

INFORMATION DOCUMENT



Clean Seas Seafood Limited

(A public company limited by shares incorporated and registered under Australian law)

Admission to trading of shares on Euronext Growth Oslo

This information document (the "**Information Document**") has been prepared by Clean Seas Seafood Limited (the "**Company**" or "**Clean Seas Seafood**", and together with its consolidated subsidiaries, the "**Group**") solely for information purposes in connection with the admission to trading (the "**Admission**") of the Company's shares, each with nil par value (the "**Shares**") on Euronext Growth operated by Oslo Børs ASA ("**Euronext Growth Oslo**"). The Company has a primary listing of its Shares on the Australian Securities Exchange ("**ASX**") under the trading symbol "CSS".

The Shares have been approved for admission to trading on Euronext Growth Oslo and are expected to start trading on 20 May 2021 in the form of Depositary Interests (as defined below) under the ticker code "CSS".

Euronext Growth is a market operated by Euronext. Companies on Euronext Growth, a multilateral trading facility (MTF), are not subject to the same rules as companies on a Regulated Market (a main market). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in a company on Euronext Growth may therefore be higher than investing in a company on a Regulated Market. **Investors should take this into account when making investment decisions.**

On Euronext Growth Oslo, the Shares will be traded in the form of depositary receipts, that represents the beneficial interests in the underlying Shares (the "**Depositary Interests**"). The Depositary Interests are registered with the Norwegian Central Securities Depository (the "**VPS**") in book-entry form under the name of a "share" and will be traded in NOK on Euronext Growth Oslo in the form of depositary receipts as "shares in Clean Seas Seafood Limited". Accordingly, all references in this Information Document to "Shares" shall in the context of the securities to be traded on Euronext Growth Oslo refer to the Depositary Interests. **Existing shareholders of the Company and new investors should note that only Shares that have been registered in the VPS in the form of Depositary Interests will be tradable on Euronext Growth Oslo. Further, Depositary Interests will not be tradable on ASX. Please refer to Section 9.2 for further information.**

The present Information Document does not constitute a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71.

The present Information Document has been drawn up under the responsibility of the Company. It has been reviewed by the Euronext Growth Advisor and has been subject to an appropriate review of its completeness, consistency and comprehensibility by Euronext.

THIS INFORMATION DOCUMENT SERVES AS AN INFORMATION DOCUMENT ONLY, AS REQUIRED BY THE EURONEXT GROWTH OSLO ADMISSION RULES. THIS INFORMATION DOCUMENT DOES NOT CONSTITUTE AN OFFER TO BUY, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT THERETO.

Investing in the Company involves material risks and uncertainties. Prospective investors should read the entire Information Document and in particular Section 1 "Risk Factors" and Section 3.3 "Cautionary note regarding forward-looking statements" when considering an investment in the Company.

Euronext Growth Advisor

SpareBank1 Markets AS



The date of this Information Document is 19 May 2021

IMPORTANT INFORMATION

This Information Document has been prepared solely by the Company, only to provide information about the Company and its business and in relation to the Admission. This Information Document has been prepared solely in the English language. For definitions of terms used throughout this Information Document, please refer to Section 13 "Definitions and glossary of terms".

The Company is incorporated under the laws of Australia. In order to facilitate the registration and trading of the Shares on Euronext Growth Oslo, the Company has established a facility for the registration of beneficial interests representing the Shares of the Company in the VPS, reflected in the form of Depositary Interests. The Company has entered into a registrar agreement (the "**Registrar Agreement**") in which DNB Bank ASA, Registrars Department, has been appointed as its registrar in the VPS (the "**VPS Registrar**"). The VPS Registrar will be deemed a beneficial shareholder through a nominee agreement with Citibank Melbourne (the "**Australian Custodian**") where the Australian Custodian is recorded as the shareholder in the Company's sub-register in Chess, a sub-register of the Company which together with the issuer sponsored sub-register constitute the shareholders' register that the Company is required to maintain in Australia pursuant to the Australian Corporations Act of 2001 (the "**Australian Corporations Act**"). The VPS Registrar registers such Shares in the VPS in the form of Depositary Interests which following such registration reflects the beneficial shareholders, personally or through nominee registrations. Therefore, it is not the Shares issued in accordance with the Australian Corporations Act that will be subject to trading on Euronext Growth Oslo, but the Depositary Interests that are registered in the VPS (in book-entry form) representing the beneficial interests in such Shares.

The Company has furnished the information in this Information Document. This Information Document has been prepared to comply with the Euronext Growth Markets Rule Book as applicable to Euronext Growth Oslo.

All inquiries relating to this Information Document should be directed to the Company or SpareBank1 Markets AS (the "**Euronext Growth Advisor**"). No other person has been authorised to give any information, or make any representation, on behalf of the Company and/or the Euronext Growth Advisor in connection with the Admission. If given or made, such other information or representation must not be relied upon as having been authorised by the Company and/or the Euronext Growth Advisor.

The information contained herein is as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company subsequent to the date of this Information Document. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Information Document and before the Admission will be published and announced promptly in accordance with the Euronext Growth regulations and applicable securities laws and regulations. Neither the delivery of this Information Document nor the completion of the Admission at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Information Document is correct as of any time since its date.

The contents of this Information Document shall not be construed as legal, business or tax advice. Each reader of this Information Document should consult its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Information Document, you should consult your stockbroker, bank manager, lawyer, accountant or other professional advisor.

The distribution of this Information Document may in certain jurisdictions be restricted by law. Persons in possession of this Information Document are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of this Information Document in any country or jurisdiction where specific action for that purpose is required.

The Shares may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Information Document shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo District Court (Nw: *Oslo tingrett*) as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Information Document.

Investing in the Company involves risks. Please refer to Section 1 "Risk factors" of this Information Document.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is an ASX-listed, public company incorporated under the laws of Australia. As a result, the rights of holders of the Shares will be governed by Australian law and the constitution of the Company (the "**Constitution**"). The rights of shareholders under Australian law may differ from the rights of shareholders of companies incorporated in other jurisdictions.

The members of the Company's board of directors (the "**Directors**" and the "**Board of Directors**", respectively) and the members of the Group's senior management (the "**Management**") are not residents of the United States of America (the "**United States**"), and the Company's assets are located outside the United States. As a result, it may be very difficult for investors in the United States to effect service of process on the Company, the Directors and members of Management in the United States or to enforce judgments obtained in U.S. courts against the Company or those persons, whether predicated upon civil liability provisions of federal securities laws or other laws of the United States (including any State or territory within the United States).

Uncertainty exists as to whether courts in Norway and Australia will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Directors or members of Management under the securities laws of those jurisdictions or entertain actions in Norway and Australia against the Company or its Directors or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway and Australia. Neither Norway nor Australia currently have a treaty with the United States providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters with Norway and Australia.

Similar restrictions may apply in other jurisdictions.

TABLE OF CONTENTS

1	RISK FACTORS.....	5
2	RESPONSIBILITY FOR THE INFORMATION DOCUMENT	16
3	GENERAL INFORMATION	17
4	REASONS FOR THE ADMISSION	20
5	DETAILS OF THE PRIVATE PLACEMENT.....	21
6	PRESENTATION OF THE GROUP AND ITS BUSINESS	23
7	SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION.....	31
8	THE BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES	37
9	SHARE CAPITAL AND SHAREHOLDER MATTERS	43
10	TAXATION	59
11	SELLING AND TRANSFER RESTRICTIONS.....	64
12	ADDITIONAL INFORMATION.....	68
13	DEFINITIONS AND GLOSSARY OF TERMS	69

APPENDIX A	CONSTITUTION OF CLEAN SEAS SEAFOOD LIMITED
APPENDIX B	THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
APPENDIX C	THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
APPENDIX D	THE COMPANY'S INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

1 RISK FACTORS

Investing in the Company involves inherent risks. Investors should consider all of the information set forth in this Information Document, and in particular, the risk factors set out below and the selected financial information included in Section 7 "Selected financial information and other information" before making an investment decision. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision.

If any of the risks were to materialise, individually or together with other circumstances, it could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flow and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. The risks and uncertainties described below are not the only risks faced by the Group. The risks and uncertainties described in this Information Document are the principal known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the shares. Additional risks and uncertainties that the Group currently believes are immaterial, or that are currently not known to the Group, may also have a material adverse effect on its business, financial condition, results of operations and cash flow. The COVID-19 pandemic may adversely affect the likeliness and/or materiality of the risk factors presented herein, and could also impose additional risks that have not yet been identified by the Company or considered as material risks at the date of this Information Document.

The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor the magnitude of their potential impact on the Company's business, financial condition, results of operations, cash flows and/or prospects. The information in this risk factor section is as of the date of this Information Document.

1.1 Risks relating to the Group and the industry in which it operates

1.1.1 The Group is dependent on feed supply

Feed quality is instrumental in the productivity, growth, quality and welfare of the livestock and ultimately the cost of production. If the Group is unable to source high performance, high quality, and cost-efficient feed suitable for Yellowtail Kingfish production this would have a material adverse effect on the Group's activities. Also, the feed industry is characterized by large, global suppliers operating under cost plus contracts, and feed prices are directly linked to the global markets for fishmeal, vegetable meal, animal proteins and fish/vegetable/animal oils. The Group may not be able to pass on increased feed costs to its customers. Due to the long production cycle for farmed fish, there may be a significant time lag between changes in feed prices and corresponding changes in the prices of farmed fish and finished products to customers. As the main feed suppliers normally enter fixed contracts and adapt their production volumes to prevailing supply commitments, there is limited excess of fish feed available in the market. If one or more of the Group's feed contracts were to be terminated on short notice prior to their respective expiration dates, the Group may not be able to find alternative suppliers in the market.

1.1.2 Product prices

Yellowtail Kingfish prices have varied significantly in export markets over recent years mainly in response to supply-side factors. Potential decreases in the market price of Yellowtail Kingfish could cause occasions where the Group may not be able to sell its product at an economic profit. No assurance can be given that the demand for farmed Yellowtail

Kingfish will not decrease in the future. A decrease in the demand for Yellowtail Kingfish could have a material adverse effect on the Group's financial position.

1.1.3 Operating risks

The current and future operations of the Group, including development, sales and production activities may be affected by a range of factors, including:

- risk of disease and infection in particular in open water environments;
- risk of food safety and quality issues arising from processing, packaging, freight or handling processes;
- reliance on service providers and prospective customers to follow the complex operating systems and properly handle the fish;
- risks associated with transporting fingerlings and products long distances within Australia and overseas;
- ensuring product consistency;
- difficulties in commissioning and operating plant and equipment;
- mechanical failure of operating plant and equipment;
- industrial and environmental accidents, industrial disputes and other force majeure events;
- unexpected shortages or increases in the costs of labour, fingerlings consumables, spare parts, plant and equipment; and
- inability to obtain or maintain any necessary consents or approvals.

1.1.4 Insurance

The Group seeks to insure its operations in accordance with industry practice. However, in certain circumstances, the Group's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered, or is only partially covered, by insurance could have a material adverse effect on the business, financial condition and results of the Group.

Currently insurance cover is not available at commercially acceptable rates for the broodstock fish and at-sea Yellowtail Kingfish inventory. The Directors have chosen to proactively manage the risks as a preferred alternative.

1.1.5 Challenges of retaining existing customers and attracting new customers

The Group is required to meet technical specifications relating to the quality of its products and variations from specifications may result in loss of sales or customers sourcing products from other providers or suppliers. Customer demands may change over time and no assurance can be given that product will always meet specifications, or that future customer demand will continue to grow or be able to be met by the Group. Furthermore, the Group's products are generally subject to degradation if not packed, handled or transported properly, something which may lead to loss of customers for the Group regardless of whether responsibility lies with a customer, a third party or the Group.

1.1.6 Country/region specific risks in new and/or unfamiliar markets

The Company has operations in and is proposing to expand its operations in overseas jurisdictions, and is exposed to a range of different legal and regulatory regimes. As we expand into new international jurisdictions, we will be subject to the risks associated with doing business in the relevant regions. These regions may have political, legal and economic instability or less sophisticated legal and regulatory systems and frameworks, including (a) unexpected changes in, or inconsistent application of, applicable foreign laws and regulatory requirements; (b) less sophisticated technology standards; (c) difficulties engaging local resources; and (d) potential for political upheaval or civil unrest.

As we enter newer and less familiar regions, there is a risk that we may fail to understand the laws, regulations and business customs of these regions. There is a risk that we could face legal, tax or regulatory sanctions or reputational damage as a result of any failure to comply with (or comply with developing interpretations of) applicable laws, regulations, codes of conduct and standards of good practice. This gives rise to risks including, but not limited to, labour practices, foreign ownership restrictions, tax regulation, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regimes and other issues in overseas jurisdictions in which we may operate. A breach in any of these areas could result in fines or penalties, the payment of compensation or the cancellation or suspension of our ability to carry on certain activities or product offerings, could interrupt or adversely affect parts of our business and may have an adverse effect on our operating and financial performance.

1.1.7 Water

The Group's activities require it to have sufficient access to water sources. The Group currently has secure access to adequate sources of water for its hatchery at Arno Bay. No assurance can be given that sufficient water will be available for future projects, or that such access will be uninterrupted in all circumstances.

1.1.8 Electricity

The Group's activities require it to have access to an uninterrupted electrical supply with sufficient capacity. The supply of electricity to the Group's Arno Bay hatchery has adequate transformer capacity and three backup generators that provide electricity in the event of an outage. The remote location of this site increases the need for this. The processing plant at Royal Park in Adelaide, which is also the location of liquid nitrogen deep-freeze processing and a minus 40-degree Celsius storage freezer, also requires a reliable supply of electricity including the ability to deploy generator backup supply and this capability is currently being arranged. The failure of electricity supply during the hatchery's seasons could result in a significant loss of fingerlings and even the Group's onshore broodstock. The failure of electricity supply at the processing plant could result in inability to process and a loss of inventory.

1.1.9 Research and development

The Group's business activities and operations include research and development for Yellowtail Kingfish. There is a risk that the anticipated progress and business improvement arising from these activities may not eventuate, which would impact the financial performance and activities of the Group.

1.1.10 Fish health and mortalities

The Group's operations are subject to several biological risks which could have a negative impact on future profitability and cash flows. Biological risks include for instance diseases, predators (i.e. seals, sharks and cormorants), viruses, bacteria, parasites, algae blooms and other contaminants, which may have adverse effects on fish survival, health, growth and welfare and result in reduced harvest weight and volume, downgrading of products and claims from customers. An outbreak of a significant or severe disease represents a cost for the Group through e.g. direct loss of fish, loss of biomass growth, accelerated harvesting and poorer quality on the harvested fish and may also be followed by a subsequent period of reduced production capacity and loss of income. The most severe diseases may require culling and disposal of the entire stock and a long subsequent fallow period as preventative measures to stop the disease from spreading. Market access could be impeded by strict border controls or by national food safety authorities, not only for Yellowtail Kingfish from the infected farm, but also for products originating from a wider geographical area surrounding the site of an outbreak. Disease and other adverse biological risks may also attract negative media attention and public concerns. Increased mortality and or reduced fish health may have a material adverse effect on the business, financial condition, results of operations or cash flow of the Group.

1.1.11 Competition

The Group's current and future potential competitors include companies with substantially greater resources to develop similar and competing products. There is no assurance that competitors will not succeed in developing products that have higher customer appeal.

There can be no guarantee that the increased commercialisation of the Group's products will occur, revenue growth will be stimulated or that the Group will operate profitably in the short term or at all.

A number of competitors have entered the market for Kingfish over the last few years in response to a growing demand and appreciation of the species by consumers. Some of these competitors have focused on land-based Recirculating Aquaculture Systems (RAS) systems in an effort to produce closer to their target markets. If any of these risks arise, we may compete less effectively against competitors. This could reduce our market share and our ability to develop or secure new business, creating an adverse impact on our operating and financial performance.

1.1.12 IceFresh™ technology

The Group may not achieve the intended benefits of the Icefresh defrosting technology. The Group entered into a license agreement for the use of the Icefresh defrosting technology with Icefresh AS on 19 April 2021. The Icefresh defrosting technology has not yet been tested for the Group's products, or integrated into Clean Seas' production facility. The parties have agreed to conduct an integration project, which will commence during 2021, but there can be no guarantee that the integration project will be successful or that the Icefresh defrosting technology will be implemented in a manner that secures the Group the same results as the technology has achieved at other sites and locations.

Pursuant to the license agreement, which runs for 15 years, the Group must not sell its products to customers that distribute products to consumers via comparable de-frosting solutions in any market in which it already uses the Icefresh defrosting technology. The Group may thus be placed at a competitive disadvantage if superior defrosting technologies are developed by third parties. Furthermore, the Group's exclusive right to use the Icefresh defrosting technology is limited to Kingfish only, and subject to the Group sourcing certain minimum volumes through machinery from Icefresh on an annual basis. If the Group is unable to satisfy the minimum sourcing criteria, competing companies may acquire a license to the same technology, and thus eliminate the Group's competitive advantage of having exclusivity.

1.1.13 The Group is dependent on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Group depends substantially on its senior management and key personnel. There is a risk we may not be able to retain key personnel or be able to find effective replacements for those key personnel in a timely manner. The loss of such personnel, or any delay in their replacement, could have a significant negative impact on our ability to operate the business and achieve financial performance targets and strategic growth objectives.

1.1.14 Industrial relations risk

There is a risk that the industrial relations management at the Company operations will be unsatisfactory leading to strikes or the re-opening of award negotiations that result in higher labour costs, higher employee numbers and higher redundancy costs.

1.1.15 Litigation risk

The Group may in the future be subject to legal claims, including those arising out of normal course of business. The operating hazards inherent in the Group's business increase the Group's exposure to litigation, which may involve, among other things, contract disputes, personal injury, environmental, employment, intellectual property litigation, tax and securities litigation. Any litigation may have a material adverse effect on the Group because of potential negative outcomes, the costs associated with defending the lawsuits, the diversion of the Group's management's resources and other factors.

1.1.16 Specific risks related to Covid-19

COVID-19 disruptions had a material negative impact on the Group's business, with the closure of restaurants reducing demand for premium seafood and the cancellation of international flights limiting the Group's ability to supply fish into international markets. The Group continues to experience a strong correlation between sales and COVID-19 lockdowns in the restaurant market, but has opened up new channels and markets in Australia, Asia and North America to offset this reduced demand. The pandemic is current and still developing, and governments in countries relevant for the Group's business may pass new laws and regulations to mitigate negative impacts and consequences of COVID-19 regionally and globally that can have adverse effects on the Group, directly or indirectly. The Group's business and prospects are therefore associated with more uncertainty as a result of COVID-19. The Group continues to monitor the economic impact of COVID-19 on its business and is actively looking at different options to mitigate any flow on adverse effects of the pandemic.

1.2 Legal and regulatory risk

1.2.1 Legislative changes and government policy risk

The Group's activities are subject to extensive international and national regulations, in particular relating to environmental protection, food safety, hygiene and animal welfare. The Group's sale of its products is also subject to restrictions on international trade. Furthermore, Yellowtail Kingfish farming is strictly regulated by licenses and permits granted by the authorities. Future changes in the domestic and international laws and regulations applicable to the Group can be unpredictable and are beyond the control of the Group. The Group's failure to keep and obtain the necessary licenses and permits and to comply with such laws and regulations could have a material adverse effect on the business, financial condition, results of operations or cash flow of the Group.

1.2.2 Environmental risks and licensing

The high intensity farming products and activities of the Group and the water licenses required to be held by the Group are subject to state, federal and international laws and regulations concerning the environment.

Significant liabilities could be imposed on the Group for damages, clean-up costs or penalties in the event of or non-compliance with environmental laws or regulations or the conditions of its water licenses. Failure to meet the conditions of its water licenses could lead to forfeiture of these licenses.

There is a risk that environmental laws and regulations become more onerous making the Group's operations more expensive.

There are also significant environmental risks affecting aquaculture that could impact fish growth and mortality levels, for example, unusually lower water temperatures during summer could slow fish growth.

1.2.3 Expiring licenses

The Company holds 34 aquaculture licenses and corresponding leases, 11 of which will reach their time-limit in 2021, 2022 or 2023. There can be no guarantee that the Company will be able to renew its expiring licenses. Any inability to renew expiring licenses will impact the Company's business and could have a material adverse effect on the Company's activities and financial performance.

1.3 Risks related to the Group's financial situation

1.3.1 Risks related to financing

The Group is dependent on its current financing arrangements. No assurance can be given that the Group will not require additional funds in order to develop its aquaculture business, to meet the working capital costs in the medium to long term, or for other purposes. Additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictive covenants, which may limit the Group's operations and business strategy. The Company is currently subject to restrictive covenants and undertakings through the facility agreement with Commonwealth Bank of Australia (as lender). The restrictive covenants and undertakings may restrict the Company from taking actions, which are consider beneficial for the Company and its shareholder base. Any violation of the undertakings or breach of covenants under the facility agreement or breach of any other financing arrangement may lead to a termination of the facility agreement. Pursuant to the Company's facility agreement with Commonwealth Bank of Australia, no dividends shall be permitted to be paid without the lender's prior written consent, which is not to be unreasonably withheld.

Further, there can be no assurance that additional equity or debt funding will be available for the Group on favourable terms, or at all. Accordingly, a failure by the Group to raise capital if and when needed could delay or suspend the implementation of the Group's business strategy and could have a material adverse effect on the Group's activities and on the value of the Shares.

1.3.2 Foreign exchange risk

The Company's financial information is presented in AUD. The Group's revenue is denominated in a range of currencies including AUD, EUR and USD. While the Group's operating expenses will be incurred principally in AUD some feed purchases are now denominated in EUR. The Group's products are sold throughout the world. Therefore, the price of the Group's product is impacted by movements in the USD, EUR and other currencies and the exchange rate between AUD and these currencies. Movements in the exchange rate and/or these currencies may adversely or beneficially affect the Group's results or operations and cash flows. Additionally, a strong Australian dollar could place pressure on exports and the Group's product may become too expensive for export markets. In turn, this could place pressure on the domestic market if it is forced to take the volume of product normally exported.

1.3.3 General economic conditions

Economic conditions, both domestic and global, may affect the performance of the Group. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Group's future possible revenues and Share price can be affected by these factors, all of which are beyond the control of the Company and its Directors.

1.4 Risks relating to the Shares and the Admission

1.4.1 *An active trading market for the Company's Shares may not develop on Euronext Growth Oslo, and the dual listing of the Shares could negatively impact the price*

Although the Shares are traded on ASX, no assurances can be given that an active trading market for the Shares will develop on Euronext Growth Oslo, nor sustain if an active trading market is developed. In addition, the number of Shares that will initially be admitted to trading on Euronext Growth Oslo is limited. The market value of the Shares could be substantially affected by the extent to which a secondary market develops for the Shares following completion of the Admission on Euronext Growth Oslo.

Furthermore, due to the dual listing at both Euronext Growth Oslo and ASX, there will be two separate trading markets for the shares. The dual listing may therefore reduce the liquidity in one or both markets and may adversely affect the development of an active trading market at Euronext Growth Oslo. The price of the Shares trading through Depositary Interests on Euronext Growth Oslo could also be adversely affected by trading in the Shares on ASX and the price of the Shares traded on ASX could be adversely affected by trading in the Depositary Interests on Euronext Growth Oslo. The Depositary Interests cannot be traded on ASX unless they are exchanged for Shares. This occurs via a process known as shunting of shares. The speed by which Depositary Interests can be exchanged for Shares and subsequently traded on ASX and vice versa might cause differences between the market price for the Shares trading through Depositary Interests on Euronext Growth Oslo and the market price for the Shares trading on ASX. Investors might engage in arbitrage trading to exploit such differences between the two exchanges, exacerbating potential volatility in the market price.

1.4.2 *Future issuances of Shares or other securities in the Company may dilute the holdings of shareholders and could materially affect the price of the Shares*

The Company may decide to offer new shares or other securities in order to finance new capital-intensive investments in the future, in connection with unanticipated liabilities or expenses, or for any other purposes. Any such offering could reduce the proportionate ownership and voting interests of holders of Shares as well as the earnings per Share and the net asset value per Share of the Company, and any offering by the Company could have a material adverse effect on the market price of the Shares. In addition, securities laws in certain jurisdictions may prevent holders of Shares in such jurisdictions from participating in such securities offerings.

The Company issued 15,403,097 convertible notes pursuant to a convertible note prospectus dated 15 October 2019 with a face value of AUD 1 each (the "**Convertible Notes**"). There are currently 654 holders of Convertible Notes holding 10,478,574 unsecured convertible notes. The Convertible Notes are due to mature on 22 November 2022. Noteholders have the right to convert some or all of their Notes to Shares on a quarterly basis before the maturity date. The conversion of Convertible Notes will have a dilutive effect on shareholders' percentage ownership of the Company and may result in a dilution of shareholders' interest if the price per share exceeds the conversion price payable at the relevant time. The aggregate maximum number of shares that can be issued upon conversion of the convertible notes are 26,196,435.

There are currently 334,250 share rights issued under the Company's long-term incentive plan to members of the Company's management that have not effectively lapsed. Subject to vesting, each of the 334,250 share rights gives the holder a right to receive one Share plus an additional number of Shares calculated on the basis of the dividends that would have been paid had the right been a share during the performance period and such dividends were reinvested.

Pursuant to the Constitution and the ASX Listing Rules, the issuance of securities is under the control of the Directors. Subject to the ASX Listing Rules, the Directors may issue securities to persons at times and on terms and conditions and having attached to them preferred, deferred or other special rights or restrictions as the directors see fit, and grant to any person options or other securities with provisions for conversion to shares or pre-emptive rights to any shares. Thus, there is a risk of dilution which is not subject to the approval of the general meeting.

1.4.3 Risks related to future sales of Shares

Future sales, or the possibility for future sales of substantial numbers of the Shares may affect the market price of the Shares in an adverse manner.

