program in 2014/2015, as part of its PSD development strategy. Later in 2014 a farm at Ingram 50kms to the south of Cardwell was acquired. This farm is a direct operational trial for PSD;
 - PSD represents the first new major Australian prawn farm development since 2000.
- In relation to PSD, the Queensland operations are primarily intended to:
 - Test operating concepts for PSD within the constraints of aged infrastructure, sub-optimal climate and sub-optimal economic scale;
 - Practically test the benefits of potential design features to be adopted at PSD - settlement ponds, nursery ponds etc.;
 - Provide a platform to attract highly experienced core operational management team needed for a project of PSD scale. Core operational team have managed projects greater than the entire Australian farm prawn industry;
 - Provide a training facility for a workforce, graduates etc. needed for PSD. Industry has had little employment growth as there has been no new farm developments since 2000, part of de-risking strategy for PSD;
 - Undertake PSD R&D research projects in relation to stocking rates, feed mixture regimes and testing QA/QC of potential PSD suppliers. R & D expenditure for FY19 alone was around A\$4M;
 - Commence internal sourcing of Post Larvae –another major PSD bio-security measure;
 - Provide a hub of aquaculture assets used as industry research laboratories for world leading black tiger genetic/breeding program – so called ARC program. Commencing in FY2015, this A\$9m program is the “most advance and industry transformative improvement program for any prawn/shrimp species globally”;
 - Early commencement of exporting premium black tiger product. Seafarms has secured all the necessary accreditation for exports into Japan, China and Europe. Ability to export now in readiness of PSD production. Has involved the installation of a semi-IQF (individual quick freeze) an important valuable real-world data source that will be useful in finalising PSD processing facilities in WA;
 - Refine biosecurity practices including: staff training, development of pathogen surveillance protocols, hatchery testing, PL screening, on-farm testing;
 - Provide test samples premium product to enable offtake agreements to be negotiated and finalised.

FY 2019 Production Overview

- Production for the financial year was 1,770 tonnes, up 320 tonnes (22%) on FY2018.
- Product/species mix was changed to accommodate wild broodstock supply.
- Second half production in line with expectations with significantly larger animals (15% larger YoY).



Operational Improvements

- ❖ A further A\$3.9m of PSD R&D trials were undertaken during FY19 (A\$3.4m in FY18).
- ❖ The farms significantly improved biosecurity outcomes with no biosecurity related losses.
- ❖ As a consequence of our on-farm R&D, a major reconfiguration of Farms 1 & 2 has occurred and is being completed.
- ❖ This reconfiguration will enhance both water quality and biosecurity.
- ❖ The reconfiguration has led to a reduction in hectares under production but overall Farm 1 and 2 yields remain the same as previously.
- ❖ Significant efficiencies and production flexibility have been achieved.



Broodstock maturation facilities at the hatchery



In-pond sampling

Wild Broodstock – the Challenge

- ❏ Wild broodstock remain the dominant source of breeders for Queensland operations and the industry as a whole.
- ❏ Industry dependence on wild animals is driven by high cost, long-lead times and scale of infrastructure required to develop a domestication and breeding program and to sustain the population.
- ❏ Use of wild broodstock, remains as a major industry-wide risk – has inherit issues of erratic supply, biosecurity risk of introduction of disease, variable health status, broodstock quality and insufficient quantity.
- ❏ PSD testing of wild broodstock confirms and reinforces a very high prevalence of pathogens in wild animals.
- ❏ This risk is highlighted by the adverse first half 2019 production results which were again affected by the timing, quality and quantity of wild broodstock.



Broodstock fishing vessel



Broodstock transported live in shipboard tanks

Broodstock – Seafarms Solutions

- ❖ Seafarms is solving the broodstock challenge through multiple approaches:
 1. Domestication program at Flying Fish Point (Qld) as part of ARC Hub Program;
 2. Developing better management and husbandry practices to improve fecundity of broodstock (east Coast);
 3. SPF and domestication at Exmouth.
- ❖ Major improvements in broodstock husbandry to improve fecundity (fewer broodstock required).
- ❖ The development of 'Specific Pathogen Free' prawn families (see next slide).
- ❖ The goal is to cut reliance on any wild-caught broodstock.
- ❖ Only company in Australia to invest in a program to eliminate the need for wild broodstock. Long lead times so commenced in March 2015.
- ❖ Such a program allows for continuity and consistency of production that produces premium larger prawns that grow faster, have better survival and food conversion rates, are highly tolerant to endemic diseases and are more attractive to international markets.
- ❖ CSIRO has stated that the combination of breed and feed technologies have demonstrated tripling of production of seafood protein by area.