1.4.4 No guarantee of future dividends and the franking credits / conduit foreign income attaching to those dividends

There is no guarantee that dividends will be paid in the future as this is a matter to be determined by the Board in its discretion. The Board's decision will have regard to, among other things, our financial performance and position, relative to our capital expenditure and other liabilities.

Moreover, to the extent we pay any dividends, we may not have sufficient franking credits in the future to frank dividends or sufficient conduit foreign income in the future to declare an unfranked dividend (or the unfranked portion of a partially franked dividend) to be conduit foreign income. For completeness, the franking system and/or the conduit foreign income system may be subject to review or reform, which may impact the tax profile of future dividends.

The extent to which a dividend can be franked will depend on our franking account balance and level of distributable profits. Our franking account balance is contingent upon it making Australian taxable profits and will depend on the amount of Australian income tax paid by us on those Australian taxable profits. The value and availability of franking credits to a Shareholder will be dependent on the Shareholder's particular tax circumstances.

1.4.5 Norwegian Depositary Interests

Holders of Depositary Interests do not hold Shares directly. The Company will not treat a holder of a Depositary Interest as one of its shareholders, and a holder of Depositary Interests will, as a starting point, not be able to exercise shareholder rights, except through the VPS Registrar as permitted by the Registrar Agreement.

To facilitate registration of the Depositary Interests in the VPS in connection with the Admission on Euronext Growth Oslo, the Company has entered into the Registrar Agreement with the VPS Registrar, which administrates the Company's VPS register. The VPS Registrar will be deemed a beneficial shareholder through a registration arrangement with the Australian Custodian where the Australian Custodian of the VPS Registrar is recorded as the shareholder in the Company's sub-register in CHESS. The VPS Registrar registers Shares in the VPS in the form of Depositary Interests which following such registration will reflect the beneficial shareholders, personally or through nominee registrations.

In accordance with market practice in Norway and system requirements of the VPS and Euronext Growth Oslo, the beneficial interests in the relevant Shares are registered in book-entry form in the VPS under the name of a "share". Although each "share" registered with the VPS will represent evidence of beneficial ownership of the Shares, such beneficial ownership will not necessarily be recognised by an Australian court. As such, investors may have no direct rights against the Company and may be required to obtain the cooperation of the VPS Registrar in order to assert claims against the Company. Also, investors investing in Depositary Interest must look solely to the VPS Registrar for the payment of any dividends, for exercise of voting rights attaching to the underlying Shares and for other rights arising in respect of the underlying Shares. Shareholders must exercise voting rights through the VPS Registrar which in turn will

instruct the Australian Custodian. Exercise of other shareholder rights through the VPS Registrar and the custodian arrangement is limited. In order to exercise any rights as shareholder under Australian law or the Constitution, a shareholder must transfer his or her shareholding from the VPS to the shareholders' register held in Australia at the cost of the requesting shareholder. The Company cannot guarantee that the VPS Registrar will be able to execute its obligations under the Registrar Agreement. Any such failure may inter alia limit the access for, or prevent, shareholders to exercise the voting rights attached to the underlying shares of the Company.

The VPS Registrar may terminate the Registrar Agreement by three months prior written notice. Furthermore, the VPS Registrar may terminate the Registrar Agreement immediately on giving written notice if the Company does not fulfil its payment obligations to the VPS Registrar or commits any other material breach of the Registrar Agreement. In the event that the Registrar Agreement is terminated, the Company will use its reasonable best efforts to enter into a replacement agreement for purposes of permitting the uninterrupted registration of the Depositary Interests in the VPS and trading of such on Euronext Growth Oslo. There can be no assurance, however, that it would be possible to enter into such an agreement on substantially the same terms or at all. A termination of the Registrar Agreement could, therefore, materially, and adversely affect the Company and the shareholders.

The Registrar Agreement limits the VPS Registrar's liability for any loss suffered by the Company. The VPS Registrar disclaims any liability for any loss attributable to circumstances beyond the VPS Registrar's control, including, but not limited to, errors committed by others. The VPS Registrar is liable for any direct losses suffered by the Company as a result of breach of the Registrar Agreement by the VPS Registrar. The VPS Registrar is not liable for indirect damage or indirect loss of any nature. Thus, the Company and the shareholders may not be able to recover its entire loss if the VPS Registrar does not perform its obligations under the Registrar Agreement.

1.4.6 The Company is incorporated in Australia and governed by Australian law

The Company is incorporated in Australia. As a result, the rights of any person holding Shares will be governed by the laws of Australia and the Constitution of the Company. The laws of Australia differ from those established under statutes or judicial precedents in existence in other jurisdictions.

1.4.7 The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions

None of the Shares have been registered under the U.S. Securities Act of 1933 (as amended) (the "**U.S. Securities Act**") or any US state securities laws or any other jurisdiction outside of Australia and Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act and other applicable US state securities laws. In addition, there are no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings. Further, investors in the United States may have difficulty enforcing any judgment obtained in the United States against the Company or its Directors or members of the management in Norway and Australia.

1.4.8 Volatility of the Share price

As the Company is a publicly listed company on ASX, we are subject to general market risk that is inherent in all securities listed on a stock exchange. This may result in fluctuations in our share price that are not explained by our fundamental operations and activities. The market price of the Shares may be highly volatile and investors in the Shares could suffer losses. The trading price of the Shares could fluctuate significantly in response to a number of factors beyond the Company's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, significant contracts, acquisitions

or strategic relationships, publicity about the Group, its products and services or its competitors, lawsuits against the Group, unforeseen liabilities, changes to the regulatory environment in which it operates or general market conditions. In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate based upon factors that have little or nothing to do with the Group, and these fluctuations may materially affect the price of the Shares.

1.4.9 Shareholders outside of Australia are subject to exchange rate risk

The Shares will be priced in NOK on Euronext Growth Oslo and in AUD on ASX. The Company's accounting and cash balances will be kept in AUD. Any future payments of dividends on the Shares may be declared by the Company in AUD; however, such dividends distributed by the VPS Registrar through the VPS to shareholders with an address in Norway or shareholders holding NOK bank accounts will be distributed in NOK. Shareholders registered in the VPS and whose address is outside Norway and who have not supplied the VPS with details of any NOK account, will receive dividends denominated in the currency of the bank account of the relevant shareholder (following first conversion to NOK). Accordingly, the investors are subject to adverse movements in AUD and NOK against their local currency.

1.4.10 Foreign ownership restrictions apply under Australian law

According to statutory Australian law, approval by the Australian Foreign Investment Review Board ("**FIRB**") will be required if the transaction is a 'notifiable action' or a 'notifiable national security action'. A 'notifiable action' includes acquiring a direct interest (10% or more) in an Australian entity that is an agribusiness such as that conducted by the Company.

Generally, the acquisition is only a notifiable action if the entity meets the threshold test. The relevant monetary threshold for most business investments is currently AUD 281 million. This is calculated as the higher of the total asset value or the total issued securities value for the Company. A higher threshold of AUD 1,216 million applies for private investors from certain free trade agreement partners unless the target is a sensitive business.

A foreign person is not required to obtain FIRB approval when they acquire the Shares if, at the time of the acquisition, the Company is not an Australian land corporation and its business is not a national security business as defined under the legislation, and the AUD 281 million threshold described above is not met.

In addition, where a foreign person is a foreign government investor, they will require foreign investment approval where they acquire a direct interest in an Australian entity or Australian business, regardless of value. If prior approval is required, the transaction must be made subject to FIRB approval and cannot be completed until approval is received. FIRB has 30 days, upon receiving the proper notice and application, to decide on the application but has the option to extend for another 90 days to consider and make a decision. The timeframe may be further extended by agreement between FIRB and the applicant.

Even if notification is not mandatory, foreign persons are encouraged to seek foreign investment approval and make voluntary notifications in relation to 'reviewable national security actions', which include acquiring a direct interest (10% or more) in an entity where that acquisition is not notifiable nor a significant action. The head of the ministry of the treasury in Australia which is responsible for government expenditure and revenue collection ("**Treasurer**"), can 'call-in' for review a reviewable national security action if the Treasurer considers that the action may pose a national security concern. The review can occur when the action is still proposed or up to ten years after the action has been taken. Once called in, an investment will be reviewed under the national security test to determine if it raises national security concerns. For investments 'called in', the Treasurer may issue a no objection notification, including with conditions, or prohibit the action, or require divestment by making a disposal order directing the person who acquired the interest to

dispose of that interest within a specified period to one or more persons who are not associates of the person. The Treasurer cannot call-in an action that has been notified to the Treasurer or for which FIRB approval has been obtained.

2 RESPONSIBILITY FOR THE INFORMATION DOCUMENT

This Information Document has been prepared by Clean Seas Seafood solely in connection with the Admission on Euronext Growth Oslo.

We declare that, to the best of our knowledge, the information provided in the Information Document is fair and accurate and that, to the best of our knowledge, the Information Document is not subject to any material omissions, and that all relevant information is included in the Information Document.

19 May 2021

The Board of Directors of Clean Seas Seafood Limited

Travis Dillon
Chairman

Marcus Stehr
Non-Executive Director

Gilbert Vergères
Non-Executive Director

3 GENERAL INFORMATION

3.1 Other important investor information

The Company has furnished the information in this Information Document. No representation or warranty, express or implied is made by the Euronext Growth Advisor as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Information Document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. The Euronext Growth Advisor assumes no responsibility for the accuracy or completeness or the verification of this Information Document and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Information Document or any such statement.

Neither the Company nor the Euronext Growth Advisor, or any of their respective affiliates, representatives, advisors or selling agents, is making any representation to any purchaser of the Shares regarding the legality of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of Shares.

3.2 Presentation of financial and other information

3.2.1 Financial information

The Group's annual financial statements as of and for the financial years ended 30 June 2020 and 30 June 2019 (the "**Annual Financial Statements**"), have been prepared in accordance with Australian Accounting Standards, which results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Annual Financial Statements, which are attached as Appendices B and C to this Information Document, were audited by Grant Thornton Audit Pty Ltd, as set forth in their report therein.

The Group's interim financial statements as of and for the half-year ended 31 December 2020 (the "**Interim Financial Statements**"), have been prepared in accordance with AASB 134 "Interim Financial Reporting". The Interim Financial Statements, which are attached as Appendix D to this Information Document, were reviewed (not audited) by Grant Thornton Audit Pty Ltd, as set forth in their report therein.

The Annual Financial Statements and the Interim Financial Statements are in the following jointly referred to as the "**Financial Statements**".

Other than the aforementioned, Grant Thornton Audit Pty Ltd has not audited, reviewed or produced any report or any of the information included in the Information Document.

Reference is made to Section 7 "Selected financial information and other information" for further information.

3.2.2 Foreign currency, functional currency and presentation currency

In this Information Document, all references to "**AUD**" are to Australian dollars, the lawful currency of Australia, and all references to "**NOK**" are to Norwegian kroner, the lawful currency of Norway.

The Financial Statements are presented in AUD (presentation currency), which also is the functional currency of the Company.

3.2.3 Rounding

Certain figures included in this Information Document have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up the total amount presented.

3.2.4 Industry and market data

In this Information Document, the Company has used industry and market data obtained from independent industry publications, market research and other publicly available information. Although the industry and market data is inherently imprecise, the Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Information Document that was extracted from industry publications or reports and reproduced herein.

Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data and statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Information Document (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 1 "Risk factors" and elsewhere in this Information Document.

Unless otherwise indicated in the Information Document, the basis for any statements regarding the Company's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

3.3 Cautionary note regarding forward-looking statements

This Information Document includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Information Document. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. For a non-exhaustive overview of important factors that could cause those differences, please refer to Section 1 "Risk factors".

These forward-looking statements speak only as of the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Group or to persons acting on the Group's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Information Document.

4 REASONS FOR THE ADMISSION

The Company believes the Admission will:

- enhance the Group's profile with investors, business partners, suppliers and customers;
- allow for an additional trading platform and liquid market for the Shares;
- facilitate for a more diversified shareholder base and enable additional investors to take part in the Group's future growth and value creation; and
- further improve the ability of the Group to raise equity capital to finance future acquisitions.

No equity capital or proceeds will be raised by the Company upon the Admission, but the Company has completed a private placement immediately prior to the Admission, as further described in Section 5 "Details of the Private Placement .

5 DETAILS OF THE PRIVATE PLACEMENT

5.1 General

On 6 May 2021, the Company completed a private placement (the "**Private Placement**") as further described in Section 5.2 below.

5.2 Private Placement

5.2.1 Details of the Private Placement

The Private Placement consists of a share capital increase for a total amount of approximately AUD 25 million (approx. NOK 161 million) at a subscription price of AUD 0.57 per Share (approx. NOK 3.68) (the "**Offer Price**"). The Offer Price was determined through an accelerated book-building process. Through the Private Placement, the Company has and will (subject to approval by the general meeting of the Company, cf. below) issue a total of 43,859,650 new shares (the "**New Shares**"). The New Shares has and will in part be issued as Depositary Interests and in part as Shares issued in the Australian central securities depository (Chess).

On 3 May 2021, the Company's Shares entered into a trading halt at the ASX in anticipation of an announcement by the Company regarding a proposed capital raising (i.e. the Private Placement) a secondary listing on Euronext Growth Oslo. The book-building period in the Private Placement commenced on the same date and lasted throughout 4 May 2021. Notifications of allocation were issued on 5 May 2021. Payment from the investors in the Private Placement will depend on the timing of the Company's issuance of the new shares, cf. below.

In the Private Placement, the settlement of the shares issued in the Private Placement will be made in two tranches separated in time (the "**First Tranche**" and the "**Second Tranche**"). In the First Tranche, 6,121,031 New Shares have been issued as Depositary Interests in the VPS and 8,808,969 New Shares have been issued as Shares in Chess. In the Second Tranche (subject to approval by the general meeting of the Company, cf. below), 17,986,713 New Shares will be issued as Depositary Interests in the VPS and 10,942,937 New Shares will be issued as Shares in Chess.

The New Shares of the First Tranche, the ("**First New Shares**") were issued on 14 May 2021 based on the Board of Directors' placement capacity under the Australian Corporations Act and ASX listing rules, (i.e. the Company's ability to issue new shares without shareholders' approval at the general meeting). The issue of shares in the Second Tranche are expected to be issued on a general meeting in the Company on 21 June 2021.

To facilitate the Company's Admission to Euronext Growth, the First New Shares were issued as Shares in Chess to the Australian Custodian. The VPS Registrar thereafter issued Depositary Interests to the Euronext Growth Advisor on 14 May 2021. Additionally, existing shareholders of the Company are in the process of exchanging (shunting) shares in Chess into Depositary Interests in VPS.

The separation of the settlement of the shares in the Private Placement into two tranches was decided due to limitations on the placement capacity of the Company and to facilitate an expedient admission to Euronext Growth, also taking into account the fact that the Company is a listed company on ASX. Furthermore, the two-tranche settlement structure allowed certain existing shareholders to participate in the Private Placement something which they would not be able to had the Private Placement been based solely on the placement capacity of the Board of Directors pursuant to ASX listing rules.

No stabilisation activities will be undertaken following the Private Placement.

5.2.2 Shareholdings following the Private Placement

After completion of the Private Placement, shareholders holding more than 5% of the Company's share capital are as set out in Section 9.3 ("Shareholder structure").

5.2.3 Use of proceeds

The funds raised under the Private Placement will be applied as working capital for Clean Seas to fully utilise existing production licenses in South Australia as well as enable the Company to pursue growth opportunities globally. The Company will use excess capital to retire existing convertible note debt.

In addition, the proceeds will be used to cover relevant transaction costs incurred in connection with the Private Placement and the Admission on Euronext Growth Oslo. The costs and expenses of the Company in connection with the Private Placement are estimated to AUD 1.2 million.

5.2.4 Dilution

The First Tranche of the Private Placement implied a dilution of approximately 11.59% for existing shareholders who did not participate in the Private Placement, and the Second Tranche of the Private Placement will (if approved by the shareholders in the upcoming general meeting) imply a dilution of a total of approximately 27.80% for existing shareholders (i.e. prior to the Private Placement) who did not participate in the Private Placement.

6 PRESENTATION OF THE GROUP AND ITS BUSINESS

This Section provides an overview of the business of the Group as of the date of this Information Document. The following discussion contains forward-looking statements that reflect the Group's plans and estimates; see Section 3.3 "Cautionary note regarding forward-looking statements". You should read this Section in conjunction with other parts of this Information Document, in particular Section 1 "Risk factors".

6.1 Corporate information

The Company's registered name is Clean Seas Seafood Limited. The Company is an ASX-listed, public company limited by shares, incorporated and registered in Australia under the Australian Corporations Act. The Company is registered with the Australian Securities and Investments Commission ("ASIC") under organisation number ACN 094 380 435 and the Company's LEI-code (Legal Entity Identifier) is 5299006MEE2BKFAIW011. The Company was incorporated on 5 September 2000. The Company has been listed on ASX since 12 December 2005.

The head office and registered address of the Company is 7 Frederick Road, Royal Park SA 5014, Australia. The telephone number of its principal office is +61 1800 870 073 and its website is www.cleanseas.com.au. The information on the website does not form part of the Information Document.

6.2 History

The Company was incorporated in 2000 under the name Clean Seas Aquaculture Hatchery Pty. Ltd., and was converted into a public company and listed on ASX under the name Clean Seas Tuna Ltd. in 2005. The table below sets out key milestones in the period from 2016 and until the date of this Information Document. The activities before 2016 is not considered material because the Group's focus prior to 2016 were on other species and no longer relevant for the business of the Group as it is conducted today.

Year	Important event
2016	The Company changed name to Clean Seas Seafood Limited.
2018	Launched SensoryFresh liquid nitrogen frozen product range
2018	Sales of 2,500t
2020	Hofseth strategic partnership
2020	USA retail launches
2021	Completion of the Private Placement.

6.3 Vision and strategy

To be a global leader in aquaculture, inspiring culinary experiences around the world through our sustainable, premium seafood.

As a result of its premium product, Clean Seas has market leading positions in Australia and Europe, with sales approaching 3,000 tonnes Whole Weight Equivalent (WWE) per annum, however these countries represent only circa 20% of the global market for Kingfish outside of Japan. By leveraging its scale and established distribution partnerships, Clean Seas has the unique opportunity to expand into North America and Asia, this significantly increasing sales volume potential, and delivering the scale required to reduce production costs and become the lowest cost producer of Kingfish while retaining its quality and provenance leadership positions.

6.4 The Group's business

6.4.1 Introduction

Clean Seas Seafood Limited was formed in 2000 and the Company was publicly listed on Australian Securities Exchange (ASX) in 2005. The Group's business was initially focused on closing the lifecycle of Southern Bluefin Tuna as well as other species including Yellowtail Kingfish. In the late 2000's, the Company shifted focus to sustainable, full life-cycle production of the regionally indigenous Spencer Gulf Yellowtail Kingfish (*Seriola lalandi*) while retaining its research activities in Southern Bluefin Tuna.

The Group today is a fully integrated aquaculture business, headquartered in Royal Park in Adelaide South Australia, where its processing facility is also located. The Group has its hatchery and R&D facility at Arno Bay on the Eyre Peninsula, and has fish farms outside of Port Lincoln and across the Spencer Gulf. The location is critical for the outcomes achieved for the fish, with the proximity to the cold waters of the Southern Ocean there is a constant movement of oceanic water coming into the Spencer Gulf. Due to low rainfall in the region, the Spencer Gulf has low amounts of organic materials, herbicides, pesticides, and other pollutants from land farming.

The Group is a global leader in the full cycle breeding, production, and sale of Yellowtail Kingfish. The Group is recognised for innovation in Yellowtail Kingfish farming and has become the largest producer of aquaculture Yellowtail Kingfish outside Japan.

Spencer Gulf Yellowtail Kingfish is widely recognised around the world for its quality and versatility. The Group's Spencer Gulf Yellowtail Kingfish is certified by the Aquaculture Stewardship Council and has been awarded the "Best Fish" prize at the Australian Food Awards several years running.

Clean Seas currently farms circa 3,000t (WWE) of Kingfish per annum, and had the marine licence capacity to increase this to circa 9,000t. Additionally, by adopting a larger scale and more automated approach to farming in the future, Clean Seas believes it can increase production to circa 30,000t with the support of local government and regulatory bodies.

6.4.2 Full cycle – from hatcheries to customers

As a global leader in full cycle breeding and farming of Yellowtail Kingfish, the Group is committed to continual innovation and development in all aspects of aquaculture and business process from hatchery to farm processing to its customers.

Hatcheries

The life of the Group's fish starts in Arno Bay where the hatchery is located. Each year the hatchery produces over one million fingerlings from the Group's unique, selectively bred broodstock that are indigenous to the waters of the Spencer Gulf. After approximately three months, the fish are ready to go to sea.

Farming

While at sea the fish continue to be fed scientifically formulated feeds which are nutritionally balanced for optimal health and growth. The fish remain at sea for around 24 months and are humanely harvested once they reach the highly sought-after sashimi grade 4+kg size.

The Group's farming operations is based on best practice methods to optimize the quality of its Yellowtail Kingfish whilst also ensuring the environment and ecology of the surrounding waters. The Group's practices are sustainable and certified by the Aquaculture Stewardship Council (ASC). The Group operates a dedicated fish health team, led by

nationally recognised veterinary experts in fish health. The fish health team maintains active surveillance programs on all fish stock and employ preventative management practices to identify and manage any problems early.

6.4.3 Processing

The Group's Royal Park Processing Plant in Adelaide processes all its fish for both the Australian and international markets. Fresh Spencer Gulf Yellowtail Kingfish is delivered to customers around the world twice per week and 52 weeks per year where it arrives to restaurants in Europe, North America, and Asia within four days of harvest.

The Group has an innovative premium frozen technology, SensoryFresh. The SensoryFresh technology ensures the product being shipped around the world in a specialised -35°C refrigerated containers. The Group's unique freezing and cold storage capabilities give our product a clear advantage versus all other frozen Kingfish offerings.

This provides end-to-end quality control from egg-to-customer, thus increasing the Company's market opportunities and delivering significant cost savings. While the Group remains focused on its ability to deliver the highest quality fresh Yellowtail Kingfish product globally, the flexibility provided by the liquid nitrogen rapid freezing technology of SensoryFresh enables the Group to meet customer demand for premium quality frozen products. Another benefit of the nitrogen freezing technology is that it also supports 'smoothing out' any imbalances between the rate of biomass growth and the ongoing expansion of market demand as the Company continues to rapidly increase production with double-digit growth.

Through its strategic partnership with Hofseth International, Clean Seas has access to world leading "Icefresh" defrosting technology, enabling it to control quality throughout the supply chain, and ensure just-in-time fulfilment of premium product in global markets while maintaining a low carbon footprint.

6.4.4 Markets and customers

The Group supplies its Spencer Gulf Yellowtail Kingfish fish to fine dining, international, Japanese and fusion cuisine restaurants, as well as retail customers, all around the world.

The Group has an extensive network of distributors, wholesalers and retailers in markets throughout the world. The Group has sales and marketing teams strategically located across Australia, the US and Europe to serve a growing global customer base.

Today, fresh product sales account for 76% of the Group's business, and 92% of the Group's sales are currently in Australia and Europe which are themselves predominantly fresh markets. North America is the largest Kingfish market, around ten times the size of Australia, and Asia is the fastest growing, and both of these markets are over 76% frozen. The Group's SensoryFresh nitrogen frozen range, together with Icefresh technology, represents significant product advantages over the current market frozen offerings. It allows the Group to maintain premium pricing of Spencer Gulf Hiramasa Yellowtail Kingfish and extend its reach with a range of product offerings including whole fish, fillets, portions and value-added products for both foodservice and retail channels. Utilisation of the frozen product supply chain with SensoryFresh and Icefresh will enable Clean Seas to reach new markets and exploit channels around the world that are not easily accessible with fresh fish. The cost and sustainability advantages of sea freight versus air freight allows for more competitive pricing to enable profitable volume growth in global markets while retaining Clean Seas environmental credentials.

The Group has been working on establishing market entry in the US through a strategic partnership with the Norwegian Company Hofseth International AS, part of the Hofseth Group. This partnership has seen a significant increase in the Group's sales in North America and the partnership with the Hofseth Group has developed strongly throughout the first

half of the financial year 2021 (second half of year 2020). The expanding US sales footprint now has Clean Seas' Kingfish being sold across North America in over 250 stores, in addition to now being in three leading home meal kit brands, and in a foodservice partnership with a leading national restaurant chain. These are all new channels in this market and the partnership represents a significant opportunity for the Group to quickly reach the scale of operation that it needs to substantially reduce cost of production through leveraging its fixed costs and production assets.

6.4.5 Sustainability and animal welfare

The Group champions best practices in sustainability and intentionally exceeds stringent government regulations to preserve and protect wild stocks of Spencer Gulf Yellowtail Kingfish. The Company was the first aquaculture company in the Southern Hemisphere to be certified sustainable by the internationally recognised Friend of the Sea accreditation system. Environmental impact is managed by fallowing and stocking limits and is strictly monitored by the South Australian government.

The Group is engaged in a range of collaborative research projects to improve fish health and animal welfare. The Group has pioneered the development of full cycle breeding and farming of Yellowtail Kingfish. Fish health and welfare is at the front and centre of the Group's operation. The Group has a long history of collaboration with government, industry and universities to develop best practice regimes, which includes Flinders University, the South Australian Research and Development Institute (SARDI), NSW Department of Primary Industries (NSWDPI) and the University of South Australia (UniSA).