Broodstock within the maturation shed at Exmouth



Domesticated Broodstock

Domestication and Breeding

Exmouth

- Seafarms has produced its first generation of SPF families;
- This is the second generation of prawns produced at the facility;
- Significant milestone for Project Sea Dragon;
- 3rd generation by year end;
- FSC is at capacity.

East coast

- The domestication program with the ARC Hub has now produced 30 G2 and 60 G3 families with comprehensive genetic records;
 - These domesticated families now ready for commercial trials.
- Further expansion of Exmouth (WA) facilities are currently underway.
 - Initial development of Broodstock Maturation Centre commenced in NT.



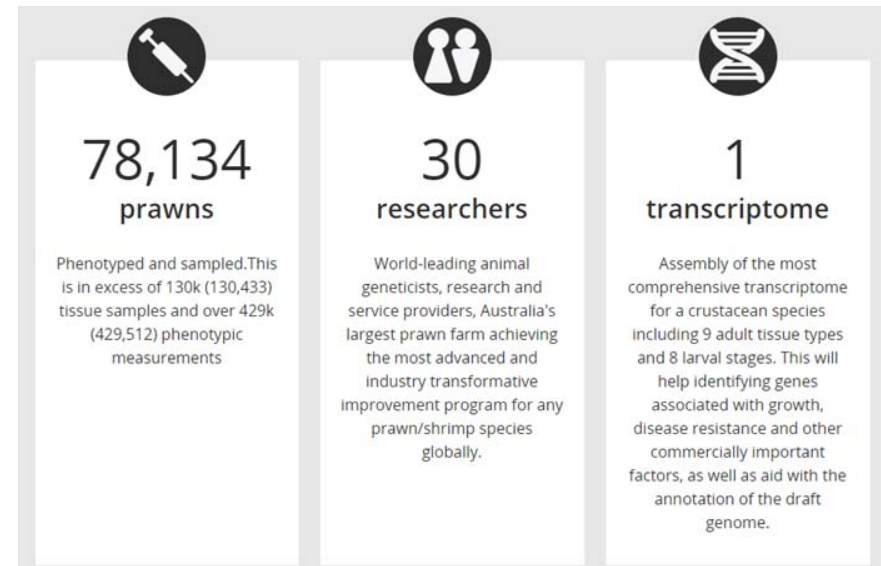
Entrance to the Exmouth Founder Stock Centre



G1 broodstock at the Exmouth Founder Stock Centre

Breeding Research and Development

-  World leading research with James Cook University, CSIRO, University of Sydney and Australian Genome Research Facility ('ARC Hub'):
 -  work is placed in commercial context focused at FFP hatchery and also on-farm.
-  Domesticated east coast prawns now undergoing trials (previous slide).
-  Globally the most comprehensive prawn genetic data-base:
 -  15,000 tiger prawn genotypes;
 -  phenotypes – more than 429,000 measurements from 80,000 animals.
-  High density, hard state genomic prediction array with 60,000+ markers in final stages of development.
-  Highly accurate method viral selection strategy based on a pooled family challenge that can be used in future breeding programs.
-  Digital phenotyping methodology from digital images collection of phenotypic data at industrial-scales.
-  Researchers have identified distinct genetic populations of wild Australian tiger prawns.
-  New insights into prawn health through:
 -  Gut analysis (microbiome);
 -  Simple index analysis of nutritional condition (BRIX).



Breeding the perfect prawn

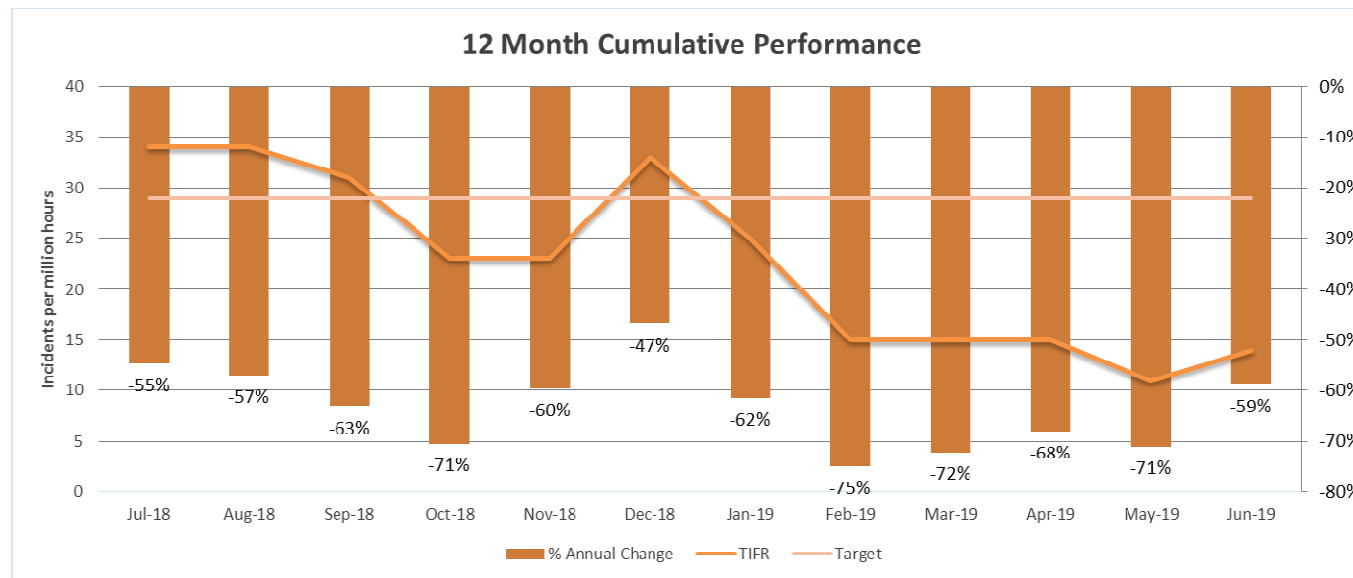
Courtesy of <https://www.jcu.edu.au/prawn-breeding-hub>



Almost 80,000 prawns have been phenotyped by scientists working at Seafarms

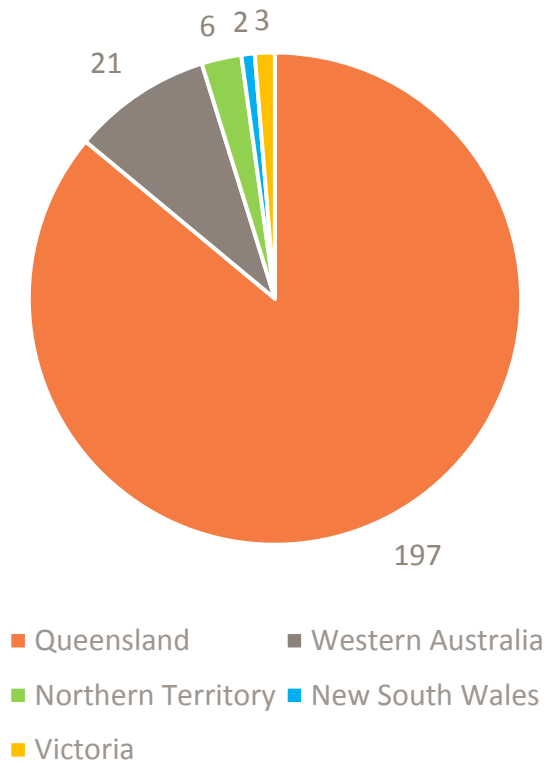
Workplace Health and Safety

- Further significant improvement in HSE performance.
- 59% reduction in incidents.



Seafarms Current Employment

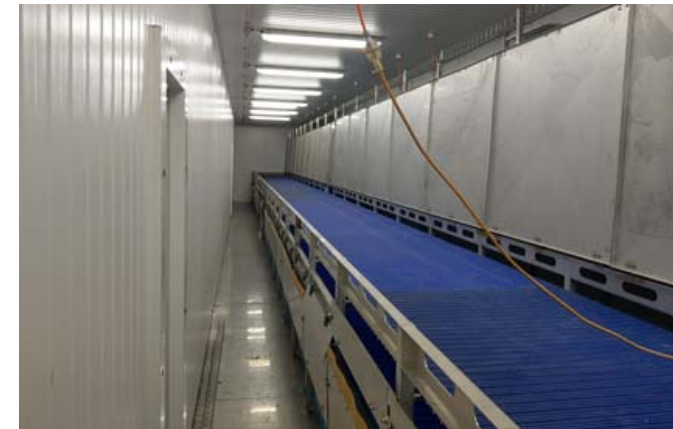
Seafarms Group Jobs
(Headcount)



- Seafarms currently employs approximately 234 people.
- This employment snapshot excludes:
 - Consultants and advisers (engineering, environmental, legal, accounting, tax);
 - Directly paid positions with other organisations;
 - The labour profile includes PSD development and is not solely Queensland operations.
- This employment is overwhelmingly in regional Australia.
- Seafarms has employed 17 graduates as part of its graduate program.