6.5 Group structure

The Company is the ultimate parent company in the Group. The Company is an operative entity, and the Group's operations are carried out both through the Company and its subsidiaries. The following table sets out information about the Company's subsidiaries:

Company	Country of incorporation and principal place of business	Principal activity	Ownership interest
Clean Seas Aquaculture Growout Pty Ltd	Australia	Growout and sale of Yellowtail Kingfish	100%
Clean Seas Seafood International Pty Ltd	Australia	Sale of Yellowtail Kingfish	100%

6.6 Material contracts

Below is a summary of the material agreements entered into by the Group during the past two years, as well as other agreements entered into containing rights or obligations of material importance for the Group, apart from agreements entered into as part of the Group's ordinary course of business.

Please also refer to Section 7.7 "Material borrowings".

6.6.1 Feed supply agreements

The Group has entered into the following agreements regarding supply of fish feed:

- (i) The Company, its subsidiary Clean Seas Aquaculture Growout Pty Ltd and Gibson's Limited, trading as Skretting Australia (Skretting), entered into a feed supply agreement on 13 April 2021 that commences on 30 April 2021. Skretting is a manufacturer and marketer of fish feed products for use in the aquaculture in Australia. The

agreement sets out the terms and conditions pursuant to which Skretting shall provide fish feed services to the Group to assist the Group in satisfying the feed requirements of the Group.

- (ii) The Company, its subsidiary Clean Seas Aquaculture Growout Pty Ltd and Ridley Agriproducts Pty Limited (Ridley) entered into a feed supply agreement that commenced on 1 August 2017. Ridley is a manufacturer and marketer of fish feed products for use in the aquaculture industry in Australia. The agreement sets out the terms and conditions pursuant to which Ridley shall provide fish feed services to the Group to assist the Group in satisfying the feed requirements of the Group. This agreement has lapsed, but a new agreement is being negotiated and the supply of fish feed continues in accordance with the agreement of 2017.
- (iii) The Company, its subsidiary Clean Seas Aquaculture Growout Pty Ltd and Ewos Ltd entered into a feed supply agreement that commenced on 1 August 2017. Ewos Ltd is a manufacturer and marketer of fish feed products for use in the aquaculture industry in Australia. The agreement sets out the terms and conditions pursuant to which Ewos Ltd shall provide fish feed services to the Group to assist the Group in satisfying the feed requirements of the Group. The term of the agreement has expired, but the Parties continue to trade on the terms of the agreement.

6.6.2 Agreement with Sydney Fish Market Pty Ltd

On 23 December 2018 the Company, its subsidiary Clean Seas Aquaculture Growout Pty Ltd and Sydney Fish Market Pty Ltd (SFM) entered into an agreement regarding the Group's supply of Spencer Gulf Hiramasa Kingfish to SFM. SFM conducts a daily auction of fish, enters into contracts for non-auction sale of fish and requires fish to satisfy the demands of purchasers. Pursuant to the agreement, SFM receives Spencer Gulf Hiramasa Kingfish on a consignment basis from the Group, and SFM shall provide the Group with a range of beneficial services as specified in the agreement. The agreement entered into effect from 1 March 2018 and continues in force for three years from such date and will continue thereafter until terminated by either party in accordance with the terms in the agreement.

6.6.3 Agreement with Icefresh AS

On 19 April 2021, the Company entered into a license agreement with Icefresh AS. Icefresh AS is a Norwegian company with a proprietary technology on defrosting (thawing). The technology allows for a defrosting of seafood that significantly reduces the quality degradation that are normally seen when defrosting seafood. By the agreement, the Company is granted a world-wide, exclusive license for utilizing Icefresh' solutions for the Company's B2B distribution of Yellowtail Kingfish. Under the agreement, the parties shall collaborate on preparing and adapting Icefresh's technology and equipment for the Company's products, and thereafter place defrosting equipment at locations in the Company's markets to enable customers to purchase frozen products of the Company that have a quality when defrosted that is comparable to fresh products. The equipment placed in markets shall be owned, maintained and serviced by Icefresh, and the Company pay a fee based on the volumes of products of the Company that are defrosted using Icefresh' equipment. The Company's exclusivity in each market that the parties agree to place Icefresh's equipment in is conditional on the Company sourcing certain minimum volumes after 5 years in such market. The agreement has a term of 15 years.

6.6.4 Lease agreement with FMF Investments Pty Ltd

The Company has entered into an agreement with FMF Investments Pty Ltd regarding lease of the land at 7 Frederick Road Royal Park SA. The permitted use is food processing, food export and food storage, including without limitation, pelletised fish feed storage. The lease agreement had an original term of four years, which expired on 16 March 2021, and the Company has exercised its option to renew the agreement for additional two years. Following the additional two-year period, the Company holds two further options each for a term of three years.

6.7 Dependency on contracts, patents, licenses etc.

Permits

The Group's active (in use) permits are set out below. It is the Company's opinion that the Group's existing business and profitability are dependent on these permits, as well as the agreements described in Section 6.6 above, which are considered to be of material importance to the Group.

Of the Company's 34 aquaculture licenses and corresponding leases, 11 will reach their time-limit in 2021, 2022 or 2023. The Company expects to renew these licenses in due course by paying the licence fee, as is customary in Australia and which the Company has done historically over many years.

License Number	License Expiry Date	Lease Number	Max allowable Capacity (tonnes)
PT LINCOLN			
(Louth Bay)			
AQ00214	03.01.1930	LA00181	750
Capped Max. Allowable			750
(Boston Bay)			
AQ00302	29.04.2022	LA00342	320
AQ00015	29.04.2022	LA00028	100
AQ00292	30.05.2029	LA00340	825
FF00085	30.05.2029	AL00005	825
AQ00139	04.06.2031	LA00162	400
AQ00235	30.06.2030	LA00273	380
FF00090	30.06.2031	AL00397	80
AQ00234	30.06.2030	LA00274	15
Capped Max. Allowable			1750
WHYALLA			
(Fitz Bay West)			
AQ00397	23.01.2022	LA00462	2250
Capped Max. Allowable			2250
(Fitz Bay East)			
AQ00140	16.01.2022	LA00130	900
AQ00396	04.06.2021	LA00427	1095
Capped Max. Allowable			1995
ARNO BAY			
AQ00016	22.01.2022	LA00116	300
AQ00018	22.01.2022	LA00118	300
FF00037	30.06.2023	AL00042	300
FH0003	21.03.2030	LA00093	300
AQ00255	30.06.2023	AL00041	300
AQ00017	30.06.2023	LA00450	1350
FB00078	31.10.2028	LA00126	60
FT00560	30.03.2021	Land Based	
Capped Max. Allowable			2910

PT AUGUSTA			
FT00287	30.03.2021	Land Based	
Total Capped Max. Allowable			9655

6.8 Related party transactions

Below is a summary of the Group's related party transactions for the period covered by the Financial Statements included in this Information Document as Appendices B, C and D, and up to the date of this Information Document:

For the financial years ended on 30 June 2020 and 2019 the Group paid a total of AUD 422,000, and AUD 500,000, respectively, to Australian Tuna Fisheries Pty Ltd, which together with associated entities controlled 6.15% of the issued Shares in the Company as of 30 June 2020 (2019: 7.1%), related to receipts for ice, expenses, SBT quota lease and contract labour, as well as towing, contract labour, fish feed, marina and net shed rent and electricity. Marcus Stehr, one of the Directors of the Company, is the managing director of Australian Tuna Fisheries Pty Ltd.

For the financial years ended on 30 June 2020 and 2019, the Group paid a total of AUD 35,000 and AUD 66,000, respectively, related to payments of office rent and other payments to Stehr Group Pty Ltd, which together with H & A Stehr Superannuation Fund and Sanchez Tuna Pty Ltd are associated with the Group. Marcus Stehr, one of the Directors of the Company, is the managing director of Stehr Group Pty Ltd and Sanchez Tuna Pty Ltd.

In April 2020, the Company announced strategic relationships with the Hofseth Group and Nevera AG:

- Roger Hofseth is the chief executive officer of the Hofseth International AS and Hofseth Hofseth Biocare ASA, both Norwegian biomarine companies. The Hofseth Group is unique in terms of scale and reach across the aquaculture value chain, incorporating farming, processing, distribution, R&D and waste processing. Through the strategic relationship with the Hofseth Group, the Company leverages the experience and network of Roger Hofseth and the Hofseth Group to fast track development and supply of new product formats for global retail markets. It also provides the Company with access to one of the leading aquaculture producers and facilitates sharing of best practice aquaculture techniques.
- James Berger is the founder and chief executive officer of Nevera AG, a financial consultancy boutique based in Switzerland. Nevera's focus is on identifying deep value growth opportunities and helping listed corporates attract long term capital. Mr. Berger has worked in global fund management and banking for nineteen years, in addition to bringing specialist knowledge in aquaculture and consumer nutrition. Under a consultancy agreement, Mr. Berger assists the Company with certain intermediary services, in establishing a wider base of international investors and helping the Company communicate with potential investors.
- GCI CSS (Hofseth & Nevera) LLC, an entity established by Hofseth and Nevera in connection with an investment in the Company in support of the strategic relationship, is a significant shareholder in the Company.

The above-mentioned agreements are all entered into on arm's length terms.

6.9 Legal and arbitration proceedings

From time to time, the Group may become involved in litigation, disputes and other legal proceedings arising in the ordinary course of business. Such claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

The Company is involved in a dispute with a construction firm, SBP South Australia Pty Ltd (SPB), who in June 2019 commenced proceedings against the Company in the District of South Australia claiming the sum of AUD 157,912.91 (including goods and services tax, plus interest) as monies alleged to be due and owing under a contract pursuant to

which the Company engaged SBP to upgrade the Company's processing facility at Royal Park, including the installation of a -40 degrees Celsius freezer room. The Company is defending the claim on the basis that it is entitled to a set-off and a counterclaim for reason that, in carrying out the works SBP breached the contract and/or was negligent in that SBP's design incorporated the relocation of a fire hose reel to a zero degree Celsius ante-room immediately adjacent to the freezer room.

On 20 May 2018, the isolation valve on the water supply to the fire hose reel froze and failed. This failure resulted in water escaping from the isolation valve on the water supply to the ante-room and freezer room, which were flooded causing extensive damage, loss to stock and consequential loss. The Company lodged a claim for their losses with the insurer, which was accepted by the insurer, however the coverage under the policy did not indemnify the Company for all of the consequential losses it sustained as a result of the flood. The Company has joined with its insurers to pursue SBP through legal action. The Company's claim is limited to AUD 500,000 of unsecured tangible asset losses. SBP's counterclaim is AUD 250,000 which is accrued for on the Company's balance sheet. The Company's worst-case exposure is therefore covered in the P&L but not in cash flow. The upside of a successful claim would be a P&L cash benefit.

Save for the abovementioned, neither the Company nor any other subsidiary of the Company are, nor have been, during the course of the preceding 12 months involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's and/or the Company's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

7 SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

7.1 Introduction and summary of accounting policies and principles

The selected financial information presented in Section 7.2 to Section 7.5 below has been derived from the Financial Statements and should be read in connection with, and is qualified in its entirety by reference to, the Annual Financial Statements attached as Appendices B and C to this Information Document and the Interim Financial Statements attached as Appendix D to this Information Document.

For information regarding accounting policies and the use of estimates and judgments, please refer to note 3 and 4 to the Annual Financial Statements, and to note 2 to 4 to the Interim Financial Statements.

7.2 Selected statement of income

The table below sets out selected data from the consolidated income statements of the Group for the years ended 30 June 2020 and 30 June 2019, as well as selected data from the consolidated income statements of the Group for the six months period ended 31 December 2020, with comparable figures for the six months period ended 31 December 2019.

<i>AUD'000</i>	Six months period ended 31 December 2020 (unaudited)	Six months period ended 31 December 2019 (unaudited)	Year ended 30 June 2020	Year ended 30 June 2019
Revenue	22,333	24,437	40,313	46,149
Other income	1,215	15,122	16,375	287
Net gain arising from changes in fair value of biological assets			18,511	23,325
Net (loss) / gain arising from changes in fair value of Yellowtail Kingfish	(2,364)	(1,250)		
Fish husbandry expense	(12,225)	(12,911)	(31,708)	(30,194)
Employee benefits expense	(7,606)	(6,199)	(12,370)	(12,166)
Fish processing and selling expense	(5,681)	(5,697)	(10,197)	(12,136)
Cost of goods sold – frozen inventory	(5,292)	(4,368)	(10,598)	(8,553)
Impairment – frozen inventory and biological assets	(8,072)	-	(15,813)	-
Depreciation and amortisation expense	(1,864)	(1,686)	(3,441)	(3,079)
Other expenses	(1,594)	(2,347)	(4,148)	(1,931)
(Loss)/Profit before finance items and tax	(21,150)	5,101	(13,076)	1,702
Finance costs	(728)	(508)	(1,389)	(262)
Finance income	5	3	11	6
(Loss)/Profit before tax	(21,873)	4,596	(14,454)	1,446
Income tax benefit/(expense)	-	-	-	-
(Loss)/Profit for the period/year after tax	(21,873)	4,596	(14,454)	1,446
Other comprehensive income for the period/year, net of tax	-	-	-	-
Total comprehensive loss/profit for the period/year	(21,873)	4,596	(14,454)	1,446

Earnings per share from continuing
operations:

	Six months period ended 31 December 2020 (unaudited)	Six months period ended 31 December 2019 (unaudited)	Year ended 30 June 2020	Year ended 30 June 2019
<i>AUD'000</i>				
Basic earnings per share (cents per share)	(19.76)	5.17	(15.57)	1.73
Diluted earnings per share (cents per share)	(19.76)	5.05	(15.57)	1.69

7.3 Selected statement of financial position

The table below sets out selected data from the consolidated statement of financial position of the Group as at 30 June 2020 and as at 30 June 2019, as well as selected data from the consolidated statement of financial position of the Group as at 31 December 2020.

	As at 31 December 2020 (unaudited)	As at 30 June 2020	As at 30 June 2019
<i>AUD'000</i>			
ASSETS			
<i>Current</i>			
Cash and cash equivalents	9,317	22,169	1,004
Trade and other receivables	5,599	2,973	5,764
Inventories	14,652	10,891	9,465
Prepayments	604	1,072	1,047
Biological assets	31,422	49,783	56,585
Current assets	61,594	86,888	73,865
<i>Non-current</i>			
Property, plant and equipment	16,379	16,092	16,869
Right-of-use assets	408	539	-
Biological assets	244	244	244
Intangible assets	2,957	2,957	2,957
Non-current assets	19,988	19,832	20,070
TOTAL ASSETS	81,582	106,720	93,935
LIABILITIES			
<i>Current</i>			
Trade and other payables	10,627	6,423	6,982
Bank overdraft	-	-	7,275
Borrowings	2,920	10,925	1,585
Provisions	1,173	1,175	977
Current liabilities	14,720	18,523	16,819
<i>Non-current</i>			
Convertible notes	10,265	13,075	-
Borrowings	1,790	2,340	3,356
Provisions	262	324	218
Non-current liabilities	12,317	15,739	3,574
TOTAL LIABILITIES	27,037	34,262	20,393
NET ASSETS	54,545	72,458	73,542

Equity

Equity attributable to owners of the Parent:

AUD'000	As at 31 December 2020		
	(unaudited)	As at 30 June 2020	As at 30 June 2019
• share capital	200,393	195,937	182,436
• share rights reserve	270	766	897
• accumulated losses	(146,118)	(124,245)	(109,791)
TOTAL EQUITY	54,545	72,458	73,542

7.4 Selected statement of cash flows

The table below sets out selected data from the consolidated statement of cash flows for the Group for the years ended 30 June 2020 and 30 June 2019, as well as selected data from the consolidated statement of cash flows for the Group for the six months period ended 31 December 2020, with comparable figures for the six months period ended 31 December 2019.

AUD'000	Six months period ended		Year ended 30 June 2020	Year ended 30 June 2019
	31 December 2020	31 December 2019		
	(unaudited)	(unaudited)		
Operating activities				
Receipts from customers	20,179	24,578	42,657	45,756
Payments to suppliers excluding feed	(13,137)	(14,101)	(24,972)	(23,645)
Payments for feed	(4,279)	(6,718)	(23,803)	(21,317)
Payments to employees	(6,064)	(5,134)	(10,126)	(10,136)
Litigation and insurance proceeds	220	-	15,618	-
Government grants received	1,254	17	600	-
Net cash used in operating activities	(1,827)	(1,358)	(26)	(9,342)
Investing activities				
Purchase of property, plant and equipment	(1,635)	(868)	(2,422)	(3,226)
Interest received	5	3	11	6
Net cash used in investing activities	(1,630)	(865)	(2,411)	(3,220)
Financing activities				
Gross proceeds from issue of shares	-	6,600	11,600	-
Share issue expenses	(26)	(192)	(194)	-
Gross proceeds from issue of convertible notes	-	13,869	15,403	-
Convertible note issue expenses	-	(651)	(840)	-
Proceeds from borrowings	1,378	-	8,489	2,480
Repayment of borrowings	(10,038)	(1,450)	(2,969)	(1,474)
Interest paid	(709)	(339)	(612)	(249)
Net cash from financing activities	(9,395)	17,837	30,877	757
Net change in cash and cash equivalents	(12,852)	15,614	28,440	(11,805)
Cash and cash equivalents at beginning of period/year	22,169	(6,271)	(6,271)	5,534
Cash and cash equivalents at end of period/year	9,317	9,343	22,169	(6,271)

7.5 Selected statement of changes in equity

The table below sets out selected data for the consolidated statement of changes in equity for the Group for the years ended 30 June 2020 and 30 June 2019, as well as selected data from the consolidated statement of changes in equity for the Group for the six months period ended 31 December 2020 (unaudited).

<i>AUD'000</i>	Share capital	Share rights reserve	Accumulated losses	Total equity
Balance at 1 July 2018	182,345	661	(111,237)	71,769
Profit for the year	-	-	1,446	1,446
Share purchase plan and placement	91	-	-	91
Share rights reserve movement	-	236	-	236
Balance at 30 June 2019	182,436	897	(109,791)	73,542
Loss for the year	-	-	(14,454)	(14,454)
Share placement	11,393	-	-	11,393
Convertible note conversions	1,633	-	-	1,633
Share rights reserve movement	475	(131)	-	344
Balance at 30 June 2020	195,937	766	(124,245)	72,458
Balance at 1 July 2020	195,937	766	(124,245)	72,458
Total comprehensive profit for the period	-	-	(21,873)	(21,873)
Share rights reserve movement	1,328	(496)	-	832
Convertible note converted to shares	2,925	-	-	2,925
STI paid via share issue	203	-	-	203
Balance at 31 December 2020	200,393	270	(146,118)	54,545

7.6 Significant changes in the Group's financial or trading position

Other than the Private Placement, there has been no significant changes in the Group's financial or trading position since 31 December 2020.

7.7 Material borrowings

The Company has entered into a senior facilities agreement (the "**Senior Facilities Agreement**") with Commonwealth Bank of Australia as lender (the "**Lender**") and Clean Seas Aquaculture Growout Pty Ltd and Clean Seas Seafood International Pty Ltd as guarantors (the "**Guarantors**") in an aggregate amount of AUD 32,150,000.

The Lender has made available the following facilities to the Company under the Senior Facilities Agreement:

- An AUD 12,000,000 trade finance facility for the purpose of financing the Company's working capital needs. The trade finance facility may be utilised through the establishment of subfacilities, including a contingent liability facility, an overdraft facility, import documentary credits, trade advances and foreign bills negotiated. The pricing of utilisations under the trade finance facility varies depending on the subfacility utilised, and the borrower may reborrow amounts that are prepaid or repaid. The trade finance facility carries a line fee of 1.75% p.a. The trade finance facility is subject to yearly reviewal, in which the Lender will review the facility annually to determine whether it will continue, cancel, or reduce the facility;
- An AUD 6,000,000 equipment finance facility for the purpose of financing capital expenditure. The equipment finance facility carries interest at the Lender's market rates. The equipment finance facility is subject to yearly reviewal, in which the Lender will review the facility annually to determine whether it will continue, cancel, or reduce the facility;

- An AUD 14,000,000 cash advance facility for the purpose of financing major capital expenditure. The cash advance facility carries interest at + a margin of 2.35 % p.a and a line fee of 1.60% p.a. The cash advance facility terminates 31 July 2022; and
- An AUD 150,000 corporate credit card facility for the purpose of financing general business expenses. The corporate card facility may be terminated by the Lender at any time.

The Senior Facilities Agreement contains customary restrictions on the Company, including covenants restricting incurrence of additional indebtedness, further encumbrances, disposals and change of business. The Company is also subject to financial covenants on minimum current ratio (which must not be less than 3.0x) and minimum operating cashflow, where the YTD cashflow must be greater than the following amounts for the following periods:

6 months to December 2020	AUD (10,000)
9 months to March 2021	AUD (14,000)
12 months to June 2021	AUD (16,000)
3 months to September 2021	AUD (3,000)
6 months to December 2021	AUD (9,000)
9 months to March 2022	AUD (10,000)
12 months to June 2022	AUD (11,000)

The Company has also given several undertakings under the Senior Facilities Agreement, such as, inter alia, (i) that no dividends shall be permitted to be paid without the Lender's prior written consent, which is not to be unreasonably withheld, (ii) that all requirements of any licence held by them from Primary Industries and Regions SA (PIRSA) will be met on an ongoing basis, and (iii) that no obligor (or the Group) shall enter into a single transaction greater than AUD 250,000 or sell, lease, transfer or otherwise dispose of any asset, however subject to certain exceptions.

Furthermore, the Senior Facilities Agreement contains change of control provision, which requires the Company to ensure that there is no change in the control of the Company or any Guarantor. The Senior Facilities Agreement also has a cross default clause.

In addition to the guarantees provided by the Guarantors, the obligations of the Company under the Senior Facilities Agreement are secured by a first ranking general security interest granted by the Company and each of the Guarantors, as well as a first ranking mortgage registered over a lot (Lot 52 DP66411, Arno Bay) granted by the Company.

As of the date of this Information Document, the total amounts outstanding under the Senior Facilities Agreement amounts to AUD 12 million, and included in the \$12 million is approximately \$3 million relating Asset Finance facility.

7.8 Grants

The Group received Governmental support related to Covid-19, consisting of AUD 600,000 in 2020, and has received AUD 1,254,000 in the half year of 2021.

Further, the Group has a pending federal grant consisting of AUD 2.5 million for the activation of its new Fitzgerald Bay (Whyalla) farm, and has, as of the date of this Information Document, received approximately AUD 1.4 million since 2018.

7.9 Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Information Document.

7.10 General financial trend

Global demand for Kingfish has been expanding consistently due to its quality attributes and as a sustainable alternative to salmon encouraging warm water and land based new entrants into food service channels. Pre-COVID, 50% of Clean Seas' distribution was domestic, mainly into restaurants, and 40% was into Europe, mostly by airfreight. COVID has been highly disruptive, with the closure of restaurants impacting demand, however retail and home dining opportunities have accelerated.

Clean Seas entered the COVID disruptions with a strong balance sheet including significant cash and funding facilities

Clean Seas entered into a strategic partnership with Hofseth International and diversified into new channels (retail, home meal kits) and markets (North America and Asia). COVID prompted a fast tracking of many initiatives, including a program of cost reduction and promoting efficiency, which has seen sales volumes recover to pre-COVID levels despite ongoing government lockdowns continuing in various markets globally.

8 THE BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

8.1 Board of Directors

8.1.1 General

In accordance with the Constitution of the Company and Australian law, the Board of Directors is responsible for the management of the business of the Company and ensuring that the Company's operations are organised in a satisfactory manner and should do so in the interests of all shareholders.

The Company's Constitution provides that the Board of Directors shall have no fewer than three directors and no more than nine directors. The directors are elected by an annual general meeting of shareholders by ordinary resolution. Additionally, pursuant to clause 9 of the Constitution, the Board of Directors may at any time appoint a person to be a Director, provided that the maximum number of Directors is not exceeded. Any such Director appointed will hold office until the next annual general meeting and will be eligible for re-election. At the Company's annual general meeting, one-third of the Directors for the time being, shall retire from office, provided always that no Director except a Managing Director shall hold office for a period in excess of three years without submitting himself or herself for re-election. The Directors to retire at an annual general meeting are those who have been longest in office since their last election. A retiring Director is eligible for re-election. As the Company is incorporated in Australia, the Australian Corporations Act requires the Company to have at least two directors that reside in Australia.

As at the date of this Information Document, the Board of Directors consists of three Directors.

The Company's registered business address, 7 Frederick Road, Royal Park SA 5014, Australia, serves as business address for the members of the Company's Board of Directors in relation to their directorship in the Company. The names and positions and current term of office of the Directors as at the date of this Information Document are set out in the table below.

Name	Position	Served since	Term expires	Shares	Options
Travis Andrew Dillon	Chairman	2020	Will stand for election November 2021	- ¹⁾	-
Marcus Anthony Stehr	Non-Executive Director	2005	Will stand for election November 2021	82,885 ²⁾	-
Gilbert Andre Vergères	Non-Executive Director	2020	2022	Indirect ³⁾	Indirect ²⁾

1) Dillon does not hold any Shares as of the date of this Information Document. However, Dillon subscribed for 70,175 New Shares in the Private Placement. Such New Shares are expected to be issued in the Second Tranche of the Private Placement (subject to shareholder approval).

2) Stehr holds the Shares specified in the table above directly in his personal name and through the entity Sanchez Tuna Pty Ltd. Australian Tuna Fisheries Pty Ltd., which is a related party of Marcus Stehr, also currently holds 5,162,837 Shares. Hagen Stehr, who is a related party of Marcus Stehr, also currently holds 863,853 Shares. In addition to those Shares listed above, Stehr subscribed for 35,045 New Shares in the Private Placement. Such New Shares are expected to be issued in the Second Tranche of the Private Placement (subject to shareholder approval).

3) Vergères is a Managing Partner with Bonafide AG. Funds managed by Bonafide AG is collectively the largest shareholder of the Company, with a total shareholding of 19,963,519 Shares. The Bonafide funds holds a total of 127,841 Convertible Notes. In addition to the Shares held by funds managed by Bonafide AG, Vergères subscribed for 70,175 New Shares in the Private Placement. Such New Shares are expected to be issued in the Second Tranche of the Private Placement (subject to shareholder approval).