Investment in Export Market Development

- ❖ Through its Queensland operations Seafarms commenced significant investment in export market development for PSD (>\$4.5M in FY 2019).
- ❖ Noting all initiatives are retrofitted to equipment and processes for Australian market requirements, they are undertaken to enhance delivery for PSD.
- ❖ Achievements include:
 - ❑ Procured, installed and commissioned semi-individual quick freezer (IQF) – Cardwell;
 - ❑ Developed re-grading processes for export;
 - ❑ Shipped first test product to Japan – gathering important QA/QC information Completed packaging.
- ❖ Real-world market trials are also being used as input to detailed PSD engineering design and procurement specs and improve product quality.



Inside Semi-Individual Quick Freezer



Inside Semi-Individual Quick Freezer – Packaging Line

Nissui / Crystal Bay Prawn® Export Packaging



Domestic Marketing Initiatives

- ❖ In consideration of the insight that freshness and Australian are key purchase drivers, the “100% Aussie Freshness” message was driven at point of purchase throughout the fresh Crystal Bay Tigers® and Crystal Bay Prawns® seasons.
- ❖ The winter Crystal Bay Prawns® brand campaign delivered strong branding in the marketplace. The colour pink being used as a way to help differentiate vs other seafood brands at retailer level.
- ❖ Social media content shared the Australian Crystal Bay Prawns® journey from pond to plate, achieving a strong reach of half a million people over the last 12 months.



Winter Crystal Bay Prawn POS



- ❖ Posters
- ❖ Static Stickers
- ❖ Ice sticks
- ❖ Aprons
- ❖ Beanies
- ❖ Caps





Project Sea Dragon (PSD) Overview

PSD Achieves Key Milestones in FY19

- ✦ At the Exmouth Founder Stock Centre:
 - construction is well advanced on upgraded water systems and the first building;
 - The Board authorised the construction of an additional two buildings with associated tanks and systems to further advance the broodstock development.
- ✦ Construction of the Bynoe Harbour Broodstock Maturation facility has commenced.
- ✦ Early works to de-risk schedule and cost at the Legune Grow Out Centre has commenced.
- ✦ Design of the Kununurra Processing Plant has commenced.
- ✦ A Darwin office has been established to enable better communication with government, local contractors and a quicker team build.
- ✦ Approximately A\$100M of budgeted work program tenders have been returned within Seafarms detailed budget estimates to date.
- ✦ Securing further financial support by Nissui.
- ✦ Secured a renewed 3 year extension to the Federal Government's Major Project Status.
- ✦ Secured an aquaculture licence for Legune Station.
- ✦ Secured a number of PSD partners including:
 - Nissui 2nd largest seafood company globally. Investment, offtake, technical and international marketing partner;
 - Sealord one of the largest seafood companies in the southern hemisphere. Domestic (Australia and NZ) marketing partner;
 - AAM. Major agricultural investor as our land partner that enables long term land tenure security at Legune.
- ✦ Advancing PSD project funding. A further A\$27.4M raised to further develop major biosecurity PSD infrastructure - designed to produce more product more quickly.
- ✦ Simplified corporate structure with the demerger of carbon/environmental business to Seafarms shareholders.
- ✦ PSD world leading domesticated/genetics breeding program heading to specific pathogen free G3 animals.
- ✦ Further Government (NT and Federal Governments) sponsored infrastructure PSD support with \$58M upgrade of Keep River Road with further construction commencing late in 2019.

PSD's Strong Competitive Advantages

- ❏ Strong competitive advantage over the Asian black tiger where sourcing white spot (WSSV) free, genetically diverse broodstock is becoming increasingly difficult. Australia enjoys a genetically diverse wild black tiger population that are distributed over a very broad coastal range and have relatively low viral loads by global standards.
- ❏ This has enabled Seafarms and its research partners to develop the “most advance and industry transformative improvement program for any prawn/shrimp species globally”.
- ❏ Other competitive advantages include:
 - ❑ Low sovereign risk;
 - ❑ Remoteness and a relative lack of development have provided a natural biosecurity barrier;
 - ❑ Higher water temperatures contribute to higher growth and reduced production times. 2 crops per annum;
 - ❑ Long coastline, pristine waters, availability of suitable land;
 - ❑ Population free waters;
 - ❑ Availability of suitable hatchery and grow out sites with ideal climatic conditions for the growth of black tigers – isolated locations;
 - ❑ Well established disease detection and prevention technology;
 - ❑ Cost effective feeds and operating systems;
 - ❑ Significant volumes and bigger higher premium animals produced;
 - ❑ Proximity to rapidly growing seafood markets in Asia:
 - ❏ Australia has already an established reputation of a producer of high quality seafood and exports approximately A\$1.4B of fishery and aquaculture products. Asian exports account for some 84% or some A\$1.2B.