8.1.2 Brief biographies of the Board of Directors

Travis Andrew Dillon, Chairman

Mr Travis Dillon has extensive agribusiness experience, with a strong commercial and strategic mindset. Mr Dillon was formerly the chief executive officer and managing director of Ruralco Holdings Limited until September 2019, having previously been the executive general manager of Ruralco's Operations. Mr Dillon is currently the chairman of Terragen Holdings Limited (ASX), non-executive director of S&W Seed Company Australia, non-executive director of Lifeline Australia, and member of the CSIRO Agriculture and Food Advisory Committee. Mr Dillon has an excellent established track record with both private and listed ASX businesses at implementing strategies to maximise shareholder return, develop and execute business plans, and help manage complex organisational structures.

Marcus Anthony Stehr, Non-Executive Director

Mr Stehr is a founding director and has over 25 years of hands on experience in marine finfish aquaculture operations encompassing Tuna, Kingfish and Mulloway. Mr Stehr is managing director of Australian Tuna Fisheries Pty Ltd and board member of the Australian Southern Bluefin Tuna Industry Association and the Australian Maritime and Fisheries Academy.

Gilbert Andre Vergères, Non-Executive Director

Mr Vergères has more than 30 years of experience in the financial industry, worked for several Swiss private banks, and was managing director and member of the board of an asset management company before joining Bonafide Wealth Management AG as a partner in 2013. Bonafide is a boutique asset management company focusing and investing in the aquaculture and seafood sectors globally.

8.2 Committees

The Board of Directors currently has two committees: the Remuneration and Nominations Committee and the Audit and Risk Committee. Each Committee operates under a formal charter approved by the Board of Directors under which authority is delegated by the Board of Directors and which set out matters relevant to the composition, responsibilities and administration of those Committees. The Charters are reviewed annually and are available on the Company's website.

8.2.1 Remuneration and Nominations Committee

The Remuneration and Nominations Committee primary responsibilities are:

- assist the Board in discharging its responsibilities in relation to remuneration policy;
- to ensure that the Company undertakes an ongoing assessment of the composition and effectiveness of the Board of Directors;
- and to manage the formal processes used for the selection and appointment of new directors and re-appointment of incumbent directors.

The Committee is to comprise at least three Non-Executive Directors the majority of which are independent. The chairman of the committee must be an independent non-executive director and is appointed by the Board of Directors. The Committee is currently comprised of Marcus Stehr (Chairman), Travis Dillon and Gilbert Vergères. Due to this, Company is currently not following the ASX Corporate Governance Council recommendations in relation to the composition of the Remuneration and Nominations Committee. The Company is actively seeking to add a new Non-Executive Director to its Board and the Remuneration and Nominations Committee, which, when completed, will imply that the Company will then satisfy the ASX Corporate Governance Council recommendations.

8.2.2 Audit and Risk Committee (ARC)

The Audit and Risk Committee (ARC) primary responsibilities are to oversee:

- financial and corporate reporting;
- internal control structures;
- internal (or equivalent) audit functions;
- external audit functions;
- and risk management systems, with a particular focus on environmental, economic, social sustainability and health and safety risks.

The ARC is comprised of at least three Non-Executive Directors, the majority must be independent and at least one member should have professional accounting, or professional financial management expertise. Members will be financially literate or become financially literate within a reasonable period of time after appointment to the Committee. The chairman of the Committee must be an independent non-executive director. The chairman of the Board of Directors is precluded from being the chairman of the ARC. The Committee is currently comprised of Marcus Stehr (Acting Chairman), Travis Dillon and Gilbert Vergères. Due to this, Company is currently not following the ASX Corporate Governance Council recommendations in relation to the composition of the Audit and Risk Committee. The Company is actively seeking to add a new Non-Executive Director to its Board and the Remuneration and Nominations Committee, which, when completed, will imply that the Company will then satisfy the ASX Corporate Governance Council recommendations.

8.3 Management

8.3.1 General

The Company's Management is responsible for the daily management and the operations of the Company. The Group's Management consists of five individuals. The names of the members of the Management and their respective positions are presented in the table below:

Name	Position	Shares	Options
Robert John Gratton	Chief Executive Officer	385,741 ¹	138,887
David Brown	Chief Financial Officer	-	106,829
Antoine Huon	Chief Commercial Officer	35,538	40,061
Rebecca Rourke	Head of People & Safety	-	-

- 1) The shares are held through the Gratton Family Trust. In addition to those Shares listed above, Gratton subscribed for 70,175 New Shares in the Private Placement. Such New Shares are expected to be issued in the Second Tranche of the Private Placement (subject to shareholder approval).

The Company's registered business address, 7 Frederick Road, Royal Park SA 5014, Australia, serves as business address for the members of the Company's Management.

8.3.2 Brief biographies of the Management

Robert John Gratton, Chief Executive Officer

Mr Gratton has over 20 years' experience in corporate and commercial finance roles. He spent five years in London and New York with JP Morgan Chase investment bank before ten years with Jurlique during which he held a number of finance and operational roles, including seven years as chief financial officer. From 2015 he held the role as chief

financial officer with kikki.K before joining the Company in 2019 as chief financial officer. Mr Gratton has held the position as Chief Executive Officer of the Company since August 2020.

David Brown, Chief Financial Officer

Mr Brown has over ten years' experience in corporate finance and accounting roles across a range of industries and is a chartered accountant. He became Chief Financial Officer of the Company in August 2020, having previously been group financial controller and joint company secretary. Prior to this, Mr Brown held senior corporate finance positions at KPMG and Grant Thornton.

Antoine Huon, Chief Commercial Officer

Mr Huon is a seasoned FMCG¹ professional in the fields of sales and marketing across domestic and international markets and has over ten years' experience in the aquaculture industry. Before joining the Company in 2019, he worked as group export and industrial manager at Huon Aquaculture before taking up the role as national sales manager at FCI/Top Foods.

Rebecca Rourke, Head of People & Safety

Ms Rourke is an experienced human performance specialist with demonstrated experience working in multiple industries, nationally and internationally. She has a substantial background in workplace health & safety, and extensive skills and passion in change implementation, culture & leadership, coaching & development. Ms Rourke has previously held senior human resources roles at KPMG.

8.4 Employees

As at 30 June 2019 and 30 June 2020, the Group had 130 and 131 full-time employees, respectively. As of the date of this Information Document, the Group has 122 employees.

8.5 Incentive schemes

The Company has an equity incentive plan (the "**Incentive Plan**"). Under the Incentive Plan that was adopted in 2017, the Board of Directors can issue rights to be issued ordinary Shares in the Company ("**Employee Share Rights**"), options to acquire Shares, and ultimately, Shares (collectively "**Incentive Rights**") to employees and other individuals the Board of Directors consider eligible. Each Employee Share Right gives the holder a right to require issuance of one (1) Share in the Company, however this ratio may be adjusted upwards to account for dividends paid in a relevant financial year.

The Incentive Rights can take various forms, and may or may not have an exercise price. The Employee Share Rights currently issued by the Company does not require payment of an exercise price, i.e. the holders of the Incentive Rights may receive Shares free of charge upon exercise of vested Incentive Rights. The Board has a discretion to identify and implement policies pursuant to which such Incentive Rights are to be issued, subject to the Australian Corporations Act. The object of the Incentive Plan is, inter alia, to incentivise employees and to align their interests with those of the Company and shareholders. No participant under the Incentive Plan may hold or represent more than 10% of the outstanding shares or control of the Company.

The Incentive Plan provides a detailed framework for the process and procedures surrounding the Board of Directors' issuing of Incentive Rights, as well as terms and conditions for the vesting, exercise of those Incentive Rights, and other related dealings. Generally, Employee Share Rights are granted subject to certain conditions, which may relate to

¹ Abbreviation for Fast Moving Consumer Goods.

employee and/or Company performance. The Employee Share Rights can generally be exercised to acquire Shares when the relevant conditions are satisfied.

Employee Share Rights which do not vest will lapse. Generally, where the holder of Incentive Rights leaves employment of the Company before the relevant right has vested, that right will expire. Further, the Employee Share Rights will expire automatically upon the fifteenth anniversary of the date of their grant. Employee Share Rights which vest may be exercised by the holder. The Board retains a broad discretion to vary these rules under the Incentive Plan, subject to the Australian Corporations Act.

Incentive Rights issued under the Incentive Plan may be eligible for certain Australian tax concessions for eligible employees. Very broadly, these tax concessions can allow certain employees to defer the payment of income tax on the Incentive Rights until those Incentive Rights have vested and are exercised or converted into unrestricted Shares.

Per the Incentive Plan rules, unless the Board determines otherwise, no Rights may be offered and no Shares may be issued under the Incentive Plan or on the exercise of Rights, if to do so would contravene ASIC Class Order 14/1000 ("**ASIC Class Order**"), any subsequent or replacement ASIC class order in respect of new issues of securities under employee incentive scheme or an ASIC exempt arrangement of a similar kind. There is a 5% issue limit for listed bodies seeking to rely on the disclosure relief granted under the ASIC Class Order.

Incentive Rights issued under the Plan are disclosed to the market, with the current number of Incentive Rights outlined as follows:

Share rights	Number of holders	Total number of share rights
FY2017 - Equity Incentive Plan	0	0
FY2018 - Equity Incentive Plan	3	48,483
FY2019 - Equity Incentive Plan	2	0
FY2020 - Equity Incentive Plan	6	285,767

8.6 Benefits upon termination

No member of Management or the Board of Directors has entered into employment agreements which provide for any special benefits upon termination.

8.7 Conflicts of interests etc.

No Director or member of Management has, or had, as applicable, during the last five years preceding the date of the Information Document:

- any convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, member of the administrative body or supervisory body, director or senior manager of a company.

Gilbert Vergères (non-executive director) is a partner and board member in Bonafide Wealth Management AG, which is the Company's largest shareholder.

Marcus Stehr (non-executive director) is managing director of Australian Tuna Fisheries Pty Ltd, which is a significant shareholder in the Company. Marcus Stehr is also managing director of Stehr Group Pty Ltd and Sanchez Tuna Pty Ltd, which together with H & A Stehr Superannuation Fund are associated with the Group. See Section 6.8 "Related party transactions" for information about certain arrangements involving these related parties.

Other than the above, the Company is not aware of any actual or potential conflicts of interest between the Company and the private interests of any of the Directors and members of the Management. There are no family relationships between the members of the Board of Directors or the Management.

8.7.1 Lock-up

Pursuant to the Company's Securities Trading Policy, the Company's directors, members of management or anyone affiliated with such persons, are restricted from selling securities issued by the Company within 12 months of purchase.

9 SHARE CAPITAL AND SHAREHOLDER MATTERS

9.1 The Shares and share capital history

9.1.1 Overview

As of the date of this Information Document, the Company has 128,819,147 issued Shares fully paid in accordance with Australian law. The Shares do not have a par value. Generally, all Shares are freely transferable, subject to the registration of the transfer not resulting in a contravention or a failure to observe the provisions of a law of Australia and the transfer not being in breach of the Australian Corporations Act or applicable listing rules. If any Shares issued are restricted securities or subject to voluntary escrow, this may have an impact on the free transferability of the Shares.

The Company only has one class of Shares on issue. The Shares are equal in all respects and each Share carries one vote at the Company's general meetings.

All of the Shares are issued in accordance with the laws of Australia with ISIN number AU000000CSS3, and the Depositary Interests hold the same ISIN number.

As at the date of this Information Document, all of the Company's Shares are registered with the Company's share register in Australia. As is customary for listed companies in Australia, the Company's share register is comprised of two sub-registers: (i) the Chess sub-register for Shares which have been or are to be traded on a regulated market, and (ii) the issuer sponsored sub-register where Shares can be transferred off-market. There is a free flow of shares between the Chess and issuer sponsored sub-registers, and consequently the number of shares on either of them is not static. However, there is no overlap between sub-registers and a particular share is only on one sub-register at any point in time.

Of all the Company's Shares registered with the Company's share register in Australia as at the date of this Information Document, beneficial interests in 6,121,031 Shares have been registered in book-entry form with the VPS as Depositary Interests. The Company's register of shareholders with the VPS is administered by the VPS Registrar. Existing shareholders of the Company and new investors should note that only Shares that have been registered in the VPS in the form of Depositary Interests will be tradable on Euronext Growth Oslo. Further, Depositary Interests will not be tradable on ASX. Please refer to Section 9.2 "The Depositary Interest; VPS registration and transfer of beneficial interests" for further information.

9.1.2 Share capital history

The table below shows the development in the Company's share capital for the period covered by the Financial Statements to the date of the Information Document:

Date of registration	Type of change	Change in share capital (AUD)	New share capital (AUD)	New number of total issued shares	Subscription price per share (AUD)
30 June 2018	Balance	N/A	193,930,586	1,667,314,190	N/A
3 December 2018	1:20 Consolidation	N/A	193,930,586	83,367,294	N/A
18 December 2019	Allotment on conversion of share rights	91,536	194,022,122	83,498,060	0.700
23 August 2019	Share Placement	6,599,748	200,621,870	91,739,566	0.801

30 September 2019	Allotment on conversion of share rights	475,229	201,097,099	92,418,465	0.700
7 October 2020	Conversion from convertible loans	123,800	201,220,899	92,600,843	0.679
9 April 2020	Conversion from convertible loans	1,509,657	202,730,556	95,977,370	0.447
9 April 2020	Share Placement	2,000,000	204,730,556	99,977,370	0.500
25 May 2020	Share Placement	3,000,000	207,730,556	105,977,370	0.500
6 July 2020	Conversion from convertible loans	1,456,365	209,186,921	108,890,691	0.500
7 September 2020	Allotment on conversion of share rights	203,102	209,390,023	109,044,512	1.320
7 September 2020	Allotment on conversion of share rights	203,100	209,593,123	109,198,332	1.320
21 September 2020	Allotment on conversion of share rights	151,626	209,744,749	109,474,014	0.550
6 October 2020	Conversion from convertible loans	1,468,632	211,213,381	112,126,425	0.554
22 October 2020	Allotment on conversion of share rights	921,419	212,134,800	113,115,658	0.931
18 December 2020	Allotment on conversion of share rights	51,682	212,186,482	113,209,625	0.550
5 January 2021	Conversion from convertible loans	365,893	212,552,375	113,690,715	0.761
8 April 2021	Conversion from convertible loans	158	212,552,533	113,690,959	0.646
23 April 2021	Allotment on conversion of share rights	130,804	212,683,337	113,889,147	0.660
14 May 2021	Private Placement	8,379,138	221,062,475	128,819,147	0.570

9.2 The Depositary Interest; VPS registration and transfer of beneficial interests

9.2.1 The beneficial interests and VPS Registration

On Euronext Growth Oslo, the Shares will be traded in the form of Interests that represent the beneficial interests in the underlying Shares. The Depositary Interests are registered in the VPS in book-entry form under the name of a "share" and will be traded on Euronext Growth Oslo in the form of Interests as "shares in Clean Seas Seafood Limited". Each such "share" registered with the VPS represents evidence of beneficial ownership of one Share. The beneficial interests registered with the VPS are freely transferable, with delivery and settlement through the VPS system in NOK.

To facilitate registration of the Depositary Interests in the VPS in connection with the Admission on Euronext Growth Oslo, the Company has entered into the Registrar Agreement with the VPS Registrar, which administrates the Company's VPS register. The VPS Registrar is deemed a beneficial shareholder of the underlying Shares that are registered in the

VPS in the form of Depositary Interests, through a registration arrangement with the Australian Custodian where the Australian Custodian is recorded as the shareholder in the Company's sub-register in Chess. The VPS Registrar registers the beneficial interests representing the relevant Shares in the VPS, which following such registration reflects the beneficial shareholders, personally or through nominee registrations.

For the purpose of Australian law, the Australian Custodian will, however, be regarded as the legal owner of the Shares for which Depositary Interests are issued and investors registered as the beneficial owners of the Shares in the VPS will have to exercise all rights of ownership relating to the Shares, indirectly through the VPS Registrar. The investors registered as beneficial owners in the VPS must look solely to the VPS Registrar for the payment of any dividends (see Section 9.8.3 "Manner of dividend payments"), exercise of voting rights attached to the underlying Shares, and for other rights arising in respect of the underlying Shares. Shareholders must exercise voting rights through the VPS Registrar which in turn will instruct the Australian Custodian. Exercise of other shareholder rights through the VPS Registrar and the custodian arrangement is limited. In order to exercise any rights as shareholder under Australian law or the Constitution, a shareholder must transfer his or her shareholding from the VPS to the shareholders' register held in Australia at the cost of the requesting shareholder. Such transfer will disable trading on Euronext Growth Oslo, until the Shares are transferred back to the VPS.

The VPS Registrar is only liable for any direct loss suffered by the Company as a result of breach of the Registrar Agreement. Each of the Company and the VPS Registrar may terminate the Registrar Agreement at any time with a minimum of three months' prior written notice, or immediately upon written notice of non-performance of payment obligations or any other material breach by the other party of the Registrar Agreement. In the event that the Registrar Agreement is terminated, the Company will use its reasonable best efforts to enter into a replacement agreement for purposes of permitting the uninterrupted trading of the Depositary Interests on Euronext Growth Oslo.

9.2.2 Transfer of Depositary Interests

All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a VPS securities account with a Norwegian VPS account operator, or alternatively hold their interest via a custodian arrangement. Norwegian banks, Norges Bank (Norway's central bank), authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as VPS account operator.

The entry of a transaction in the VPS is prima facie evidence under Norwegian law in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security.

If a shareholder wishes to transfer the trading of its Shares from Australia to Norway or from Norway to Australia, the procedure outlined below must be followed, the shareholder being both the "delivering party" and the "receiving party".

When Shares are to be transferred into Norway, the recipient party to the Shares authorises the VPS Registrar to receive the Shares and instructs to the delivering party in Australia to have the Shares transferred to the Australian Custodian. Upon the VPS Registrar's receipt of confirmation from the Australian Custodian that the Shares have been received, the Depositary Interests will be created and delivered to the VPS account of the recipient party in Norway.

When Depositary Interests are to be transferred out of Norway for receipt and trading in Australia, the delivering party in Norway advises the VPS Registrar on delivery and transfer of its Depositary Interests to an intermediary VPS account of the VPS Registrar. Further, the delivering party advises the recipient party that it is to receive the Shares from the Australian Custodian. Upon the VPS Registrar's receipt of the Depositary Interests, the VPS Registrar will instruct the

Australian Custodian to deliver the shares to the recipient party in Australia. Once the Australian Custodian confirms the delivery of the shares to the recipient party, the VPS registered shares delivered to the intermediary VPS account of the VPS Registrar is terminated from registration in the VPS system. Transfers may only be done "free of pay", thus cash settlement will have to be agreed upon separately between the trading parties.

Please note that a charge in addition to any broker fees will apply for any transfers in or out of the VPS.

The VPS is liable for direct financial loss (limited to NOK 500 million for any individual error) inflicted on anyone as a result of errors that occur in connection with securities registration operations, unless the error is caused by matters outside the VPS's control which the VPS could not reasonably be expected to avoid or overcome the consequences of. For other financial losses the VPS is liable in the event that such loss is due to negligence on the part of the VPS or another entity for which the VPS is answerable.

The VPS must provide information to the Norwegian Financial Supervisory Authority on an on-going basis, as well as any information that the Norwegian Financial Supervisory Authority requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

9.3 Shareholder structure

As of 17 May 2021, being the latest practical date before the date of this Information Document, the Company had 5,151 shareholders.

The Company's 20 largest shareholders as at 17 May 2021 are set out in the table below:

#	Shareholder	No. of Shares	% of total Shares
1	Citicorp Nominees Pty Limited	30,258,070	23.49
2	HSBC Custody Nominees	10,618,131	8.24
3	J P Morgan Nominees Australia	6,036,017	4.69
4	Australian Tuna Fisheries	5,162,837	4.01
5	CS Third Nominees Pty Ltd	4,825,707	3.75
6	BNP Paribas Nominees Pty Ltd	4,655,081	3.61
7	UBS Nominees Pty Ltd.	2,886,391	2.24
8	BNP Paribas Nominees Pty Ltd.	2,676,477	2.08
9	Morgan Stanley Australia	1,739,794	1.35
10	DHC Capital Pty Ltd	1,652,565	1.28
11	3rd Wave Investors Pty Ltd	1,500,000	1.16
12	Crofton Park Developments Pty	1,391,365	1.08
13	Neweconomy Com Au Nominees	1,163,640	0.90
14	HSBC Custody Nominees	953,434	0.74
15	Mr Hagen Heinz Stehr &	863,853	0.67
16	Mr Alexandre Vanselow	700,000	0.54
17	HSBC Custody Nominees	667,808	0.52
18	Fernbow Pty Ltd	611,880	0.48
19	Bond Street Custodians Limited	575,000	0.45
20	Lidova Pty Ltd	535,000	0.42
Total of the 20 largest shareholders		79,473,050	61.69
Total		128,819,147	100

The Company is not aware of any arrangements which may result in a change in control of the Company, neither as of the date of this Information Document nor at a subsequent date.

9.4 Authorisations

9.4.1 Authorisation to increase the share capital

Pursuant to section 198A of the Australian Corporations Act, the business of a company is managed by or under the direction of the Board of Directors. Pursuant to clause 111 of the Company's Constitution, the Board of Directors has the power to issue Shares. According to the ASX listing rules, the Board of Director's power to issue Shares is limited to a number of Shares equal to 15 per cent of the Company's total share capital on 12 months rolling basis. If the Company has used up the 15 per cent capacity, share issuances can be subsequently approved by the shareholders in a general meeting. In such case, the authority will be renewed.

9.5 Financial instruments

Convertible Notes

The Company has issued Convertible Notes pursuant to a convertible note prospectus dated 15 October 2019 on terms set out in the table below. There are currently 654 holders of Convertible Notes holding 10,478,574 unsecured convertible notes.

Offer	Non-renounceable entitlement issue of 1 Convertible Note for every 6 Shares held by existing shareholders, at an issue price of AUD 1.00 per Convertible Note, to raise up to AUD 15,403,078.
Eligible shareholders	Registered address in Australia or New Zealand.
Purpose of offer	Raise funds for new farming equipment, feed and process automation; ongoing investment in future biomass; general working capital; and estimated costs of the offer.
Underwritten	The offer is not underwritten.
Minimum subscription	There is no minimum subscription.
Issue price	AUD 1.00 per Note.
Face value	AUS 1.00 per Note
Security	The notes are unsecured.
Maturity Date	22 November 2022, which is 3 years from date of issue, unless converted earlier or redeemed.
Interest rate	8% p.a. payable half-yearly in arrears on 30 June and 31 December.
Conversion period	Date of issue to Maturity Date.
Conversion	Notes convertible at Noteholder's election at the end of each month into fully paid, registered and freely tradable ordinary shares.
Conversion price	Lesser of: <ul style="list-style-type: none"> 8% discount to the 20-day volume weighted average price of shares prior to the date of Conversion; or

	<ul style="list-style-type: none"> price of any equity capital raising by Company that occurred in the 2-month period prior to the date the Company receives a conversion notice. <p>Minimum price: AUD 0.40; maximum price: AUD 1.20.</p>
Early Redemption	Company may redeem all Notes prior to Maturity Date.
Redemption – Takeover or Change of Control	If there is a takeover or scheme of arrangement, resulting in a bidding party obtaining voting power of at least 50% of the issued shares, Noteholders can elect to convert Note and if not converted, the Company must repay.
Redemption at Maturity	Company will redeem Note on Maturity Date if Noteholder hasn't exercised option to convert.
Participation Rights	No participation rights or entitlements. Noteholders not entitled to participate in new issues of capitals without converting Notes.
Voting	Noteholders have no right to vote at shareholder meetings.
Capital structure	<p>At time of the prospectus - Company had 92,418,465 shares and 1,613,469 share rights on issue.</p> <p>Under the Offer - Company intends to issue 15,403,078 Notes.</p>
Rank	The Notes rank ahead of all Shares in the Company.

Apart from the abovementioned and the options described in Section 8.5 "Incentive schemes", neither the Company nor any of its subsidiaries has, as of the date of this Information Document, issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries, or issued any convertible loans or subordinated debt or transferrable securities.

9.6 Shareholder rights

The rights attaching to the Shares are described in Section 9.6.1 "Constitution" and Section 9.6.2 "Certain aspects of Australian corporate law".

9.6.1 Constitution

The Company's Constitution is set out in Appendix A to this Information Document. Below is a summary of certain provisions of the Constitution as at the date of this Information Document. The summary does not purport to be complete and is qualified in its entirety by the Constitution and all applicable laws.

Share capital

The Company's share capital comprises of ordinary fully paid shares. The Shares are registered in accordance with the Constitution of the Company and the Australian Corporations Act.

The Company may convert all or any of its Shares into a larger or smaller number of shares by resolution passed at a general meeting, but this does not allow anything that the ASX listing rules do not allow.

Board of Directors

The Company's Board of Directors is to consist of a minimum of three Directors and a maximum of nine Directors. At the Company's annual general meeting held every year, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not exceeding 1/3, shall retire from office but no Director may retain office for more than three years without submitting himself or herself for re-election even though

the submission results in more than 1/3 of the directors retiring from office. The Managing Director (or, if there is more than one Managing Director at the same time, then the one appointed first), is not subject to retirement by rotation and is not taken into account in determining the rotation of retirement of Directors. A retiring Director is eligible for re-election.

Each candidate for election as a director must be proposed by a member or the nominated representative of a corporate member and be seconded by another member or he nominated representative of another corporate member. No member or nominated representative of a member may propose more than 1 person as a candidate but may second more than one nomination.

According to clause 7.4 of the Constitution a shareholder intending to propose a director for election at an annual general meeting must submit such nomination to the Company not later than 5pm on the day which is 45 days prior to the annual general meeting at which the candidate seeks election.

According to clause 9.1 of the Constitution, the Board of Directors may at any time appoint a person to be a Director, provided that the maximum number of Directors is not exceeded. Any such Director appointed will hold office until the termination of the next annual general meeting and will be eligible for re-election at the annual general meeting.

Pursuant to clause 46 of the Constitution, the Company may pay the Directors' superannuation contributions of an amount necessary to meet the minimum level of superannuation contributions required under any applicable legislation to avoid any penalty, charge, tax or impost. Under section 200B of the Australian Corporations Act, shareholder approval is required in order for an Australian company to give a benefit in connection with a person's loss of or retirement from a managerial or executive office with the company or a related body corporate, or in connection with the person's death at a time when they held that office. However, under section 200F(2) of the Australian Corporations Act, shareholder approval is not required if:

- the benefit is either (i) a genuine payment by way of damages for breach of contract, (ii) a payment for past services or (iii) given under a contract made between the company and the executive before he or she was appointed to the office as consideration for them agreeing to the appointment; and
- the value of the benefit, in conjunction with any other payments made in connection with the person's loss of or retirement from office, is no more than one year's average annual base salary.

Pursuant to clause 64.1 of the Constitution, no business shall be transacted at any meeting of Directors unless a quorum is present, comprising two Directors entitled to vote present in person, or by any technology consented to by all the Directors.

Restrictions on transfer of Shares and lien on Shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the 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 Australian Corporations Act or applicable listing rules. There are very limited restrictions on share transfers under the Australian Corporations Act and the listing rules. Under the listing rules, an entity may apply a holding lock to prevent transfers if, for example, the entity has a lien on the securities or there is a court order that restricts transfer.

According to clause 116 of the Constitution, in the event that any law for the time being of any country, state or place imposes or purports to impose an immediate or future or possible liability on the Company to make any payment in respect of a shareholder or empowers any government or taxing authority or government official to require the Company to make any payment in respect of any shares registered in the Company's register or in respect of any dividend or other money which is or may become due or payable or is accruing due to the shareholder by the Company on or in respect of the shares, the Company shall be fully indemnified by the shareholder or the shareholder's executor

or administrator from all liability and will have a lien on any dividends and other monies payable in respect of the Shares held by such shareholder, and may, subject to any applicable listing rules, refuse to register any transfer of such shares by this shareholder until any money and interest mentioned is set off or deducted or paid to the Company.

In addition, clause 143 of the Constitution entitles the Directors to refuse to register any transfer of shares for any of the following reasons:

- the Company has a lien on the securities;
- the Company is served with a court order that restricts the holders capacity to transfer the securities;
- registration of the transfer may break an Australian law and ASX has agreed in writing to the application of a holding lock² or that the Company may refuse to register a transfer. The application of the holding lock must not breach an ASX Settlement Operating Rule, i.e. that the application of a holding a lock must have sufficient legal basis before it is requested by the issuer, otherwise the issuer is required to comply with the general obligation in the ASX listing rules not to prevent, delay or interfere with the registration of a transfer of securities;
- during the escrow period of restricted securities;
- if the transfer is paper-based, the Company is obliged or allowed to refuse to register it under clause 145 of the Company's Constitution;
- if the transfer is paper-based, a law related to stamp duty prohibits the Company from registering it; or
- the Company is otherwise permitted to do so by the listing rules.

Please also note that ASX listing rules may impose restrictions on the free transferability of Shares issued to certain persons where shares have been issued as consideration for services, to related parties under an employee incentive scheme and in certain other situations.

Pre-emptive rights

Clause 111.4 of the Company's Constitution provides directors of the Company with the power, subject to the ASX listing rules, to grant to any person options or other securities with provisions for conversion to shares or pre-emptive rights to any shares for any consideration and for any period.

There are no provisions in the Australian Corporations Act which grant automatic pre-emptive rights for existing shareholders of a public company. There is a statutory pre-emptive right for existing shareholders in relation to an issue of shares in a proprietary company, however that does not apply to the Company (as it is a public company). Typically, any pre-emptive rights for a public company would have to be negotiated directly between specific investors and the public company, however the Company is not currently aware of any such arrangements in place.

Pursuant to the ASX listing rules, if the Company decides to raise capital via an entitlement offer to existing shareholders, that allows existing shareholders to take up their respective entitlements on a pro rata basis, it needs to comply with certain processes and timelines as outlined in the ASX listing rules. The Company has the flexibility to decide the form of capital raising and has options available where it can raise funds without first approaching existing shareholders (subject to any restrictions in the ASX listing rules such as its placement capacity).

General meetings and voting procedures

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

² A holding lock is a facility for preventing financial products from being deducted from, or entered into, a holding in Chess or the issuer-sponsored sub-register, pursuant to a transfer or conversion.

Please see section 9.6.2 "Certain aspects of Australian corporate law" for a description of how the Company calls for general meetings. Shareholders may requisition meetings in accordance with Section 249D or Section 249F of the Australian Corporations Act and the Constitution of the Company as follows:

- under s. 249D, shareholders with at least 5 per cent of the votes that may be cast at the general meeting may request that the directors of a company call and arrange to hold a general meeting. The company must pay the expenses of calling and holding the meeting. The directors must call the meeting within 21 days after the request is given to the company and the meeting must be held within 2 months after the request is given; and
- under s. 249F, shareholders with at least 5 per cent of the votes that may be cast at a general meeting of the company may call, and arrange to hold, a general meeting. The shareholders calling the meeting must pay the expenses of calling and holding the meeting and the meeting must be called in the same way, so far as is possible, in which general meetings of the company may be called.

Pursuant to the Company's Constitution section 99, a resolution put to the vote at a general meeting of the Company shall be decided on a show of hands unless a poll is demanded. If voting in a general meeting takes place by a show of hands, a declaration by the chair is conclusive evidence of the result. Neither the chair nor the minutes need to state the number or proportion of the votes recorded in favour or against.

However, in a general meeting, a poll may be demanded on any resolution, in the following situations:

- 1) Where a poll is required by at least 5 members entitled to vote on the resolution;
- 2) Where a poll is required by one or more shareholders holding at least 5% of the votes that may be cast on the resolution on a poll;
- 3) Where a poll is required by one or more shareholders holding voting shares on which the aggregate sum paid up is not less than 5% of the total sum paid up on all voting shares; or
- 4) Where a poll is required by the chairman of the general meeting.

A poll may be required; (i) before a vote is taken, (ii) before the voting results on a show of hands are declared, or (iii) immediately after the voting results on a show of hands are declared.

Change of shareholder rights

Pursuant to Section 246B of the Australian 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.

Under Australian law an offeror is entitled to make a proportional takeover bid for the Shares of the Company. The Constitution contains a provision prohibiting the registration of the transfers of shares acquired under a proportional takeover bid unless shareholders who are not associated with the bidder approve the proportional takeover bid in a general meeting to be convened prior to 14 days before the end of the offer period for the proportional takeover bid. This provision of the Constitution must be approved by shareholders every three years otherwise it is deemed to have been removed from the Constitution after the expiration of the third year.

Dividend payments

Pursuant to section 124 of the Company's Constitution, the Directors may determine that a dividend is payable and determine (1) the amount; (2) the time for payment; and (3) the method of payment. The general meeting may also

determine a dividend payment, but may only do so if the directors have recommended a dividend (and may not exceed the directors' proposal). Furthermore, pursuant to section 128 of the Constitution, the Directors have a general right to deduct from any dividend payable to a member all sums of money (if any) presently payable by the shareholder to the Company in relation to shares in the Company (e.g. calls on payment for partly paid shares or tax liability).

Pursuant to the Company's Constitution section 134, the general meeting or the Directors may establish a dividend reinvestment plan in which dividends on shares held in the Company are paid by the issuance of new, fully paid shares.

Right to sell minority holders' securities

Pursuant to the Company's Constitution section 149 the Company is entitled to sell securities on behalf of security holders owning securities of a market value of less than AUD 500 on certain conditions. As a general rule, the shareholder must be given at least 6 weeks' notice during which the shareholder must advise the Company that the shareholder wishes to retain the shares. Unless the shareholder gives such advice, the Company can sell the securities on the shareholder's behalf. The Company may sell minority stakes without notifying the minority holder in certain special circumstances. The proceeds from a sale, less the cost of the sale, must be sent to the minority holder after the sale.

Clause 149 may be invoked once in any 12-month period.

Distribution of assets if the Company is wound up

Pursuant to the Company's Constitution section 161, if the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the members/shareholders in kind the whole or any part of the property of the Company and may for that purpose set the value the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the members or different classes of members.

9.6.2 Certain aspects of Australian corporate law

General meetings

The Company is required to give shareholders at least 28 days' notice of a meeting of shareholders. Each shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Australian Corporations Act, Constitution, the listing rules applicable to the companies listed on the ASX and the continuing obligations applicable to companies admitted to trading on Euronext Growth Oslo.

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Australian Corporations Act and the Constitution of the Company.

Voting rights

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

- on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

Additional issuances

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares (noting that the Company is not currently aware of any such rights), the issue of shares shall be under the control of the Directors, and subject to the Australian Corporations Act, applicable listing rules and the Constitution of the Company, the Directors may at any time issue securities to person on terms and conditions and having attached to them preferred, deferred or other special rights or restrictions as the Directors see fit.

The Company currently only has fully paid ordinary shares on issue.

Rights of redemption and repurchase of Shares

The Company is not entitled to hold its own shares, subject to exceptions set out in Section 259A of the Australian Corporations Act. Any Shares repurchased by the Company will need to be cancelled.

Subject to the requirements in the Australian Corporations Act, an Australian Company may purchase its own shares in accordance with the buy-back provisions of the Australian Corporations Act, on such terms and at such times as may be determined by the Directors from time to time and approved by the shareholders as required pursuant to the Australian Corporations Act.

The Australian Corporations Act recognises five basic types of share buy-backs. These are an equal access scheme buy-back, an on-market buy-back, an employee share scheme buy-back, a selective buy-back and a minimum holding buy-back.

In addition to differences in approvals required for the different buy-back types, different rules also apply depending on whether the share buy-back involves 10 per cent or less of the total shares to be purchased within a twelve-month period. This is called the 10/12 limit. The requirements for share buy-backs within the 10/12 limits are less onerous than those over that limit. The equal access, on-market, and selective buy-backs are most commonly used and are described in more detail below.

Shares which are bought back by a company are automatically cancelled.

Equal access buy-backs:

In an equal access buy-back, all ordinary shareholders are offered a reasonable opportunity to consider the offer, which is to buy back the same percentage of their ordinary shares under an off-market offer. Acceptance of the offer is voluntary.

If a proposed equal access share buy-back is over the 10/12 limit, it requires simple majority approval by shareholders in general meeting. A proposed equal access share buy-back within the 10/12 limit does not require a shareholder approval.

Broadly, limits on an equal-access buy-back include:

- the offer relates only to ordinary shares;

- a minimum of 14 days' notice to shareholders and creditors must be given by lodging the buy-back documents with ASIC;
- shareholders must receive a reasonable time to consider the buy-back offer;
- offers are to be made to every person who holds ordinary shares to buy back the same percentage of their ordinary shares;
- the terms of all the offers are the same; and
- the buy-back must be commenced and completed within a reasonable time of the notice being lodged with ASIC.

On-market buy-backs:

An on-market buy-back is a different form of equal access buy-back, in that offers are not made directly to all shareholders. Instead, a company may purchase its shares directly on a licensed Australian stock exchange in the ordinary course of trading. On-market buy-backs conducted within the 10/12 limit do not require prior shareholder approval.

Selective buy-back:

In addition to the requirements set out above for equal access buy-backs, a selective buy-back (one in which identical offers are not made to every shareholder and is not on-market) must first be approved by a special resolution (requiring a 75 per cent majority) of the shareholders in which no vote is cast by selling shareholders or their associates. Selling shareholders may not vote in favour of a special resolution to approve a selective buy-back.

Shareholder vote on mergers and demergers

For a scheme of arrangement to be approved, a resolution in favour must be passed at the scheme meeting by each class of target shareholders by more than 50 per cent in number of those persons/entities that vote representing 75 per cent or more of the votes cast on the resolution. There are no other specific thresholds for a merger or demerger under the Australian Corporations Act.

Minority rights

The Australian Corporations Act provides remedies of oppressed minority shareholders. Section 232 of the Australian Corporations Act provides courts with wide-ranging powers to grant relief to a shareholder of a company if the conduct of a company's affairs (including any actual or proposed act, omission or resolution) is either:

- Contrary to the interests of the shareholders as a whole; or
- Oppressive to, unfairly prejudicial to, or unfairly discriminatory against, a shareholder or shareholders whether in that capacity or in any other capacity.

The section targets conduct that subjects the minority shareholder to some commercial unfairness. It is not enough that a shareholder is prejudiced or discriminated against, there must be an element of unfairness that goes beyond mere disadvantage.

Pursuant to the Australian Corporations Act, the court has the discretion (but is not obliged) to grant a range of remedies for the purposes of relieving the minority shareholder from the effects of oppression including an order:

- That the company's existing constitution be modified or repealed;
- For the purchase of any shares by any shareholder or person to whom a share in the company has been transmitted by will or by operation of law;
- That the company purchase the shares with an appropriate reduction of the company's share capital;
- That a receiver or receiver and manager be appointed;

- Requiring a person to do a specified act;
- Regulating the conduct of the company's affairs in the future;
- Restraining the company or any other person from doing a specified act;
- That an authorised shareholder, or a person to whom a share in the company has been transmitted by will or by operation of law, to institute, prosecute, defend or discontinue specified proceedings in the name and on behalf of the company;
- That the company institute, prosecute, defend or discontinue specified proceedings; and
- That the company be wound up.

Distribution of assets on liquidation

If the Company is wound up the liquidator may, with the authority of a special resolution of the Company and any other sanction required by law, divide among the shareholders in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. Subject to the rights of shareholders (if any) entitled to shares with special rights in a winding-up and the Australian Corporations Act, all monies and property that are to be distributed among shareholders on a winding-up, shall be distributed in proportion to the shares held by them respectively.

Mandatory take-over regime

Takeovers of Australian incorporated companies are regulated under Chapter 6 of the Australian Corporations Act. The regime under the Australian Corporations Act relates not only to takeover bids for voting shares in publicly listed entities, but also for non-voting shares and other securities, such as convertible debt securities and options over issued or unissued securities or other securities. It also regulates the shares and securities in Australian incorporated companies which are not publicly listed but which have more than fifty holders.

The regulation of takeovers is underpinned by a set of principles which aim to protect security holders and ensure that the transition of control in a public company occurs in a manner which is transparent, fair and treats all security holders equally. The principles are enshrined in section 602 of Chapter 6 of the Australian Corporations Act and provide that:

- the acquisition of control should take place in an efficient, competitive and informed market;
- security holders and directors of a target should:
 - know the identity of any bidder who proposes to acquire a substantial interest in the target;
 - have a reasonable time to consider a proposal; and
 - are given enough information to assess its merits; and
- target security holders should have a reasonable and equal opportunity to participate in any benefits flowing from a proposal.

These principles form the basis for the fundamental takeovers prohibition (discussed below) and underpin the further provisions of Chapter 6 which regulate in detail the various aspects of takeovers in Australia. They also form the basis of challenges to, and decisions made by, the Takeovers Panel in relation to takeovers.

The fundamental feature of Chapter 6 is a general takeovers prohibition, contained in section 606 of the Australian Corporations Act, which prohibits a person from acquiring (whether by way of a purchase of existing securities or an issue of new securities) a 'relevant interest' in securities in an Australian company if because of the acquisition:

- any person's voting power in the company would increase from below 20 per cent to more than 20 per cent; or
- any person's voting power in the company that is above 20 per cent and below 90 per cent would increase,

unless the acquisition is expressly permitted by one of the exceptions set out at section 611 of the Australian Corporations Act.

The prohibition can limit the options available to a security holder wanting to sell a large holding in an Australian public company as it will prevent the potential acquirer from acquiring an interest in more than 20 per cent of the voting shares.

A summary of the types of acquisitions commonly permitted by section 611 is set out below.

Permitted exceptions through the 20 per cent prohibition	
Off market takeover bid	Acquisitions under a takeover offer made to all target security holders where security holders sell securities to a bidder by way of off-market acceptances.
On-market takeover bid	Acquisitions under a takeover offer (must be a cash offer) made to all target security holders where security holders sell securities to a bidder through a prescribed stock exchange (which does not include OSE or Euronext).
Scheme of arrangement	Acquisitions under a scheme of arrangement approved by the target security holders and the Court. For a scheme of arrangement, a court must first approve the calling of the shareholder meeting and the material sent to shareholders for the meeting. Following the meeting, the company needs court approval of the resolutions passed at the shareholder meeting. At the second court meeting the court has the discretion whether or not to approve the scheme and will consider whether the scheme is fair and reasonable in exercising this discretion. Once a court order is lodged approving the scheme of arrangement, it is then filed with the Australian Securities & Investments Commission to take effect.
Security holder approval	Acquisitions made with the approval of independent target security holders not affiliated with the acquisition.
Creeping acquisition	Acquisitions of not more than 3 per cent of the voting power in a company in a 6-month period by a security holder already holding at least 19 per cent.
Rights issue	Acquisitions resulting from pro-rata rights issues offered equally to all security holders.
Underwriting	Acquisitions by an underwriter of an issue of securities made pursuant to a prospectus or other disclosure document which includes disclosure as to the effect that the acquisition would have on the person's voting power in the company.
Downstream	Indirect acquisitions resulting from an acquisition of securities in an 'upstream' company listed on a prescribed stock exchange (which does not include OSE or Euronext) which itself has a relevant interest in a 'downstream' company listed on a prescribed stock exchange (which does not include OSE or Euronext).

Insider trading prohibition

Under the Australian Corporations Act, it is an offence for a person who is in possession of inside information in relation to an Australian company to (in general terms) apply for, acquire or dispose of securities of that company, which includes derivatives and other financial products traded on a market (such as the Depository Interest, even if not traded in Australia). It is also an offence for such a person to procure another to engage in a prohibited transaction, and to communicate the inside information to another person if the person knows (or ought reasonably to know) that the recipient would be likely to engage in a prohibited transaction. For these purposes, inside information is information which is both price sensitive and non-public. Information will be price sensitive if it would be likely to influence an investor's decision whether to acquire or dispose of the securities. This is a general overview only and should not be relied on as legal advice, and certain exemptions may be available in limited circumstances. The Australian Corporations Act prohibition on insider trading applies to all Australian incorporated companies, whether listed or not.

9.7 Corporate governance

The Board of Directors of the Company is responsible for establishing the corporate governance framework of the Company having regard to the Australian Corporations Act 2001 and the applicable listing rules related to the listing on ASX. The Board of Directors is committed to administering its corporate governance policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. Given its ASX listing, the Company's corporate governance framework has been constructed in accordance with the Australian Corporations Act; the ASX Corporate Governance Council's ("**CGC**") 'Corporate Governance Principles and Recommendations' ("**Recommendations**") and CGC published guidelines; and an extensive range of varying legal, regulatory and governance requirements applicable to publicly listed companies in Australia.

The Board of Directors supports the principles of effective corporate governance and is committed to adopting high standards of performance and accountability, commensurate with the size of the Company and its available resources. Accordingly, the Board of Directors has adopted corporate governance principles and practices designed to promote responsible management and conduct of the Company's business.

The current corporate governance plan adopted by the Company is available on the Company's website <http://www.cleanseas.com.au/investors/corporate-governance/>. Except as described in Section 8.2 "Committees", the Company is currently following the ASX Recommendations.

9.8 Dividend and dividend policy

9.8.1 Policy

The Company does not have a dividend policy.

9.8.2 Legal and contractual constraints on the distribution of dividends

The Company's Constitution does not provide for any time limit after which entitlement to dividends lapses. Clause 129 of the Constitution deals with the process for unclaimed dividends. If a dividend cheque is not presented for payment for 11 calendar months after issue, the Directors may reinvest the amount, after deducting reasonable expenses, into Shares in the Company on behalf of, and in the name of the member concerned and may stop payment on the cheque.

The Directors may from time to time declare a dividend to be paid to shareholders entitled to the dividend. The dividend shall (subject to the Company's Constitution and to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividends) be payable on all shares in accordance with the Australian Corporations Act. The Directors may from time to time pay to the shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company. There are no dividend restrictions or specific procedures for the right of non-Australian resident shareholders to claim dividends. However, where a non-resident investor holds Shares in the Company, any dividends (or other amounts treated as dividend for Australian income tax purposes) paid by the Company may be subject to dividend withholding tax as further described in Section 10.1 "Australian taxation" (10.1.2 "Dividends").

Under the Australian Corporations Act, a company must not pay a dividend unless:

- Assets exceed liabilities immediately before the dividend is declared and the excess is sufficient to cover the payment of the dividend;
- The payment of the dividend is fair and reasonable to the shareholders as a whole; and

- The payment of the dividend does not materially prejudice the company's ability to pay its creditors.

Directors may determine that a dividend is payable and fix the amount, time for payment and the method of payment.

Pursuant to the Company's AUD 32.150 million facility agreement with Commonwealth Bank of Australia, any payment of dividend is subject to approval from Commonwealth Bank of Australia, such consent not to be unreasonably withheld.

9.8.3 Manner of dividend payments

For the Company's shareholders registered in the VPS who have a NOK account linked to their VPS account, any future payment of dividends will be credited directly to such NOK account. Dividends will however be resolved and paid by the Company in AUD as the accounting currency of the Company. Shareholders who reside in Norway but have not linked a NOK account to the VPS account will receive dividend by giro payment. With respect to shareholders registered in the VPS whose address is outside Norway and who have not supplied its VPS account administrator with details of any NOK account, payment of dividends will be denominated in the currency of the bank account of the relevant shareholder, and will be paid to the shareholder through the VPS Registrar. Shareholders registered in the VPS who have not supplied their VPS account administrator with details of their bank account, will not receive payment of dividends unless they register their bank account details on their VPS account, and thereafter inform the VPS Registrar about said account. Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered account, at the time when the relevant shareholder has provided the VPS Registrar with their bank account details, without the need for shareholders to present documentation proving their ownerships. Shareholders' right to payment of dividend will lapse three years following the payment date for those shareholders who have not registered their bank account details with the VPS Registrar within such date. Following the expiry of such date, the remaining, not distributed dividend will be returned from the VPS Registrar to the Company. Exchange of funds will be executed in accordance with the standard procedures of the VPS Registrar. The exchange rate(s) that is applied will be the VPS Registrar's exchange rate on the date and time of day for execution of the exchange.

10 TAXATION

10.1 Australian taxation

10.1.1 Share disposals

Capital gains tax – Australian resident shareholders

Shareholders who hold their shares on capital account will make a capital gain on the disposal of such shares where the capital proceeds received on disposal exceed the shares' 'cost base'. That capital gain may be taxed as part of a taxpayer's Australian assessable income. Generally, a share's cost base will include the price paid by the shareholder, certain incidental costs, and the costs of owning the shares (e.g. account management fees, and in some circumstances, interest on money borrowed to acquire the shares where the interest is not otherwise allowable as a tax deduction).

Conversely, a shareholder will make a capital loss on the disposal of a share where the proceeds received from the disposal are less than the share's 'reduced cost base'. The reduced cost base includes the price paid by the shareholder and certain incidental costs. However, it typically does not include the costs of owning the share.

For each income year, capital gains are offset by capital losses (including accrued capital losses from previous income years) made by a shareholder, and it is only the net capital gain which is included in the shareholder's assessable income. Net capital losses can generally only be used to offset capital gains in that income year and capital losses cannot be used to offset other assessable income (e.g. income from dividends or employment). Where capital losses exceed capital gains in a given income year, the surplus capital losses may be carried forward to offset capital gains derived by the shareholder in future income years. Shareholders who are companies are only able to carry forward capital losses where they satisfy certain company loss utilisation rules.

A shareholder who has owned their shares for more than 12 months and is either an individual, an eligible trust or eligible superannuation fund may claim the benefit of the capital gains tax ("CGT") discount concession to exempt from tax a portion of any capital gain made on the disposal of the shares. The portion exempted is generally 50 per cent where the shareholder is an individual or an eligible trust, or 33.33 per cent for a trustee of a complying superannuation fund. A trust which claims the CGT discount may need to satisfy additional requirements, such as distributing the capital gain to individual beneficiaries, or else the CGT discount may be reversed. Shareholders who are companies are not able to claim the benefit of the CGT discount.

Capital gains tax – Non-Australian shareholders

Generally, non-Australian shareholders are not subject to capital gains tax on the sale of shares in an Australian company where the shares are held on capital account, provided those shares are not Taxation Australian Property ('TAP').

Shares in a company are generally not regarded as TAP, provided the shareholder (together with their associates) hold less than 10 per cent of the interests in the Company. Non-Australian shareholders who own 10 per cent or more interests in the Company should seek independent tax advice. Such shareholders may be subject to Australian capital gains tax if, at the time of the disposal, more than 50 per cent of the Company's assets determined by reference to market value, consists of Australian real property (including land, leasehold interests and certain Australian mining rights). Australian capital gains tax applies to net capital gains at a taxpayer's marginal tax rate for individuals (generally between 32.5 and 45 per cent) or typically, 30 per cent for companies.

Non-Australian shareholders are generally not entitled to a CGT discount for assets acquired after 8 May 2012. Net capital gains are calculated after reduction for capital losses, which may only be offset against capital gains.

Shareholders holding shares on revenue account

Some shareholders may hold shares on revenue rather than on capital account (for example, share traders). Broadly, Australian shareholders holding their shares on revenue account will include the profit arising from the disposal of their shares in their assessable income and will be taxed on the profit at marginal tax rates. Conversely, a loss arising from the disposal of shares held on revenue account may be allowed as a deduction from assessable income.