The US\$200B Global Opportunity

- Global aquaculture market to grow by US\$58B up to 2020 to over US\$200B.
- Middle class population growth and per capita consumption increase of seafood particularly China.
- Growth of Asian middle class:
 - Almost 5 fold increase in Chinese middle class by 2022 to over 100M;
 - The race to meet this significant rise in middle class consumer demand has already commenced. Recent examples include:
 - Recent Belt and Road Conference (April 2019) – President Xi confirms Chinese demand for quality western food products;
 - Alibaba chasing US\$200B of high quality western goods over next 5 years;
 - Country Garden establishing a leading enterprise in modern agriculture with global competitiveness;
 - Already seen NZ/Canada experience strong seafood export growth into Asian Markets.
- Importantly shrimp already part of Asian diet. As at 1st of January 2019 China has removed all tariffs on Australian seafood exports.
- PSD will be a low cost producer and the only producer in the developed world with significant volume of a premium product (150,000 tonnes pa at full production scale) at lower prices to drive demand:
 - Already have Memorandum of Understanding totalling some 14,000 tonnes pa of demand with a number of Chinese corporations that collectively significantly exceed Step 1 of Stage 1 development production profile (some 5,000 tonnes).

Seafood Industry Diversification a Key Growth Driver

- 🍊 Globally the race for further seafood production diversification and more seafood product offering into the growth markets of Asia are gaining real momentum. This is being lead by the major seafood companies wanting to reduce their exposure to declining wild catch production and the limited major growth opportunities in the salmon industry.
- 🍊 Some of the world's largest seafood companies are moving into whitefish and shrimp/prawn.
- 🍊 Major shrimp/prawn acquisitions include:
 - 🍷 Nissui (second largest seafood company globally)/ Seafarms (Australia's largest farm prawn producer). Product black tiger;
 - 🍊 Nissui has announced that it:
 - 🍷 Wants to develop prawn business to be a core business in the same way as its salmon/trout/whitefish business unit that generated sales of over US\$2B a year;
 - 🍷 Has an estimated A\$430M/3years to invest in marine products growth businesses and M&A.
 - 🍷 Cook Aquaculture (largest private seafood globally)/Seajoy/Farallon. Product white shrimp;
 - 🍷 Minhu Phu (largest Vietnam seafood producer)/Mitsui (Japan's second largest general trading house. Product white shrimp and black tiger.

Legune Station an Ideal Location for Mass-Production of High-Quality Seafood

- Based upon study originally done by CSIRO from Pilbara to Cape York but Seafarms spent a further A\$1M on a more detailed review.
- Pristine environment.
- No other aquaculture operations.
- Multiple crop location as water temperature above 25C all year round. Ideal for black tiger production. Currently Australian industry at 1.2 crops pa.
- Flat lying ground minimising cut and fill costs.
- Black clay soil profile – no need for pond lining, compaction testwork completed.
- Minimum land clearing required.
- Australia's largest privately owned fresh water dam -35GL.



Trial Pond at Legune Station



Aerial view Legune Station February 2019

PSD to Achieve Estimated Revenue of +\$3B per Year at Full Production

Complete end to end control of operations will allow SFG to ensure absolute biosecurity and process control.

A fully vertically integrated project. Key Process Steps in PSD Prawn Aquaculture



PSD and Queensland Operations Comparison

Table below highlights a broad comparison between PSD and Queensland operations. It should be noted that PSD yield assumption is considered conservative – given current Queensland operational results, particularly Farm 3 which more assembles PSD design features.

PSD	Queensland
Black tiger prawns	Banana and black tiger prawns
SPF Domesticated Broodstock	Wild Broodstock (BTP)
10 hectare ponds & dedicated nurseries	1 hectare ponds
Stocking at 27/m ²	Stocking at 40/m ²
10 kW/ha aeration	14 kW/ha aeration
7.5 tonnes per hectare yield/crop	Up to 10 tonnes per hectare yield
Large prawns (37 grams)	Medium Prawns (24 grams)
Production year round	Seasonal production (F3 1 crop only)
New farm	Old farm
New optimised design and major biosecurity design measures	Historical design with some retrofitting underway
Automated feeding	Truck based feeding
35 tonnes per FTE	16 tonnes per FTE

Seafarms Farm 3 a Significant Upgrade on Farms 1 and 2

 As highlighted below, from a production perspective Farm 3 more closely simulates PSD farms.