Non-Australian shareholders who hold their shares on revenue account and do not have the benefit of a tax treaty between Australia and their country of tax residency may be subject to Australian income tax on the profit from the sale if the profit has an Australian source. The Australian tax law on the source of profits on the sale of shares, and the Commissioner of Taxation's interpretation of that law, can be unclear in certain circumstances, and accordingly non-Australian shareholders holding their shares on revenue account should seek their own Australian tax advice.

To the extent an amount would be included in a shareholder's assessable income under both the capital gains tax provisions and the ordinary income provisions, the capital gain amount would generally be reduced, so that the shareholder would not be subject to double tax on any part of the profit or capital gain.

Other shareholders

Shareholders who are banks, insurance companies, tax exempt organisations, superannuation funds or who acquire their shares under an employee share or option plan may be subject to special or different tax consequences peculiar to their circumstances which are not discussed in this summary.

10.1.2 Dividends

Dividends will generally form part of a taxpayer's assessable income and be taxed accordingly. Australia operates a dividend imputation system under which dividends may be declared to be 'franked' to the extent that Australian income tax is paid on a company's profits, to prevent the Company's profits being 'double taxed' at both the company level and shareholder level. Franking credits do not arise in respect of foreign tax paid by an Australian company.

The franking credits attached to a franked dividend represent the Australian corporate tax that has already been paid on the profits distributed. An unfranked dividend is paid from profits which have not been subject to Australian corporate tax and has no franking credits attached. The tax consequences for a shareholder receiving a dividend can differ depending on several factors including the residency status of the shareholder, the type of entity they are, the applicable tax rate, and whether a dividend is franked or unfranked. Generally, franking credits attached to dividends can be used to offset the amount of Australian income tax payable by the recipient of the franked dividend.

Australian shareholders

Australian resident shareholders are required to include dividends together with any attached franking credits in their assessable income. Provided a shareholder has held their shares at risk for the requisite holding period, they may claim a tax offset equal to the amount of franking credits attached to the dividend. Shareholders who are individuals or complying superannuation funds may be able to claim a refund to the extent that the tax offset exceeds their tax liability for the income year.

Where a franked dividend is paid to a shareholder who is an Australian resident corporate entity, a franking credit should arise in the corporate entity's franking account to the extent that the dividend is franked. Such a corporate shareholder cannot claim a refund for excess franking credits but may be able to convert them into tax losses.

Unfranked dividends are included in an Australian resident shareholder's assessable income and subject to tax at marginal tax rates. No tax offsets can be claimed in respect of unfranked dividends.

Non-Australian shareholders

Fully franked dividends are not subject to dividend withholding tax.

Dividends payable to non-Australian resident shareholders that are not operating from an Australian permanent establishment will be subject to dividend withholding tax, to the extent the dividends are not foreign sourced and declared to be conduit foreign income and are unfranked. For shareholders who are not covered by a double tax treaty between Australia and their applicable country of tax residence, the rate of withholding on unfranked will be 30 per cent. For shareholders who qualify for the benefits of a double tax treaty, the rate of withholding may be reduced to a lower rate (commonly 15% for many treaty countries). The Company will be responsible for withholding tax at the applicable rate of withholding.

10.1.3 Tax file number withholding

Whilst Australian resident shareholders are not obliged to, they should provide the Company with their tax file number ('TFN'). Failure to do so may result in the Company being required to withhold tax at the top marginal individual rate including Medicare levy from any dividends paid to the shareholder. Where a shareholder invests in the Company in the course of carrying on an enterprise then they may quote their Australian Business Number instead.

A Shareholder who has been subjected to TFN withholding may claim a credit in their annual income tax return to the extent of the tax withheld. Non-resident shareholders are generally exempt from TFN withholding.

10.2 Norwegian taxation

This section describes certain tax rules in Norway applicable to shareholders who are resident in Norway for tax purposes ("**Norwegian Shareholders**") and to shareholders who are not resident in Norway for tax purposes ("**Non-Resident Shareholders**"). The statements herein regarding taxation are based on the laws in force in Norway as of the date of this Information Document and are subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares. Investors are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of Shares. The statements only apply to shareholders who are beneficial owners of Shares. Please note that for the purpose of the summary below, references to Norwegian Shareholders or Non-Resident Shareholders refers to the tax residency rather than the nationality of the shareholder. Please also note that the tax legislation in the Company's jurisdiction of incorporation and the tax legislation in the jurisdictions in which the shareholders are resident for tax purposes may have an impact on the income received from the Shares.

10.2.1 Norwegian shareholders

Taxation of dividends

Dividends distributed to Norwegian shareholders are taxed as ordinary income with a flat rate of 22%. To the extent withholding tax is levied in Australia (up to 15% according to the double tax treaty, although 5% if the ownership interest is at least 10%), the Norwegian shareholder will be eligible for a tax credit (deduction) against ordinary Norwegian income tax on the foreign income.

Norwegian corporate shareholders ("**Norwegian Corporate Shareholders**") are comprised by the Norwegian participation exemption, provided that the Company is not resident in a low tax jurisdiction and that the corporate shareholder has been the beneficial owner of at least 10% of the capital in the Company and has had at least 10% of the votes for a consecutive period of two years. Unless particular tax incentives apply to the Company, Australia is not considered as a low tax jurisdiction. Under the exemption, only 3% of dividend income on shares in limited liability companies and similar entities is subject to tax as ordinary income, implying that such dividends are effectively taxed at a rate of 0.66%. For Norwegian Corporate Shareholders that are considered to be "Financial Institutions" under the Norwegian financial activity tax, the effective rate of taxation for dividends is 0.75%.

Dividends distributed to Norwegian shareholders that are individuals (i.e. shareholders who are natural persons) ("**Norwegian Individual Shareholders**") are grossed up with a factor of 1.44 before taxed as ordinary income (22% flat rate), resulting in an effective tax rate of 31.68% to the extent the dividend exceeds a tax-free allowance.

The tax-free allowance is calculated on a share-by-share basis for each individual shareholder on the basis of the cost price of each of the Shares multiplied by a risk-free interest rate. The risk-free interest rate is based on the effective rate of interest on treasury bills (Nw: *statskasseveksler*) with three months maturity plus 0.5 percentage points, after tax. The tax-free allowance is calculated for each calendar year and is allocated solely to Norwegian Individual Shareholders holding Shares at the expiration of the relevant calendar year. For 2020 the tax-free allowance was 0.6 %. Norwegian Individual Shareholders who transfer Shares will not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated tax-free allowance one year exceeding the dividend distributed on the Share ("unused allowance") may be carried forward and set off against future dividends received on (or gains upon realisation of, see below) the same Share. Any unused allowance will also be added to the basis of computation of the tax-free allowance on the same Share the following year.

The Shares will not qualify for Norwegian share saving accounts (Nw: *aksjesparekonto*) for Norwegian Individual Shareholders as the Company is not resident within the EEA.

Taxation of capital gains

Sale, redemption or other disposal of Shares is considered as a realisation for Norwegian tax purposes.

Capital gains derived by Norwegian Corporate Shareholders from realisation of Shares are taxed at a flat rate of 22%. Losses arising from the sale or other disposal of Shares by Norwegian Corporate Shareholders are deductible provided that the shareholder has not held, at any time during the past two years, either 10% of the capital in the Company or 10% of the votes. Norwegian Corporate Shareholders qualifying for participation exemption (see above for dividends) are exempt from gains taxation. Correspondingly, losses are not deductible.

Norwegian Individual Shareholders are taxable in Norway for capital gains derived from realisation of Shares and have a corresponding right to deduct losses. This applies irrespective of how long the Shares have been owned by the individual shareholder and irrespective of how many Shares that are realised. Gains are taxable as ordinary income (flat rate of 22%) in the year of realisation and losses can be deducted from ordinary income in the year of realisation. Any gain or loss is grossed up with a factor of 1.44, resulting in an effective tax rate of 31.68%. Under current tax rules, gain or loss is calculated per Share, as the difference between the consideration received for the Share and the Norwegian Individual Shareholder's cost price for the Share, including costs incurred in connection with the acquisition or realisation of the Share. Any unused tax-free allowance connected to a Share (see above for dividends) may be deducted from a capital gain on the same Share but may not create or increase a deductible loss. Further, unused tax-free allowance related to a Share cannot be set off against gains from realisation of other Shares.

If a Norwegian shareholder realises Shares acquired at different points in time, the Shares that were first acquired will be deemed as first sold (the "first in first out"-principle) upon calculating taxable gain or loss.

A shareholder who ceases to be tax resident in Norway due to domestic law or tax treaty provisions may under certain conditions become subject to Norwegian exit taxation of capital gains on the Shares.

Net wealth tax

The value of Shares is taken into account for net wealth tax purposes in Norway. The marginal net wealth tax rate is currently 0.85% of the value assessed. The value for assessment purposes for the Shares is equal to 55% of their market value as of 1 January in the tax assessment year. The value of debt allocated to the Shares for Norwegian wealth tax purposes is reduced correspondingly (i.e. to 55%).

Norwegian Corporate Shareholders being limited liability companies and certain similar entities are exempt from net wealth tax.

10.2.2 Non-Resident Shareholders

Taxation of dividends

Dividends distributed from the Company to Non-Resident Shareholders will not be subject to Norwegian withholding tax as the Company is not tax resident in Norway. However, if a Non-Resident Shareholder is carrying on or manages business activities in Norway and the Shares are effectively connected to such activities, the Non-Resident Shareholder will be subject to the same dividend taxation as a Norwegian Shareholder (see above). Such taxation may be limited according to an applicable tax treaty.

Taxation of capital gains

Gains from realisation of Shares by Non-Resident Shareholders will not be subject to tax in Norway unless the Non-Resident Shareholders are holding the Shares in connection with business activities carried out or managed in Norway. Such taxation may be limited according to an applicable tax treaty.

Net wealth tax

Non-Resident Shareholders are not subject to Norwegian net wealth tax with respect to the Shares, unless the shareholder is an individual, and the shareholding is effectively connected with a business which the shareholder takes part in carries out or manages in Norway. Such taxation may be limited according to an applicable tax treaty.

10.2.3 Transfer taxes etc., VAT

No transfer taxes, stamp duty or similar taxes are currently imposed in Norway on purchase, issuance, disposal or redemption of shares. Further, there is no VAT on transfer of shares.

11 SELLING AND TRANSFER RESTRICTIONS

11.1 General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares admitted to trading on Euronext Growth Oslo.

The Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Information Document does not constitute an offer and this Information Document is for information only and should not be copied or redistributed. If an investor receives a copy of this Information Document, the investor may not treat this Information Document as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Information Document, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

11.2 Selling restrictions

11.2.1 The United States

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the U.S. Securities Act; or (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Transfer of the Shares will be restricted and each purchaser of the Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 11.3.1 "The United States".

11.2.2 European Economic Area

In no member state (each a "**Relevant Member State**") of the European Economic Area (the "**EEA**") have Shares been offered and in no Relevant Member State will Shares be offered to the public pursuant to an offering, except that Shares may be offered to the public in that Relevant Member State at any time in reliance on the following exemptions under the EU Prospectus Regulation:

- (a) to persons who are "qualified investors" within the meaning of Article 2(e) in the EU Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) per Relevant Member State; or
- (c) in any other circumstances falling under the scope of Article 3(2) of the EU Prospectus Regulation;

provided that no such offer of Shares shall result in a requirement for the Company or Euronext Growth Advisor to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplementary prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purpose of this provision, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

11.3 Transfer restrictions

11.3.1 The United States

The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Information Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorised to consummate the purchase of the Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act, or with any securities, regulatory authority or any state of the United States, subject to certain exceptions, may not be offered or sold within the United States.
- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Shares, was located outside the United States at the time the buy order for the Shares was originated and continues to be located outside the United States and has not purchased the Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Shares or any economic interest therein to any person in the United States.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser is aware of the restrictions on the offer and sale of the Shares pursuant to Regulation S described in this Information Document.
- The Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.
- The Company shall not recognise any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above restrictions.
- If the purchaser is acquiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements in behalf of each such account.
- The purchaser acknowledges that the Company, the Euronext Growth Advisor and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Shares within the United States purchasing pursuant to Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Information Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorised to consummate the purchase of the Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.

- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Shares, as the case may be.
- The purchaser is aware that the Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.
- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Shares, or any economic interest therein, as the case may be, such Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser will not deposit or cause to be deposited such Shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Shares are "restricted securities" within the meaning of Rule 144(a) (3) under the U.S. Securities Act.
- The purchaser acknowledges that the Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Shares, as the case may be.
- The purchaser acknowledges that the Company shall not recognise any offer, sale pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.
- If the purchaser is requiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- The purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and that Company, the Euronext Growth Advisor and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

11.3.2 European Economic Area

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Shares under, the offers contemplated in this Information Document will be deemed to have represented, warranted and agreed to and with the Euronext Growth Advisor and the Company that:

- (a) it is a qualified investor within the meaning of Articles 2(e) of the EU Prospectus Regulation; and
- (b) in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 1 of the EU Prospectus Regulation, (i) the Shares acquired by it in an offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purpose of this representation, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on terms of an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

12 ADDITIONAL INFORMATION

12.1 Admission to Euronext Growth Oslo

On 3 May 2021, the Company applied for the Admission on Euronext Growth Oslo. The first day of trading on Euronext Growth Oslo is expected to be on 20 May 2021.

The Shares are also listed on ASX with trading symbol "CSS".

12.2 Independent auditors

The Company's independent auditor is Grant Thornton Audit Pty Ltd with registration number ACN 130 913 594 business address Level 3, 170 Frome Street, Adelaide SA 5000, Australia. Grant Thornton Audit Pty Ltd has been the Company's auditor throughout the period covered by the Financial Statements.

12.3 Confirmation regarding sources

In this Information Document, certain information has been sourced from third parties. The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

12.4 Financial calendar

As of the date of this Information Document, the Company's financial calendar is as follows:

- Full year 2021 statutory accounts: 31 August 2021
- Annual report 2021: 24 September 2021
- Annual general meeting: 29 September 2021

12.5 Advisors

SpareBank1 Markets AS (business address: Olav Vs gate 5, 0161 Oslo, Norway) is acting as Euronext Growth Advisor.

Advokatfirmaet CLP DA (business address: Sommerrogata 13-15, N-0255 Oslo, Norway) is acting as Norwegian legal counsel to the Company. HWL Ebsworth Lawyers (business address: Level 21 Westpac House 91 King William Street, Adelaide SA 5000, Australia) is acting as Australian legal counsel to the Company. SANDS Advokatfirma DA (business address: Cort Adelers gate 33, 0254 Oslo, Norway) is acting as Norwegian legal counsel to the Euronext Growth Advisor.

13 DEFINITIONS AND GLOSSARY OF TERMS

Defined term	Meaning
Admission	The admission to trading of the Company's Shares on the Euronext Growth Oslo.
Annual Financial Statements	The audited consolidated annual financial statements of the Group as of and for the years ended 30 June 2020 and 30 June 2019.
ASIC	Australian Securities and Investments Commission.
ASIC Class Order	ASIC Class Order 14/1000
ASX	Australian Securities Exchange.
AUD	Australian dollar, the lawful currency of Australia.
Australian Corporation Act	The Corporations Act 2001 (Cth).
Australian Custodian	Citibank Melbourne
Board of Directors	The Board of Directors of the Company.
Chess	The Clearing House Electronic Sub-register System, a sub-register of the Company which together with the issuer sponsored sub-register constitutes the share register of the Company in Australia.
CGC	ASX Corporate Governance Council
CGT	Capital gains tax
Clean Seas Seafood	The Company.
Company	Clean Seas Seafood Limited.
Constitution	The constitution of the Company.
Convertible Notes	The convertible notes the Company issued pursuant to a convertible note prospectus dated 15 October 2019.
Depository Interest	The depository receipts issued in the VPS, representing the beneficial interest in the underlying Shares.
Director(s)	Member(s) of the Board of Directors.
EEA	European Economic Area
Employee Share Rights	The rights granted under the Incentive Plan to issue shares on certain conditions.
EU Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended.
Euronext Growth Advisor	SpareBank1 Markets AS.
Euronext Growth Oslo	A multilateral trading facility operated by Oslo Børs.
Financial Statements	The Annual Financial Statements and Interim Financial Statements.
FIRB	The Australian Foreign Investment Review Board.
Group	The Company and its subsidiaries.
Guarantors	Clean Seas Aquaculture Growout Pty Ltd and Clean Seas Seafood International Pty Ltd
Incentive Plan	The equity incentive plan which the Company adopted in 2017, pursuant to which employees and other key personnel may be granted Share Rights
Incentive Rights	The rights granted under the Incentive Plan to be issued ordinary Shares in the Company, options to acquire Shares, and ultimately, Shares
Information Document	This information document dated 19 May 2021, and its appendices.
Interim Financial Statements	The unaudited consolidated financial statements for the half-year ended 31 December 2020.
Lender	Commonwealth Bank of Australia
Management	The Group's senior management
New Shares	The 43,859,650 new shares allocated in the Private Placement.
NOK	Norwegian kroner, the lawful currency of Norway.
Non-Resident Shareholders	Shareholders who are not resident in Norway for tax purposes.

Norwegian Corporate Shareholders	Shareholders who are limited liability companies and similar entities, and who are resident in Norway for tax purposes.
Norwegian Individual Shareholders	Shareholders who are individuals (natural persons), and who are resident in Norway for tax purposes.
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no 75 (as amended) (Nw: <i>verdipapirhandelloven</i>).
Norwegian Securities Trading Regulation	The Norwegian Securities Trading Regulation of 29 June 2007 no 876 (as amended) (Nw: <i>verdipapirforskriften</i>).
Norwegian Shareholders	Shareholders who are resident in Norway for tax purposes.
Oslo Børs (or OSE)	Oslo Børs ASA.
Private Placement	The private placement consisting of a share capital increase for a total amount of AUD 25 million, by issuing 43,859,650 New Shares, each with nil par value, and to be completed in two tranches.
Recommendations	the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations
Registrar Agreement	The registrar agreement entered into between the Company and the VPS Registrar.
Regulated Market	Means a regulated market in the meaning of EU Directive 2014/65/EU on markets in financial instruments, as amended (MiFID II).
Relevant Member State.....	Each Member State of the European Economic Area which has implemented the EU Prospectus Directive.
Senior Facilities Agreement	The senior facilities agreement with Commonwealth Bank of Australia as lender and Clean Seas Aquaculture Growout Pty Ltd and Clean Seas Seafood International Pty Ltd as guarantors in an aggregate amount of AUD 32,150,000
Share(s).....	The shares of the Company, consisting as at the date of this Information Document of 113,889, 174 ordinary shares each with nil par value.
United States	United States of America
U.S. Securities Act	The U.S. Securities Act of 1933 (as amended).
VPS	The Norwegian Central Securities Depository (Nw: <i>Verdipapirsentralen</i>).
VPS Registrar.....	DNB Bank ASA, Registrars Department, with registered address Dronning Eufemias gate 30, 0021 Oslo, Norway.

CONSTITUTION
OF
CLEAN SEAS SEAFOOD LIMITED

TABLE OF CONTENTS

INTRODUCTION	1
1. Replaceable Rules Excluded	1
2. Definitions and Interpretation	2
APPOINTMENT OF DIRECTORS	3
3. Number of Directors	3
4. Directors' Qualifications	3
5. Continuing Directors	4
6. Election of Directors	4
7. Nomination for Election	4
8. Election Procedure - Directors	5
APPOINTMENT OF DIRECTORS BETWEEN AGMS	5
9. Casual Vacancies and Additional Directors	5
10. Insufficient Directors	5
ALTERNATE DIRECTORS	6
11. Appointment	6
12. Rights and Powers of Alternate Director	6
13. Suspension or Revocation of Appointment	6
14. Form of Appointment, Suspension or Revocation	6
15. Termination of Appointment	6
16. Power to Act as Alternate for More than 1 Director	6
POWERS OF DIRECTORS	7
17. Validation of Acts of Directors and Secretaries	7
18. General Business Management	7
19. Borrowing Powers	7
20. Appointment of Attorney	7
21. Negotiable Instruments	8
22. Delegation	8
23. Committee of Directors	8
MANAGING DIRECTOR AND EXECUTIVE OFFICERS	8
24. Power to Appoint	8
25. Qualifications	8
26. Powers	9
27. Withdrawal of Appointment or Powers	9
28. Remuneration of Managing Director and Executive Officer	9
29. Temporary Appointments	9
REMOVAL AND RESIGNATION OF DIRECTORS	9
30. Removal of Directors	9

31.	Resignation of Director.....	9
32.	Vacation of Office of Director	9
	DIRECTORS' INTERESTS.....	10
33.	Prohibition on Being Present or Voting	10
34.	Director to Disclose Interests	10
35.	Standing Notice of Interest	10
36.	Other Directorships and Shareholdings.....	11
37.	Operation of Listing Rules	11
38.	Notification to ASX of Material Contracts	11
	REMUNERATION OF DIRECTORS	11
39.	Remuneration	11
40.	Payment of Expenses	12
41.	Information about Directors' Remuneration	12
42.	Payment for Extra Services.....	12
43.	Increases in Remuneration	13
44.	Cancellation, Suspension, Reduction or Postponement	13
45.	Effect of Cessation of Office	13
46.	Payment of Superannuation Contributions.....	13
47.	Financial Benefit.....	13
	SECRETARY	14
48.	Appointment of Secretary	14
49.	Terms of Office of Secretary	14
	INDEMNITY AND INSURANCE	14
50.	Indemnity.....	14
51.	Insurance	15
52.	Director Voting on Contract of Indemnity or Insurance.....	15
53.	Liability	15
54.	Meaning of "Officer"	15
	INSPECTION OF RECORDS.....	16
55.	Rights of Inspection.....	16
56.	Confidential Information	16
	DIRECTORS' MEETINGS.....	16
57.	Circulating Resolutions.....	16
58.	Meetings of Directors	17
59.	Calling Directors' Meetings	17
60.	Notice of Meeting	17
61.	Waiver of Notice.....	17
62.	Technology Meeting of Directors	17
63.	Chairing Directors' Meetings.....	18

64.	Quorum.....	18
65.	Passing of Directors' Resolutions.....	18
66.	Restriction on Voting.....	19
	MEETINGS OF MEMBERS.....	19
67.	Circulating Resolutions.....	19
68.	Calling of General Meeting.....	19
69.	Amount of Notice of Meeting.....	19
70.	Persons Entitled to Notice of General Meeting.....	19
71.	Notice upon Transmission	20
72.	How Notice is Given.....	20
73.	When Notice is Given.....	20
74.	Period of notice.....	20
75.	Contents of Notice	21
76.	Constructive Notice	21
77.	Accidental Omission to Give Notice and Waiver.....	21
78.	Business of General Meetings.....	22
79.	General Conduct at General Meetings	22
80.	Disruptive Conduct at General Meetings	23
81.	Postponement and Adjournment of General Meetings.....	24
82.	Technology	24
83.	Quorum.....	25
84.	Chair at General Meetings	26
	PROXIES AND BODY CORPORATE REPRESENTATIVES	26
85.	Who Can Appoint a Proxy.....	26
86.	Rights of Proxies, Attorneys and Representatives.....	26
87.	When Proxy Form Must Be Sent to All Members.....	27
88.	Appointing a Proxy.....	27
89.	Form of Proxy Sent Out by Company	28
90.	Lodgement of Proxy	28
91.	Validity of Proxy Vote.....	30
92.	Body Corporate Representative	30
93.	Attorney of Member	30
	VOTING AT MEETINGS OF MEMBERS	31
94.	How Many Votes a Member Has.....	31
95.	Voting Disqualification.....	31
96.	Jointly Held Shares	32
97.	Objections to Right to Vote	32
98.	Votes Need Not All Be Cast in the Same Way	32
99.	How Voting is Carried Out	32

100.	Matters on Which a Poll May Be Demanded	32
101.	When a Poll is Effectively Demanded	32
102.	When and How Polls Must Be Taken	33
103.	Chair Does Not Have a Casting Vote.....	33
104.	Voting Rights of Persons Entitled under Transmission Rule	33
	ANNUAL GENERAL MEETING	33
105.	Business of an Annual General Meeting.....	33
106.	Resolutions Proposed by Members	34
	MEETINGS OF MEMBERS HOLDING SHARES IN A CLASS.....	34
107.	Variation of Class Rights	34
	MINUTES	35
108.	Minutes to be Kept.....	35
	ACCOUNTS, AUDIT AND RECORDS.....	36
109.	Accounts	36
110.	Audit.....	36
	SHARES AND OTHER SECURITIES	36
111.	Control of Issue of Securities	36
112.	Ordinary Shares	36
113.	Changes to Share Capital	37
114.	Calls on Partly-paid Shares	37
115.	Right to Lien	39
116.	Imposition of a Liability	40
117.	Sale of Shares the Subject of Lien.....	41
118.	Surrender of Shares.....	42
119.	Power to Capitalise and Issue Debentures to Members.....	42
120.	Joint Holders.....	42
	OBLIGATIONS IN RELATION TO CHESS	43
121.	Complying with ASTC Settlement Rules.....	43
122.	Registers to be Kept.....	43
	DIVIDENDS AND RESERVES	44
123.	Source of Dividends.....	44
124.	Determination of Dividends.....	44
125.	Power to Employ Reserves	44
126.	Crediting of Dividends.....	44
127.	Dividends where Different Classes of Shares	45
128.	Deductions from Dividends	45
129.	Unclaimed Dividends	45
130.	Entitlement to Dividends	45
131.	Payment of Dividends on Transmission.....	46