	Farm 1/2	Farm 3	PSD
Age of Assets	+30 years	+19 years	First new development in Australia since circa 2000
Produce own Post Larvae (PLs)	✓	✓	✓
Settlement Ponds	✗	✓	✓
Long Crops	✗	✓	✓
Unconstrained by Seasonality	✗	✗	✓
Broodstock Sourced in House	✗	✗	✓
SPF Broodstock and Post Larvae (PLs)	✗	✗	✓

 The last two Farm 3 (F3) crops have averaged a black tiger yield outcome of 9.6t/ha using wild black tiger broodstock. PSD assumes initial crop yields of only 7.2t/ha using G3 domesticated specific pathogen free animals. According to CSIRO, novel genetic and viral health screening and mating allocation has achieved yields up to 24.2t/ha.

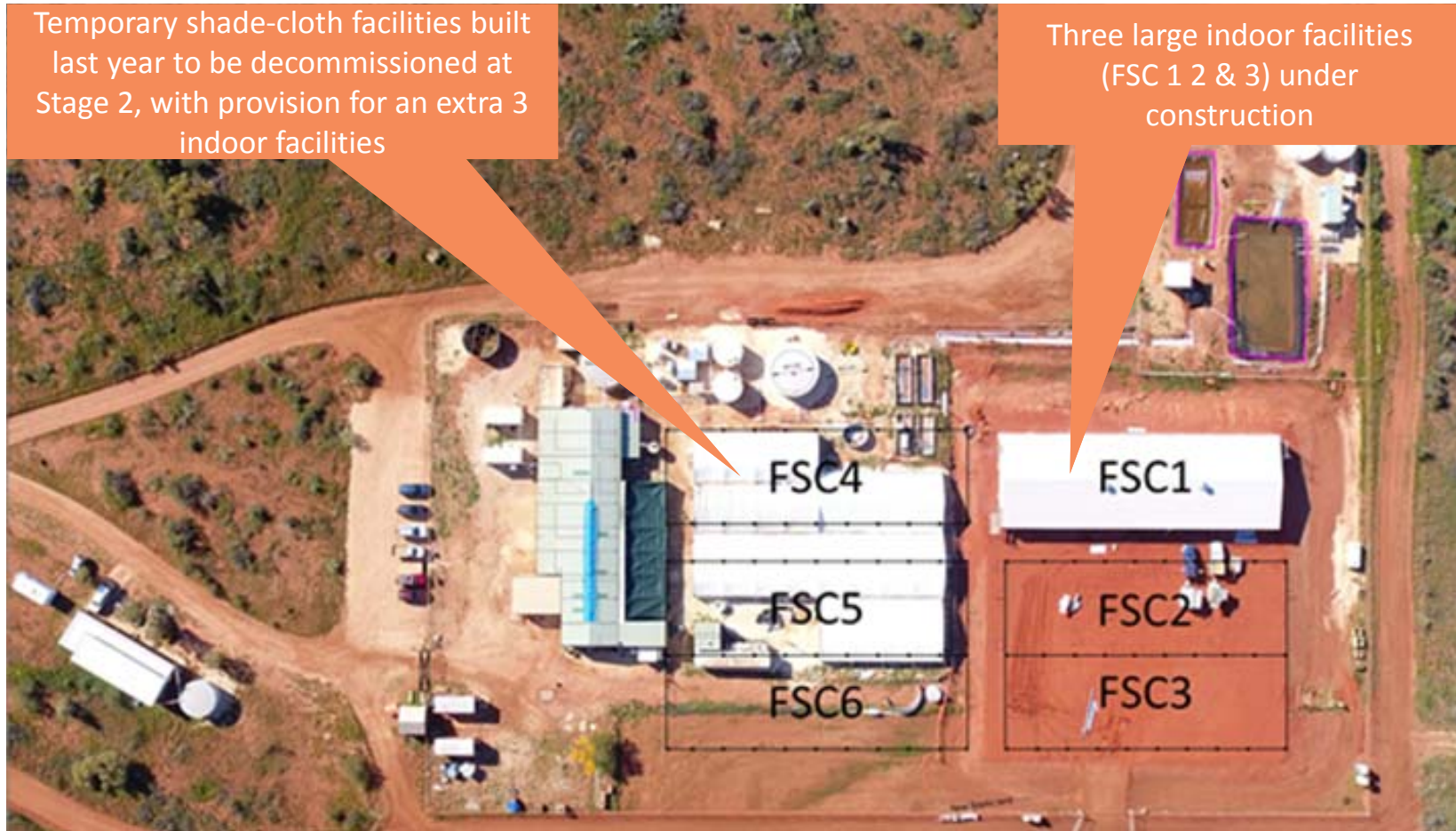


PSD Step 1 Stage 1 Well Underway

Exmouth Founder Stock Centre Expansion

Temporary shade-cloth facilities built last year to be decommissioned at Stage 2, with provision for an extra 3 indoor facilities