132.	Manner of Payment of Dividends and other Amounts	46
133.	Power to Make Concurrent Call.....	46
134.	Dividend Reinvestment, Bonus Share and Employee Incentive Plans	46
135.	Ancillary Powers Regarding Distributions.....	47
	TRANSACTIONS AFFECTING SHARE CAPITAL.....	48
136.	Brokerage or Commission	48
	TITLE TO AND TRANSFER OF SHARES	49
137.	Entitlement to Share and Option Certificates or Statement of Holdings and CHES Statements.....	49
138.	Issuer Sponsored Holding Statements	50
139.	Replacement of Certificates	50
140.	Recognition of Ownership	50
141.	Participation in Transfer Schemes.....	51
142.	Right to Transfer.....	51
143.	Holding Lock.....	51
144.	No Documentary Evidence Required	52
145.	Refusal to Register a Transfer.....	52
146.	Transfer Documents and Processing	52
147.	Fees for Registration.....	53
148.	Period of Closure of Register	53
149.	Sale of Non-Marketable Parcels.....	53
150.	Notification of Ownership to ASX.....	55
151.	Transmission of Securities	56
152.	Procedure for Forfeiture.....	57
153.	Transfer of Forfeited Share	57
	EXECUTION OF DOCUMENTS.....	58
154.	Common Seal	58
155.	Share Seal	58
156.	Use of Common Seal	58
157.	Execution of Documents Without Common Seal.....	58
158.	Execution of Document as a Deed	58
159.	Execution - General	59
	INADVERTENT OMISSIONS.....	59
160.	Formalities Omitted	59
	WINDING UP.....	59
161.	Shareholders' Rights on Distribution of Assets	59
162.	Remuneration of Liquidator.....	59
	PARTIAL TAKEOVERS.....	60
163.	Partial Takeovers	60

LISTING RULES	61
164. Restricted Securities	61
165. Paramount Effect of Listing Rules	62
TRANSITIONAL PROVISIONS.....	62
166. Transitional Provisions	62

Corporations Act 2001

Public Company Listed

CONSTITUTION
OF
CLEAN SEAS SEAFOOD
LIMITED

INTRODUCTION

1. Replaceable Rules Excluded

1.1 The replaceable rules contained in the Act do not apply to the Company.

2. Definitions and Interpretation

2.1 Definitions

In this constitution:

- (1) “**Act**” means the *Corporations Act 2001* and includes any amendment or re-enactment of it or any legislation passed in substitution for it;
- (2) “**ASX**” means ASX Limited ACN 008 624 691;
- (3) “**ASX Settlement Operating Rules**” means the Operating Rules of ASX Settlement Pty Limited ACN 008 504 532 and, to the extent that they are applicable, the operating rules of the ASX and the operating rules of Australian Clearing House Pty Limited ACN 008 610 660;
- (4) “**auditor**” means any person appointed for the time being to perform the duties of an auditor of the Company;
- (5) “**business day**” has the meaning given to that term in the Listing Rules;
- (6) “**Certificated Subregister**” means that part of the Register that records certificated holdings of securities of the Company;
- (7) “**CHESS**” means the Clearing House Electronic Subregister System established and operated by SCH for:
 - (a) the clearing and settlement of transactions in CHESS Approved Securities;
 - (b) the transfer of securities; and
 - (c) the registration of transfers;
- (8) “**CHESS Approved Securities**” means securities for which CHESS approval has been given in accordance with the ASX Settlement Operating Rules;
- (9) “**CHESS Holding**” has the same meaning as in the ASX Settlement Operating Rules;

- (10) **“Company”** means this company whatever its name may be from time to time;
- (11) **“Corporations Regulations”** means the *Corporations Regulations 2001* as modified, amended or replaced from time to time;
- (12) **“Direct Vote”** means a vote by a member in relation to a general meeting at which the member is not in attendance;
- (13) **“directors”** means the directors for the time being of the Company or the directors assembled as a board;
- (14) **“dividend”** includes bonus issues;
- (15) **“Executive Officer”** means a director in full-time or substantially full-time employment of the Company or any subsidiary or related body corporate other than a Managing Director;
- (16) **“Holding Lock”** has the same meaning as in the ASX Settlement Operating Rules;
- (17) **“Issuer Sponsored Holding”** has the same meaning as in the ASX Settlement Operating Rules;
- (18) **“Issuer Sponsored Subregister”** means that part of the Register for a class of the Company’s CHESS Approved Securities that is administered by the Company (and not by SCH) and that records uncertificated holdings of securities;
- (19) **“Listing Rules”** means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX;
- (20) **“Managing Director”** means any person appointed to perform the duties of Managing Director of the Company;
- (21) **“member”, “shareholder” or “holder”** means any person entered in the Register as a member for the time being of the Company;
- (22) **“member present”** means a member present at any general meeting of the Company in person or by proxy or attorney or, in the case of a body corporate, by a duly appointed representative;
- (23) **“month”** means calendar month;
- (24) **“Official List”** means the official list of entities that ASX has admitted and not removed;
- (25) **“proper ASTC transfer”** has the meaning given to that term in the Corporations Regulations 2001 (Cth);
- (26) **“Register”** means the register of members to be kept pursuant to the Act and includes any Certificated Subregister and Issuer Sponsored Subregister;
- (27) **“representative”** means a person authorised to act as a representative of a body corporate pursuant to section 250D of the Act;
- (28) **“Restricted Securities”** has the meaning ascribed by the Listing Rules;

- (29) “**SCH**” means ASX Settlement Pty Ltd;
- (30) “**secretary**” means any person appointed to perform the duties of secretary of the Company and any person appointed to act temporarily as secretary; and
- (31) “**securities**” has the meaning ascribed by section 92(1) of the Act and includes options over unissued securities and renounceable and non-renounceable rights to subscribe for securities.

2.2 Interpretation

- (1) Reference to:
 - (a) one gender includes the others;
 - (b) the singular includes the plural and the plural includes the singular; and
 - (c) a person includes a body corporate.
- (2) Except so far as the contrary intention appears in this constitution:
 - (a) an expression has in this constitution the same meaning as in the Act;
 - (b) if an expression is given different meanings for the purposes of different provisions of the Act, the expression has, in a provision of this constitution that deals with a matter dealt with by a particular provision of the Act, the same meaning as in that provision of the Act; and
 - (c) an expression defined in the Listing Rules or the ASX Settlement Operating Rules has the same meaning in this constitution.
- (3) “Including” and similar expressions are not words of limitation.
- (4) Headings are for convenience only and do not form part of this constitution or affect its interpretation.

APPOINTMENT OF DIRECTORS

3. Number of Directors

- 3.1 The number of the directors must be not less than 3 nor more than 9.
- 3.2 The Company in general meeting may by resolution increase or reduce the number of directors but the number must not be reduced below 3.

4. Directors’ Qualifications

- 4.1 A share qualification for directors may be fixed by the Company in general meeting. Unless and until so fixed a director is not required to hold any share in the Company.

5. Continuing Directors

- 5.1 The directors of the Company who hold office on the date on which the adoption of this constitution takes effect, shall continue to hold office subject to the following provisions of this constitution.

6. Election of Directors

- 6.1 At the first annual general meeting (but with effect from the termination of that meeting) of the Company following the date on which the adoption of this constitution takes effect and at the annual general meeting in every subsequent year 1/3 of the directors for the time being or, if their number is not 3 or a multiple of 3, then the number nearest to but not exceeding 1/3, retire from office but no director may retain office for more than 3 years without submitting himself or herself for re-election even though the submission results in more than 1/3 of the directors retiring from office.
- 6.2 The director or directors to retire at an annual general meeting are those who have been longest in office since their election.
- 6.3 As between or among 2 or more directors who became directors on the same day, the director or directors to retire are determined by lot unless they otherwise agree between or among themselves.
- 6.4 A retiring director is eligible for re-election without the necessity of giving any previous notice of his or her intention to submit himself or herself for re-election.
- 6.5 Unless the directors decide to reduce the number of directors in office the Company at any annual general meeting at which any director retires may fill the vacated office by re-electing the retiring director or electing some other qualified person.
- 6.6 If at the annual general meeting the vacated office is not filled, the retiring director, if willing and not disqualified, must be treated as re-elected unless the directors decide to reduce the number of directors in office or a resolution for the re-election of that director is put and lost.
- 6.7 A Managing Director appointed under rule 24 (or, if there is more than 1 Managing Director at the same time, the one appointed first), is not subject to retirement by rotation and is not taken into account in determining the rotation of retirement of directors.

7. Nomination for Election

- 7.1 Each candidate for election as a director must:
- (1) be proposed by a member or the nominated representative of a corporate member; and
 - (2) be seconded by another member or the nominated representative of another corporate member.
- 7.2 No member or nominated representative of a member may propose more than 1 person as a candidate but may second more than 1 nomination.
- 7.3 A nomination of a candidate for election must:
- (1) be in writing;
 - (2) be signed by the candidate; and

(3) be signed by the proposer and seconder.

- 7.4 A nomination of a candidate for election must be received at the registered office of the Company not later than 5 p.m. on the day which is 45 days prior to the annual general meeting at which the candidate seeks election (or any other period permitted under the Listing Rules or the Act).
- 7.5 A list of the candidates' names in alphabetical order together with the proposers' and seconders' names must be sent to members with the notice of the annual general meeting.

8. Election Procedure – Directors

- 8.1 If the number of candidates for election as directors is equal to or less than the number of vacancies on the board the chair of the annual general meeting must declare those candidates to be duly elected as directors.
- 8.2 If the number of candidates for election as directors is greater than the number of vacancies on the board a ballot must be held for the election of the candidates.
- 8.3 If a ballot is required balloting lists must be prepared listing the names of the candidates only in alphabetical order.
- 8.4 At the annual general meeting each person entitled to vote and voting on the ballot may vote for a number of candidates equal to the number of vacancies.
- 8.5 The candidates receiving the greatest number of votes cast in their favour must be declared by the chair of the meeting to be elected as directors.
- 8.6 If an equality of votes would otherwise prevent the successful candidate for a vacancy from being determined, the names of the candidates who received the same number of votes must be put to a further ballot immediately.

APPOINTMENT OF DIRECTORS BETWEEN AGMS

9. Casual Vacancies and Additional Directors

- 9.1 The Company in general meeting may by resolution and the directors may at any time appoint a person qualified to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors does not at any time exceed the number fixed in accordance with this constitution.
- 9.2 Any director appointed under rule 9.1 holds office only until the termination of the next annual general meeting of the Company and is eligible for re-election at that annual general meeting but is not taken into account in determining the number of directors who must retire by rotation at that meeting.

10. Insufficient Directors

- 10.1 In the event of a vacancy or vacancies in the office of a director or offices of directors, the remaining directors may act, but if the number of remaining directors is not sufficient to constitute a quorum at a meeting of directors, they may act only for the purpose of increasing the number of directors to a number sufficient to constitute a quorum or convening a general meeting of the Company.

ALTERNATE DIRECTORS

11. Appointment

- 11.1 A director may appoint any person approved by a majority of the other directors to act as an alternate director in place of the appointing director for a meeting or for a specified period.
- 11.2 A Managing Director may not appoint an alternate to act as Managing Director.
- 11.3 An alternate director is not required to have any share qualification.
- 11.4 An alternate director is not taken into account for the purpose of rule 3.

12. Rights and Powers of Alternate Director

- 12.1 An alternate director is entitled to notice of meetings of the directors and, if the appointing director is not present at a meeting, is entitled to attend and vote in his or her stead.
- 12.2 When an alternate director exercises the director's powers, the exercise of the power is just as effective as if the powers were exercised by the director.
- 12.3 An alternate director is, while acting as a director, responsible to the Company for the alternate director's own acts and defaults and is not to be deemed to be the agent of the director by whom the alternate director was appointed.

13. Suspension or Revocation of Appointment

- 13.1 A director may suspend or revoke the appointment of an alternate director appointed by him or her.
- 13.2 The directors may suspend or remove an alternate director by resolution after giving the appointing director reasonable notice of their intention to do so.

14. Form of Appointment, Suspension or Revocation

- 14.1 Every appointment, suspension or revocation under rule 11 or rule 13.1 must be in writing and a copy must be given to the Company. The notice may be given by facsimile.

15. Termination of Appointment

- 15.1 The appointment of an alternate director automatically determines:
 - (1) if the appointing director ceases to hold office as director;
 - (2) on the happening in respect of the alternate director of any event which causes a director to vacate the office of director; or
 - (3) if the alternate director resigns from the appointment by written notice left at the registered office of the Company.

16. Power of Act as Alternate for More than 1 Director

- 16.1 A director or any other person may act as alternate director to represent more than 1 director.

POWERS OF DIRECTORS

17. Validation of Acts of Directors and Secretaries

- 17.1 An act done by a director or secretary of the Company is effective even if his or her appointment, or the continuance of his or her appointment is invalid because the Company, the director or secretary did not comply with this constitution or any provision of the Act or for any other reason.
- 17.2 Rule 17.1 does not deal with the question whether an effective act by a director or secretary:
 - (1) binds the Company in its dealings with other people; or
 - (2) makes the Company liable to another person.

18. General Business Management

- 18.1 The business of the Company is to be managed by or under the direction of the directors.
- 18.2 The directors may exercise all the powers of the Company except any powers that the Act, the Listing Rules or this constitution requires the Company to exercise in general meeting.
- 18.3 No rule made or resolution passed by the Company in general meeting can invalidate any prior act of the directors which would have been valid if that rule or resolution had not been made or passed.
- 18.4 The directors may pay all expenses incurred in promoting and forming the Company.
- 18.5 The Company must obtain the members' approval by ordinary resolution at a general meeting if any significant change, either directly or indirectly to the nature or scale of its activities involves the Company disposing of its main undertaking. However, the Company may enter into an agreement of this type before approval is given by the members if the agreement is made subject to that approval.

19. Borrowing Powers

- 19.1 Without limiting the generality of rule 18, the directors may exercise all the powers of the Company to borrow money, to charge any property or business of the Company or all or any of its uncalled capital and to issue debentures or give any other security for a debt, liability or obligation of the Company or of any other person.

20. Appointment of Attorney

- 20.1 The directors may appoint any person or persons to be the attorney or attorneys of the Company for the purposes, with the powers and discretions (being powers and discretions vested in or exercisable by the directors), for the period and subject to the conditions they see fit.
- 20.2 A power of attorney may contain those provisions for the protection and convenience of persons dealing with the attorney that the directors see fit and may also authorise the attorney to delegate all or any of the powers and discretions vested in the attorney.

21. Negotiable Instruments

- 21.1 Any 2 directors may sign, draw, accept, endorse or otherwise execute a negotiable instrument.
- 21.2 The directors may determine that a negotiable instrument, including a class of negotiable instrument, may be signed, drawn, accepted, endorsed or otherwise executed in a different way.

22. Delegation

- 22.1 The directors may delegate any of their powers to:
 - (1) a committee of directors;
 - (2) a director;
 - (3) an employee of the Company; or
 - (4) any other person;and may revoke the delegation.
- 22.2 The delegate must exercise the powers delegated in accordance with any directions of the directors.
- 22.3 The exercise of the power by the delegate is as effective as if the directors had exercised it.

23. Committee of Directors

- 23.1 The meetings and proceedings of any committee of directors are governed by the provisions in this constitution regulating the meetings and proceedings of the directors.
- 23.2 The directors may establish local boards or agencies for managing any of the affairs of the Company in any specified locality and may appoint any persons to be members of the local board or any managers or agents and may fix their remuneration.

MANAGING DIRECTOR AND EXECUTIVE OFFICERS

24. Power to Appoint

- 24.1 The directors may appoint 1 or more of themselves to the office of Managing Director for the period, and on the terms (including as to remuneration), the directors see fit.
- 24.2 If there is more than 1 Managing Director in office, the Managing Directors hold office jointly.

25. Qualifications

- 25.1 A person ceases to be Managing Director if he or she ceases to be a director.

26. Powers

- 26.1 The directors may, upon terms and conditions and with any restrictions they see fit, confer on a Managing Director or Executive Officer any of the powers that the directors can exercise.
- 26.2 Any powers so conferred may be concurrent with, or to the exclusion of, the powers of the directors.

27. Withdrawal of Appointment or Powers

- 27.1 The directors may revoke or vary:
- (1) an appointment of; or
 - (2) any of the powers conferred on,
- the Managing Director or Executive Officer.

28. Remuneration of Managing Director and Executive Officer

- 28.1 Subject to the Act, the Listing Rules and to the provisions of any contract between the Company and a Managing Director or Executive Officer the remuneration of the Managing Director or Executive Officer is fixed by the directors and may be by way of fixed salary or participation in profits of the Company or of any other company in which the Company is interested or by any or all of those modes but may not be by way of commission on or percentage of operating revenue of the Company.
- 28.2 Rule 39.1(3), (4) and (5) and rule 39.2 apply to the remuneration of a Managing Director and Executive Officer.

29. Temporary Appointments

- 29.1 If a Managing Director or Executive Officer becomes incapable of acting in that capacity the directors may appoint another director to act temporarily as Managing Director or Executive Officer.

REMOVAL AND RESIGNATION OF DIRECTORS

30. Removal of Directors

- 30.1 Subject to the Act the Company may by resolution remove a director from office.

31. Resignation of Director

- 31.1 A director may resign as a director of the Company by giving a written notice of resignation to the Company at its registered office.

32. Vacation of Office of Director

- 32.1 In addition to any other circumstances in which the office of a director becomes vacant under the Act the office of a director becomes vacant if the director:
- (1) becomes bankrupt or suspends payment or compounds with his or her creditors;

- (2) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
- (3) is absent from 3 consecutive meetings of directors without special leave of absence from the directors and the directors declare his or her seat to be vacant;
- (4) ceases to be qualified as a director under rule 4;
- (5) fails to pay any call due on any shares held by him or her for 1 month or any further time the directors allow after the call is made;
- (6) unless the directors otherwise resolve, being an Executive Officer ceases to be employed full-time or substantially full-time by the Company or a subsidiary or related body corporate;
- (7) becomes disqualified from being a director under the Act or any order made under the Act;
- (8) is removed by resolution in accordance with rule 30; or
- (9) resigns from office in accordance with rule 31.

DIRECTORS' INTERESTS

33. Prohibition on Being Present or Voting

33.1 Except where permitted by the Act a director who has a material personal interest in a matter that is being considered at a meeting of directors:

- (1) must not be counted in a quorum;
- (2) must not vote on the matter; and
- (3) must not be present while the matter is being considered at the meeting.

34. Director to Disclose Interests

34.1 A director who has a material personal interest in a matter that relates to the affairs of the Company must give the other directors notice of the interest as soon as practicable after the director becomes aware of his or her interest in the matter and in the manner required by section 191(3) of the Act.

34.2 The requirements of rule 34.1 are subject to the limitations and qualifications set out in section 191 of the Act.

35. Standing Notice of Interest

35.1 A director who has an interest in a matter may give the other directors standing notice of the nature and extent of the interest in the matter. The notice may be given at any time and whether or not the matter relates to the affairs of the Company at the time the notice is given.

35.2 A notice under rule 35.1 may be given:

- (1) at a directors' meeting (either orally or in writing); or
- (2) to the other directors individually in writing.

- 35.3 If the standing notice is given to the other directors individually in writing:
- (1) the notice is effective when it has been given to every director; and
 - (2) the notice must be tabled at the next directors' meeting after it is given.
- 35.4 The director must ensure that the nature and extent of the interest is recorded in the minutes of the meeting at which the standing notice is given or tabled.

36. Other Directorships and Shareholdings

- 36.1 A director of the Company may be or become a director, officer, employee or member of any company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and is not accountable for any reasonable benefits received as a director, officer, employee or member of the other company.
- 36.2 Subject to the Act:
- (1) the directors of the Company may exercise the voting power conferred by the shares or other interest held by the Company in another company in favour of a resolution appointing themselves or any of them as directors or other officers of the other company;
 - (2) any director of the Company may vote at a meeting of directors of the Company in favour of a resolution that the Company exercises its voting power conferred by the shares or other interest held by the Company in the other company to appoint that director as a director or other officer of the other company;
 - (3) any director of the Company may be appointed as representative of the Company and may vote at a general meeting of the other company in favour of a resolution appointing that director as a director or other officer of the other company; and
 - (4) a director of the Company who is also a director of the other company may vote as a director of the other company in whatever manner he or she sees fit, including voting in favour of a resolution appointing the director to any other office in the other company and a resolution appointing any other directors of the Company as directors or other officers of the other company.

37. Operation of Listing Rules

- 37.1 Rules 33 to 36 operate in addition to the Listing Rules.

38. Notification to ASX of Material Contracts

- 38.1 Despite rules 33 to 36, while the Company is admitted to the Official List, where required by the Listing Rules the Company must advise ASX without delay of any material contract involving directors' interests, including the names of the parties to the contract, the name of the director (if not a party to the contract) interested in the contract, the particulars of the contract and the director's interests in the contract.

REMUNERATION OF DIRECTORS

39. Remuneration

39.1 The directors (other than a Managing Director and Executive Officer) are entitled to be remunerated for their services as directors as follows:

- (1) the amount of the remuneration of the directors as a whole is a yearly sum not exceeding the aggregate maximum sum from time to time determined by the Company in general meeting;
- (2) the amount of the remuneration of the directors is to be divided among them in the proportion and manner they agree or, in default of agreement, among them equally;
- (3) the remuneration is to be provided wholly in cash unless the directors, with the agreement of the director concerned, determine that part is to be satisfied in the form of non-cash benefits (including the issue or purchase of shares in the Company or the grant of options to subscribe for such shares);
- (4) in making a determination under rule 39.1(3), the directors may fix the value of any non-cash benefit; and
- (5) the directors' remuneration accrues ~~daily~~ from day to day, except for any non-cash benefit which is taken to accrue at the time the benefit is provided, subject to the terms on which the benefit is provided.

39.2 The expression "remuneration" in rule 39.1 does not include any amount which may be paid by the Company under rules 40, 42, 45, 46 or 51.

40. Payment of Expenses

40.1 The Company may also pay the directors' travelling and other expenses that they properly incur:

- (1) in attending directors' meetings or any meetings of committees of directors;
- (2) in attending any general meetings of the Company; and
- (3) in connection with the Company's business.

41. Information about Directors' Remuneration

41.1 If required by the Act, the Company must comply with a direction by members to disclose the remuneration paid to each director by the Company (whether paid to the director in his or her capacity as a director or another capacity).

42. Payment for Extra Services

42.1 Subject to the Act, any director called upon to:

- (1) perform extra services; or
- (2) undertake any executive or other work for the Company beyond his or her general duties,

may be remunerated either by a fixed sum or a salary as determined by the directors.

- 42.2 Remuneration under rule 42.1 may be either in addition to or in substitution for the director's share in the remuneration provided by rule 39.

43. Increases in Remuneration

- 43.1 The Company must not increase the aggregate maximum amount of directors' remuneration payable by it as referred to in rule 39.1(1) without the members' approval by ordinary resolution at a general meeting.
- 43.2 The notice convening the general meeting at which any increase is to be proposed must comply with the Listing Rules and include the amount of the increase and the aggregate maximum amount that may be paid to the directors as a whole.
- 43.3 This rule does not apply to the remuneration of an Executive Officer or Managing Director.

44. Cancellation, Suspension, Reduction or Postponement

- 44.1 A resolution of directors cancelling, suspending, reducing or postponing payment of any remuneration of any director binds the director.

45. Effect of Cessation of Office

- 45.1 With the approval of the Company in general meeting the directors may:
- (1) upon a director ceasing to hold office; or
 - (2) at any time after a director ceases to hold office
- whether by retirement or otherwise, pay to:
- (3) the former director; or
 - (4) any of the legal personal representatives or dependants of the former director in the case of death
- a lump sum in respect of past services of the director of an amount not exceeding the amount either permitted by the Act or Listing Rules.
- 45.2 The company may contract with any director to secure payment of the lump sum to the director, his or her legal personal representatives or dependants or any of them, unless prohibited by the Act or the Listing Rules.
- 45.3 A determination made by the directors in good faith that a person is or was at the time of the death of a director a dependent of the director is conclusive for all purposes of this rule 45.

46. Payment of Superannuation Contributions

- 46.1 The Company may also pay the directors' superannuation contributions of an amount necessary to meet the minimum level of superannuation contributions required under any applicable legislation to avoid any penalty, charge, tax or impost.

47. Financial Benefit

- 47.1 A director must ensure that the requirements of the Act are complied with in relation to any financial benefit given by the Company to the director or to any other related party of the director.

- 47.2 The Company must not make loans to directors or provide guarantees or security for obligations undertaken by directors except as may be permitted by the Act.

SECRETARY

48. Appointment of Secretary

- 48.1 The directors must, in accordance with the Act, appoint 1 or more secretaries.
- 48.2 The directors may appoint a person as an acting secretary or as a temporary substitute for a secretary.

49. Terms of Office of Secretary

- 49.1 A secretary of the Company holds office on the terms and conditions (including as to remuneration) that the directors determine.

INDEMNITY AND INSURANCE

50. Indemnity

- 50.1 To the extent permitted by the Act but otherwise subject to the provisions of any agreement or deed between the Company and the relevant person relating, in whole or in part, to indemnification of the person by the Company, the Company:

- (1) must indemnify every person who is or has been a director or secretary of the Company; and
- (2) where the board of directors considers it appropriate to do so, may indemnify any other person who is or has been an officer of the Company or of a related body corporate of the Company,

against any liability incurred by that person in his or her capacity as an officer of the Company or of the related body corporate (as the case may be) except to the extent that the person is otherwise entitled to be indemnified and is actually indemnified by another person (including, without limitation, an insurer under any insurance policy).