Three large indoor facilities (FSC 1 2 & 3) under construction



Construction Progress - Founder Stock Centre

- ❏ The building works for building 1 at Exmouth is substantially complete – fitout has commenced.
- ❏ Earthworks for the additional two buildings has commenced.
- ❏ Water treatment systems continue to be developed and upgraded with installation of new water reservoirs and water cleaning systems to support future processes.
- ❏ All of the site works has been undertaken by local Exmouth contractors.
- ❏ Work continues to track on budget and within the funds approved to date.



Building 1 erected and earthworks for building 2 & 3 commenced



Building 1 – internal slab poured



Foundations for reservoir poured

Commenced Construction of Broodstock Maturation Centre

- Local contractors have been engaged to perform earthworks and fencing for the site:
 - Earthworks completed including access roads, inlet and outlet ponds and residential sites;
 - Fencing 30% completed.
- Commenced construction of main access road into the site:
 - Earthworks completed;
 - Bitumen laying commenced.



Earthworks for the processing area finished to final levels & compaction



Biosecurity fencing



Biosecurity gates to restrict entry



Storage ponds trimmed



Fog Bay Road intersection

Planned Early Works Completed at Legune Grow Out Centre

- Early Works undertaken to de-risk construction.
- Various sizes of rock have been quarried graded and stockpiled to ensure material is available for first bulk earthworks contracts.
- Access road built to enable access to lower lying areas earlier in the dry season.
- Design works under-way to enable earliest purchase of long lead items.
- Major earthworks bids received to form a basis of quicker contract finalisation as funds become available.



Stock piles of quarried material



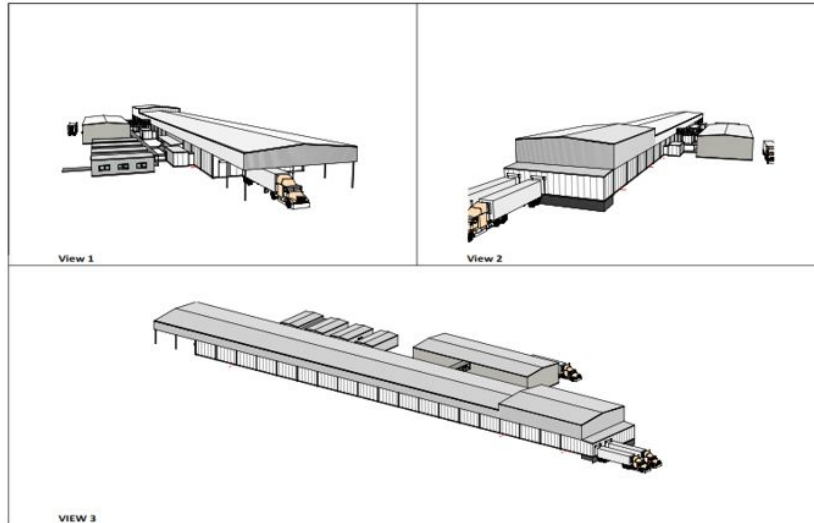
Access road being formed



Access road complete

Progressing Design and Development of Processing Plant

- Design of the Processing Plant has commenced – site plan completed.
- Processing equipment specification for the process plant is being refined based on feed-back of east coast product to Japan and other export markets.
- Development and works approvals granted.
- Ground water licence granted.
- Deposited Plan survey lodged.
- Fish processors licence required upon completion of construction.



Concept design drawings for Kununurra Processing Plant



Development plan for Kununurra Processing Plant

Key Approvals Schedule June 2019

Approval	Relevant Legislation and Jurisdiction		CBC & BMC Point Ceylon	Hatchery Gunn Point	Grow-out Legune	Processing Plant
EPBC Act Approval	EPBC Act	Aust.	n.a.	n.a.	✓	n.a.
NT EPA Assessment Report	Environmental Assessment Act	NT	✓	n.a.	✓	
Aquaculture Licence	Fisheries Act	NT	✓	●	✓	
Authority Certificate	Aboriginal Sacred Sites Act	NT	✓	✓	✓	
Non-pastoral use permit	Pastoral Lands Act	NT	n.a.	n.a.	✓	
Vegetation clearing approval	Pastoral Lands Act/Planning Act	NT	✓	✓	✓	
Development Approval	Planning Act	NT	n.a.	✓	n.a.	
Environment Protection Approval	Waste Management and Pollution Control Act	NT	✓	●	✓	
Surface Water Extraction	Water Act	NT	n.a.	n.a.	✓	
Waste Discharge Licence	Water Act	NT	✓	●	✓	
Approval to erect structure	Marine Act	NT	✓	✓	✓	
Referral (Part IV)	Environmental Protection Act	WA	n.a.			
Works Approval (Part V)	Environmental Protection Act	WA				✓
Development Approval	Planning and Development Act	WA				✓
Subdivision and Easement	Planning and Development Act	WA				●
Licence to take water	Rights in Water and Irrigation Act	WA				✓
Permit to construct fish processing place	Fish Resources Management Act	WA				●

Phased Approach to Legume Grow Out Centre Implemented

- Stage 1 development is to be built in 3 steps. Step 1 totals 400 ha's of ponds producing 5,000 tonnes per annum.
- The benefits of phasing Stage 1 development include:
 - De-risking construction – less complex initial development strategy being adopted;
 - Reduced capital expenditure requirement to secure project finance with cash flows;
 - Generated earlier which will assist in funding of the staged development of PSD;
 - Maintaining the maximum equity ownership of PSD by its shareholders.



De-risking PSD Construction

- 🌀 Seafarms continues to de-risk the project through the front-end engineering and design and procurement strategies.
- 🌀 First construction elements:
 - Expansion of the Exmouth facility to enable the planned and expected increase of the number of SPF families being produced;
 - Develop the Bynoe Harbour Breeding Centre to cater for selective breeding, broodstock maturation and post-larvae:
 - 🌀 Strategy optimises use of constructed capacity as the number of family lines increases;
 - 🌀 Modular design of facilities enables logical expansions in line with production capacity at Legune.
- 🌀 Legune – construct the first farm:
 - Full seawater pumping headworks;
 - Roads developed for task and progressively up-graded as tasking increases.
- 🌀 Scale processing plant at Kununurra accordingly.

De-risking PSD Construction

- 🍷 Engineering team continues to refine design within approval envelopes to reduce capital:
 - 🍷 Greater use of locally produced standard elements (e.g. sheds);
 - 🍷 More accurate bathymetry at Bynoe Harbour has revealed easier and cheaper water intake.
- 🍷 Fewer simultaneous construction elements required and therefore cross-site coordination is simpler.
- 🍷 Less up-front capital required to achieve first production milestone.
- 🍷 Earlier cash-flows.
- 🍷 The early works tender process executed after June 2018 very successful:
 - 🍷 Packages sized commensurate with local industry capability produced deep knowledge of local conditions;
 - 🍷 Efficiencies achieved through efficient utilisation of latent capacity;
 - 🍷 Reduced cost through:
 - 🍷 Minimising mobilisation/demobilisation costs;
 - 🍷 Reduce contractor overheads.

Legune ILUA and Indigenous

- 🍷 Employment
 - 🍷 Developed a 12 month Indigenous employment action plan;
 - 🍷 Seafarms contractors are meeting or exceeding agreed Indigenous employment targets.
- 🍷 Business
 - 🍷 Accepted as an Associate member of the Northern Territory Indigenous Business Network (NTIBN);
 - 🍷 Contracts awarded to Larrakia Development Corporation & Alan King and Sons JV with Native Title Holder Company.
- 🍷 Cultural Heritage
 - 🍷 Cultural Awareness Training has been developed with strong consultation and engagement from Native Title Holders, the Northern Land Council and relevant Indigenous organisations.
- 🍷 Environmental
 - 🍷 The Ranger Program has been bought forward as part of the implementation of the Legune ILUA.



Meeting with Legune Native Title Holders and the Northern Land Council



Cover photo Cultural Awareness Training Booklet – with Desiree Simon, Jarrajarran Native Title Holder



ILUA Project Committee meeting at Marralum

Cost and Funding Status of PSD

- Stage 1 Step 1 development (400 ha's of ponds - producing 5,000 tonnes per annum) has a total Project Construction Budget of \$285M excluding cost contingency and escalation, less current PSD infrastructure spending of A\$16M and includes over A\$150M in infrastructure spend that will service up to a full Stage 1 (1,120 ha's) project as well capital that will service other stages up to Stage 7 (+7,000ha's).
- Seafarms continues to progress the project funding process required to meet the capex requirements for Step 1.



Seafarm Queensland Operations



Seafarm Queensland Employees



Contact Us

Seafarms Group Limited

Level 11, 225 St Georges Terrace
Perth WA 6000

PO Box 7312
Cloisters Square WA 6850

T. +61 8 9216 5200
E. info@seafarms.com.au