- 50.2 In accordance with section 199A of the Act, the Company must not indemnify a person against:

- (1) any of the following liabilities incurred as an officer of the Company:
 - (a) a liability owed to the Company or a related body corporate;
 - (b) a liability for a pecuniary penalty order under section 1317G of the Act or a compensation order under section 1317H of the Act; or
 - (c) a liability that is owed to someone other than the Company or a related body corporate and did not arise out of conduct in good faith; or
- (2) legal costs incurred in defending an action for a liability incurred as an officer of the Company if the costs are incurred:

- (a) in defending or resisting proceedings in which the person is found to have a liability for which they could not be indemnified under rule 50.2(1);
- (b) in defending or resisting criminal proceedings in which the person is found guilty;
- (c) in defending or resisting proceedings brought by the Australian Securities and Investments Commission or a liquidator for a court order if the grounds for making the order are found by the Court to have been established; and
- (d) in connection with proceedings for relief to the person under the Act, in which the Court denies the relief Act.

Rule 50.2(2)(c) does not apply to costs incurred in responding to actions taken by the Australian Securities and Investments Commission or a liquidator as part of an investigation before commencing proceedings for the court order.

- (3) For the purposes of rule 50.2(2) the outcome of proceedings is the outcome of the proceedings and any appeal in relation to the proceedings.

50.3 The amount of any indemnity payable under rule 50.1 will include an additional amount (**GST Amount**) equal to any GST payable by the person being indemnified (**Indemnified Person**) in connection with the indemnity (less the amount of any input tax credit claimable by the Indemnified Person in connection with the indemnity). Payment of any indemnity which includes a GST Amount is conditional upon the Indemnified Person providing the Company with a GST tax invoice for the GST Amount.

51. Insurance

51.1 The Company may pay or agree to pay a premium in respect of a contract insuring a person who is or has been an officer of the Company or a related body corporate of the Company against any liability incurred by the person as an officer of the Company or a related body corporate except a liability (other than one for legal costs) arising out of:

- (1) a conduct involving a wilful breach of duty in relation to the Company;
or
- (2) a contravention of section 182 or 183 of the Act.

52. Director Voting on Contract of Indemnity or Insurance

52.1 Despite anything in this constitution, a director is not precluded from voting in respect of any contract or proposed contract of indemnity or insurance, merely because the contract indemnifies or insures or would indemnify or insure the director against a liability incurred by the director as an officer of the Company or of a related body corporate.

53. Liability

53.1 No officer of the Company is liable for the act, neglect or default of any other officer or for joining in any act or for any other loss, expense or damage which arises in the execution of the duties of his or her office unless it arises through his or her own negligence, default, breach of duty or breach of trust.

54. Meaning of “Officer”

- 54.1 For the purposes of rules 50, 51, 52 and 53, “**officer**” means a director, secretary, senior manager or a member of a local board or agency appointed under rule 23.2.

INSPECTION OF RECORDS

55. Rights of Inspection

- 55.1 The directors of the Company, or the Company by a resolution passed at a general meeting, may authorise a member to inspect books of the Company.
- 55.2 A member other than a director does not have the right to inspect any document of the Company, other than the minute books for the meetings of its members and for resolutions of members passed without meetings, except as provided by law or authorised by the directors or by the Company in general meeting.

56. Confidential Information

- 56.1 Except as provided by the Act, no member (not being a director) is entitled to require or receive any information concerning the business, trading or customers of the Company or any trade secret, secret process or other confidential information of or used by the Company.

DIRECTORS’ MEETINGS

57. Circulating Resolutions

- 57.1 The directors may pass a resolution without a directors’ meeting being held if a majority of the directors entitled to vote on the resolution consent to the resolution in accordance with this rule 57.
- 57.2 The resolution is passed when the last of the directors who constitute the majority consents to the resolution in accordance with this rule 57.
- 57.3 A director may consent to a resolution by:
- (1) signing a document that sets out the terms of the resolution and contains a statement to the effect that the director is in favour of the resolution; or
 - (2) giving to the Company written notice (including by facsimile transmission, electronic mail or other electronic means) addressed to and received by the secretary or the chair:
 - (a) that signifies the director’s assent to the resolution;
 - (b) that sets out the terms of the resolution or clearly identifies those terms; and
 - (c) if the director has notified the Company in writing of specified means by which his or her consent to a resolution must be authenticated for the purposes of this rule (including, for

example, by providing particular personal information), that authenticates the director's consent by those specified means.

- 57.4 For the purposes of rule 57.3(1), separate copies of a document may be used for signing by directors if the wording of the resolution and statement is identical in each copy.
- 57.5 A facsimile addressed to or received by the Company and purporting to be signed or sent by a director for the purpose of this rule 57 must be treated as a document in writing signed by that director.

58. Meetings of Directors

- 58.1 The directors may meet together for the dispatch of business and adjourn and otherwise regulate their meetings as they see fit.
- 58.2 The minutes of any meeting of the directors must state the method of meeting and the persons present.

59. Calling Directors' Meetings

- 59.1 A director may at any time, and a secretary must on the requisition of a director, call a meeting of the directors.

60. Notice of Meeting

- 60.1 Reasonable notice of every directors' meeting must be given to each director and alternate director except that it is not necessary to give notice of a meeting of directors to any director who:
 - (1) has been given special leave of absence; or
 - (2) is absent from Australia and has not left a facsimile number at which he or she may be given notice.
- 60.2 A notice of a meeting of directors may be given in writing or orally, by facsimile, telephone, electronic mail or any other means of communication.
- 60.3 By attending a directors' meeting, a director waives any objection he or she may have had in relation to the notice of meeting.

61. Waiver of Notice

- 61.1 All resolutions of the directors passed at a meeting where a quorum is present but where notice of meeting has not been given to each director, or any act carried out under any of the resolutions, is as valid as if notice of meeting had been given to all directors if each director to whom notice was not given subsequently agrees to waive the notice.

62. Technology Meeting of Directors

- 62.1 A directors' meeting may be held using any technology consented to by all the directors. The consent may be a standing one. A director may only withdraw their consent (including their consent under rule 62.3) within a reasonable period before the meeting.
- 62.2 Without limiting rule 62.1, each director consents to the use of the following technology for holding a directors' meeting:
 - (1) video; and

(2) telephone.

62.3 If a directors' meeting is held using any technology and all the directors take part in the meeting, they must be treated as having consented to the use of the technology for that meeting.

62.4 The following provisions apply to a technology meeting:

(1) each of the directors taking part in the meeting must be able to hear and be heard by each of the other directors taking part in the meeting; and

(2) at the commencement of the meeting each director must announce his or her presence to all the other directors taking part in the meeting.

62.5 If the secretary is not present at a technology meeting 1 of the directors present must take minutes of the meeting.

62.6 A director may not leave a technology meeting by disconnecting his or her link to the meeting unless that director has previously notified the chair of the meeting.

62.7 A director is conclusively presumed to have been present and to have formed part of a quorum at all times during a technology meeting unless that director has previously obtained the express consent of the chair to leave the meeting.

62.8 A directors' meeting held solely or partly using technology is treated as being held at the place at which the greatest number of directors present at the meeting is located or, if there is an equal number of directors located at two or more places, at the place where the chair of the meeting is located.

63. Chairing Directors' Meetings

63.1 The directors may elect a director to chair their meetings. The directors may determine the period for which the director is to be the chair.

63.2 The directors must elect a director present to chair a meeting, or part of it, if:

(1) a director has not already been elected to chair the meeting; or

(2) a previously elected chair is not present within 10 minutes after the time appointed for the holding of the meeting or is unwilling to act for the meeting or the part of the meeting.

63.3 The directors may appoint a deputy chair who in the absence of the chair at a meeting of the directors may exercise all the powers and authorities of the chair.

64. Quorum

64.1 The quorum for a directors' meeting is 2 directors entitled to vote or a greater number determined by the directors. The quorum must be present at all times during the meeting.

64.2 An alternate director is counted in a quorum at a meeting at which the director who appointed the alternate is not present (so long as the alternate is, under the Act, entitled to vote).

65. Passing of Directors' Resolutions

65.1 A resolution of the directors must be passed by a majority of the votes cast by directors entitled to vote on the resolution.

- 65.2 The chair does not have a casting vote in addition to any vote he or she has as a director.
- 65.3 A person who is an alternate director is entitled (in addition to his or her own vote if he or she is a director) to 1 vote on behalf of each director whom he or she represents as an alternate director at the meeting and who is not present at the meeting.

66. Restriction on Voting

- 66.1 No director is entitled to be present in person or by an alternate director or to vote at a meeting of directors or to be counted in a quorum if and so long as he or she has failed to pay any call to the Company on shares held by him or her after the date upon which the payment should have been made.

MEETINGS OF MEMBERS

67. Circulating Resolutions

- 67.1 This rule 67 applies to resolutions which the Act, or this constitution, requires or permits to be passed at a general meeting, except a resolution under section 329 of the Act to remove an auditor.
- 67.2 The Company may pass a resolution without a general meeting being held if all the members entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document. If a share is held jointly, each of the joint members must sign.
- 67.3 Separate copies of a document may be used for signing by members if the wording of the resolution and statement is identical in each copy.
- 67.4 The resolution is passed when the last member signs.
- 67.5 If the Company receives by facsimile transmission a copy of a document referred to in this rule 67 it is entitled to assume that the copy is a true copy.

68. Calling of General Meeting

- 68.1 A director may call a meeting of the Company's members.
- 68.2 Except as permitted by law, a general meeting, to be called the "**annual general meeting**", must be held at least once in every calendar year.
- 68.3 Except as provided in the Act no member or members may call a general meeting.

69. Amount of Notice of Meeting

- 69.1 At least 28 days' notice of a general meeting must be given in writing to those persons who are entitled to receive notices from the Company.

70. Persons Entitled to Notice of General Meeting

- 70.1 Written notice of a meeting of the Company's members must be given individually to:
 - (1) each member entitled to vote at the meeting;

- (2) each director;
- (3) the Company's auditor; and
- (4) subject to rule 71.1, every person entitled to a share in consequence of the death or bankruptcy of a member who, but for his or her death or bankruptcy, would be entitled to receive notice of the meeting.

70.2 No other person is entitled to receive notice of general meetings.

70.3 If a share is held jointly, then unless the share is the only issued share in the Company, notice need only be given to 1 of the members, being the joint member named first in the Register.

71. Notice upon Transmission

71.1 A person entitled to a share in consequence of the death or bankruptcy of a member is not entitled to notice of meetings until the person has produced all information as to the person's entitlement that the directors properly require.

71.2 A notice may be given by the Company to a person entitled to a share in consequence of the death or bankruptcy of a member by serving it on the person personally or by sending it to the person by post addressed to the person by name, or by the title of representative of the deceased or assignee of the bankrupt, or by any like description, at the address (if any) in Australia supplied for the purpose by the person or, if an address has not been supplied, at the address to which the notice might have been sent if the death or bankruptcy had not occurred.

72. How Notice is Given

72.1 The Company may give the notice of meeting to a member:

- (1) personally;
- (2) by sending it by post to the address for the member in the Register or the alternative address (if any) nominated by the member; or
- (3) by sending it to a facsimile number or by other electronic means (including by providing a URL link to any document or attachment) to an electronic address nominated by the member.

73. When Notice is Given

73.1 A notice of meeting sent by post is taken to be given 3 days after it is posted.

73.2 Except as provided by rule 73.3, a notice of meeting sent by facsimile, or other electronic means, is taken to be given on the business day after it is sent.

73.3 Service by facsimile or electronic mail is not effective if:

- (1) in the case of service by facsimile, the Company's facsimile machine issues a transmission report which shows that the transmission was unsuccessful;
- (2) in the case of service by electronic mail, the Company's computer reports that delivery has failed; or
- (3) in either case, the addressee notifies the Company immediately that the notice was not fully received in a legible form.

- 73.4 A certificate signed by any manager, secretary or other officer of the Company that the notice was posted or given in accordance with this rule 73 is conclusive evidence of the matter.

74. Period of notice

- 74.1 Subject to the Act and this constitution, where a specified number of days' notice or notice extending over any period is required to be given the day of service is not, but the day upon which the notice will expire is, included in the number of days or other period.

75. Contents of Notice

- 75.1 A notice of a general meeting must:

- (1) set out the place, date and time for the meeting (and, if the meeting is to be held in 2 or more places, the technology that will be used to facilitate this);
- (2) except as otherwise permitted by the Act, state the general nature of the meeting's business;
- (3) if a special resolution is to be proposed at the meeting, set out an intention to propose the special resolution and state the resolution; and
- (4) contain a statement setting out the following information:
 - (a) that the member has a right to appoint a proxy;
 - (b) that the proxy need not be a member of the Company; and
 - (c) that a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise;
- (5) must specify particulars of any determination made under regulation 7.11.37 or regulation 7.11.38 of the Corporations Regulations;
- (6) must specify a place and a facsimile number (and may specify an electronic address), for the receipt of proxy appointments and proxy appointment authorities;
- (7) may specify other electronic means by which a member may give the Company a proxy appointment or proxy appointment authority; and
- (8) must comply with any other requirements of the Act or Listing Rules.

- 75.2 If at the time notice of a general meeting is given the Company is admitted to the Official List, the Company must notify ASX of:

- (1) the date of a meeting at which directors are to be elected, at least 5 business days before the closing date for receipt of nominations for election to the office of director; and
- (2) the contents of any prepared announcement (including any prepared address by the chair) that will be delivered at a meeting of members, no later than the start of the meeting.

76. Constructive Notice

- 76.1 Every person who by operation of law, transfer or any other means becomes entitled to any share is bound by every notice in respect of the share which, before his or her name and address is entered on the Register, has been duly given to the person from whom he or she derives title or to any previous holder of the share.

77. Accidental Omission to Give Notice And Waiver

- 77.1 The accidental omission to give notice of any general meeting to or the non- receipt of the notice by any person entitled to receive notice of a general meeting under this constitution or the accidental omission to advertise (if necessary) the meeting does not invalidate the proceedings at or any resolution passed at the meeting.
- 77.2 A person's attendance at a general meeting waives any objection that the person may have to a failure to give notice, or the giving of a defective notice, of the meeting unless the person at the beginning of the meeting objects to the holding of the meeting.

78. Business of General Meetings

- 78.1 Except to the extent that the Act may provide otherwise:
- (1) no business may be transacted at a general meeting unless the general nature of the business is stated in the notice convening the meeting; and
 - (2) no person may move any amendment to a resolution proposed at a general meeting the terms of which are set out in the notice convening the meeting, or to a document which relates to such a resolution (and a copy of which has been sent to members or made available for them to inspect or obtain), without the approval of the chair of the meeting (in his or her discretion).
- 78.2 (1) Without limiting the powers conferred on the chair of a general meeting under rule 81.1, the directors may change a venue or venues for, postpone or cancel any general meeting (other than a meeting requested or called by members in accordance with the procedures for member-initiated meetings set out in the Act but including any meeting adjourned or postponed under rule 81) at any time prior to the day of the meeting.
- (2) The directors must give notice of the change of venue or venues, postponement or cancellation to the ASX and are not required to give notice individually to the persons entitled to receive notices from the Company.

79. General Conduct at General Meetings

- 79.1 (1) The general conduct of each general meeting of the Company and the procedures to be adopted at the meeting will be determined by the chair, including the procedure for the conduct of the election of directors.
- (2) Without limiting the powers conferred on the chair under rule 79.1(1), the chair of a general meeting:
- (a) may, subject to the Act, at any time terminate discussion or debate on any matter being considered by the meeting, where the

chair considers it necessary or desirable for the proper and orderly conduct of the meeting;

- (b) may require the adoption of any procedure which is, in the chair's opinion, necessary or desirable for proper and orderly debate or discussion and the proper and orderly casting or recording of votes at the meeting (including the appointment of scrutineers); and
- (c) may withdraw from consideration by the meeting any resolution proposed in the notice convening the meeting (other than a resolution proposed by members in accordance with section 249N of the Act, or required by the Act to be put to the meeting).

79.2 If there is a dispute at a general meeting about a question of procedure, the chair may determine the question and no vote may be taken or demanded by the members present on any such determination by the chair.

79.3 A director (and alternate director when acting as a director) is entitled to attend and speak at every general meeting. A person, whether a member or not, requested or permitted by the directors or the chair to attend a general meeting is entitled to be present and, at the invitation of the chair, to speak at the meeting.

79.4 If, upon or prior to commencement of a general meeting, the chair considers that there is not enough room at the venue to allow the meeting to accommodate at that venue everyone who is present and entitled to attend, the chair may nominate a separate venue, whether or not that venue has previously been notified to members, and may direct some of those present to move to the other venue for the purpose of attending the meeting at that other venue, provided that, in the chair's opinion, the separate venue will afford a reasonable opportunity to participate.

79.5 If the chair of a general meeting believes that, because of technical difficulties or for any other reason, the members attending the meeting at a venue do not or may not have a reasonable opportunity to participate in the meeting at that venue, then the chair may:

- (1) adjourn the meeting;
- (2) suspend any debate or other proceedings at the meeting while the technical difficulties or other impediments to participation are addressed, without adjourning the meeting; or
- (3) allow the meeting to continue, but only if the chair is of the opinion on reasonable grounds that no substantial injustice will be caused by doing so.

79.6 Nothing in this rule 79 limits the powers conferred on the chair of a general meeting or the Company by law or this constitution.

80. Disruptive Conduct at General Meetings

80.1 The chair of a general meeting may take any action the chair considers appropriate for the safety of persons attending the meeting and the orderly conduct of the meeting, including refusing a person, whether or not they are a member, admission to, or requiring the person to leave and not return to, the meeting if the person:

- (1) refuses to permit examination of any article in the person's possession;

- (2) is in possession of any:
 - (a) electronic or recording device;
 - (b) placard or banner; or
 - (c) other article,

which the chair considers to be dangerous, offensive or liable to cause disruption, or

- (3) in the opinion of the chair:
 - (a) causes or threatens to cause any disruption to the meeting;
 - (b) behaves or threatens to behave in a dangerous, offensive or disruptive way; or
 - (c) refuses to comply with a request to turn off a mobile telephone, personal communication device or similar device.

80.2 The chair may delegate the powers conferred by this rule to any person.

81. Postponement and Adjournment of General Meetings

81.1 If, at the time appointed for a general meeting, the chair considers that:

- (1) there is not enough room at any venue at which the meeting is to be held to accommodate everyone present at that venue and entitled to attend the meeting; or
- (2) a postponement is necessary in light of the behaviour of persons present at any venue at which the meeting is to be held or for any other reason so that the business of the meeting can be properly carried out,

the chair may postpone the meeting before it has started, whether or not a quorum is present. A postponement under this rule will be to another time, which may (but need not) be on the same day as the meeting, and may be to another venue.

81.2 The chair of a meeting:

- (1) in the chair's discretion may adjourn a meeting, without the meeting's consent;
- (2) must adjourn a meeting if the meeting directs the chair to do so; and
- (3) may defer consideration of, and may adjourn the debate on, any business, motion, question or resolution being considered or remaining to be considered at the meeting to a later time at the same meeting.

81.3 An adjourned meeting may take place at a different venue from the initial meeting.

81.4 The only business that can be transacted at an adjourned meeting is the unfinished business of the initial meeting.

81.5 If a general meeting has been adjourned for more than 42 days, notice of the adjourned meeting must be given to members as if it were an original meeting, but otherwise it is not necessary to give notice of an adjourned meeting or the business of the adjourned meeting to any person other than the ASX.

- 81.6 No poll may be demanded on the question of adjournment of a meeting except by the chair.
- 81.7 The chair's rights under this rule 81 are exclusive and, unless the chair requires otherwise, and subject to rule 81.2(2), no vote may be taken or demanded by the members present (whether in person or by proxy, attorney or representative) about any postponement or adjournment of a meeting or any proceedings at a meeting under this rule.

82. Technology

- 82.1 The Company may hold a meeting of its members at 2 or more venues using any technology that gives the members as a whole a reasonable opportunity to participate.
- 82.2 If a separate meeting place is linked to the main place of a general meeting by an instantaneous audio-visual communication device which, by itself or in conjunction with other arrangements:
- (1) gives the general body of members in the separate meeting place a reasonable opportunity to participate in proceedings in the main place;
 - (2) enables the chair to be aware of proceedings in the other place; and
 - (3) enables the members in the separate meeting place to vote on a show of hands or on a poll,
- a member present at the separate meeting place is taken to be present at the general meeting and entitled to exercise all rights as if he or she was present at the main place.
- 82.3 If the communication device encounters a technical difficulty, whether before or during the meeting, which results in the matters required by rule 82.2 at the separate meeting place not being satisfied, the meeting may still be held or continue in the main place (and any other place which is linked under rule 82.2) and transact business, even if the members in the separate meeting place are unable to participate. No member may object to the meeting being held or continuing. However, if the effect of this rule 82.3 has not been referred to in the notice calling the meeting, the business the meeting may conduct is limited to adjourning the meeting.
- 82.4 Nothing in these rules is to be taken to limit the powers conferred on the chair by law.

83. Quorum

- 83.1 The quorum for a meeting of the Company's members is 3 members and the quorum must be present at all times during the meeting.
- 83.2 In determining whether a quorum is present, individuals attending as proxies or body corporate representatives are counted. However, if a member has appointed more than 1 proxy or representative, only 1 of them is counted. If an individual is attending both as a member and as a proxy or body corporate representative, the individual is counted only once.
- 83.3 If a quorum is not present within 30 minutes after the time for the meeting set out in the notice of meeting:

- (1) where the meeting was called by the members or upon the requisition of members, the meeting is dissolved; or
- (2) in any other case, the meeting is adjourned to the date, time and place the directors specify. If the directors do not specify 1 or more of those things, the meeting is adjourned to:
 - (a) if the date is not specified - the same day in the next week;
 - (b) if the time is not specified - the same time; and
 - (c) if the place is not specified - the same place.

83.4 If no quorum is present at the resumed meeting within 30 minutes after the time for the meeting, the meeting is dissolved.

84. Chair at General Meetings

84.1 If the directors have appointed 1 of their number as chair of their meetings, the person appointed presides as chair at every general meeting.

84.2 If the directors have appointed 1 of their number as deputy chair of their meetings, to act as chair in the absence of the chair, the person appointed presides as chair at every general meeting at which the chair is absent.

84.3 Where a general meeting is held and:

- (1) a chair has not been appointed as referred to in rule 84.1, or a deputy chair as referred to in rule 84.2; or
- (2) the chair or deputy chair is not present within 30 minutes after the time appointed for the holding of the meeting or is unwilling to act,

the directors present may appoint 1 of their number to be chair of the meeting and in default of their doing so the members present must appoint another director or if no director is present or willing to act then the members present may appoint any 1 of their number to be chair of the meeting.

84.4 At any time during a general meeting and in respect of any specific item or items of business, the chair of the meeting may elect to vacate the chair in favour of another person he or she nominates (who must be a director unless no director is present and willing to act). That person is to be taken to be the chair and will have all the powers of the chair (other than the power to adjourn the meeting) during the consideration of that item or those items of business. Without limiting those powers, where a person has been nominated under this rule to act as chair for part of a meeting and the chair of the meeting is authorised to act as a member's proxy for the meeting (or for the relevant part of the meeting), the proxy appointment will be taken to be in favour of the acting chair for the relevant part of the meeting.

PROXIES, ATTORNEYS AND BODY CORPORATE REPRESENTATIVES

85. Who Can Appoint a Proxy

85.1 A member who is entitled to attend and cast a vote at a meeting of the Company's members or at a meeting of the holders of a class of shares may appoint a person

as the member's proxy to attend and vote for the member at the meeting. The proxy need not be a member.

- 85.2 The appointment may specify the proportion or number of votes that the proxy may exercise.
- 85.3 If the member is entitled to cast 2 or more votes at the meeting, the member may appoint 2 proxies. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.
- 85.4 Disregard any fractions of votes resulting from the application of rule 85.2 or rule 85.3.

86. Rights of Proxies, Attorneys and Representatives

- 86.1 Subject to the Act and the Listing Rules and unless otherwise provided for in the proxy's appointment or in any instrument appointing an attorney or representative, the appointment of a proxy, attorney or representative for a general meeting will be taken to confer authority to do any and all of the following on the appointing member's behalf:

- (1) to act generally at the meeting (including to speak, demand a poll, join in demanding a poll and to move motions);
- (2) to vote:
 - (a) on any amendment moved to a proposed resolution; and
 - (b) on any procedural motion, including (without limitation) any motion that a proposed resolution not be put or any similar motion, and any motion to elect the chair, to vacate the chair or to adjourn the meeting,

even though the appointment may refer to specific resolutions and specify the way the proxy, attorney or representative is to vote on the resolution;

- (3) to vote on any motion before the general meeting, whether or not the motion is referred to in the appointment; and
- (4) where the meeting is adjourned to another time or changed to another venue, to attend and vote at the adjourned meeting, or at the new venue, even though the appointment or instrument may refer to the meeting being held at a specified time or venue.

- 86.2 A proxy may be revoked at any time by notice in writing to the Company.

- 86.3 If a member is present at any general meeting for which it has validly appointed a proxy to attend and vote for the member:

- (1) the proxy's authority to speak for the member is suspended while the member is present; and
- (2) the proxy's authority to vote for the member on any resolution is suspended while the member is present,

unless the member otherwise decides and informs the Company (or its representative) prior to the start of the meeting, in which case the member's authority to speak and vote at the meeting is suspended while the proxy is present at the meeting.

87. When Proxy Form Must Be Sent to All Members

- 87.1 If the Company sends a member a proxy appointment form for a meeting or a list of persons willing to act as proxies at a meeting:
- (1) if the member requested the form or list - the Company must send the form or list to all members who ask for it and who are entitled to appoint a proxy to attend and vote at the meeting; or
 - (2) otherwise - the Company must send the form or list to all its members entitled to appoint a proxy to attend and vote at the meeting.

88. Appointing a Proxy

- 88.1 An appointment of a proxy is valid if it is signed or otherwise authenticated in a way permitted by the Act, by the member or the member's attorney making the appointment and contains the following information:

- (1) the member's name and address;
- (2) the Company's name;
- (3) the proxy's name or the name of the office held by the proxy; and
- (4) the meetings at which the appointment may be used.

An appointment may be a standing one.

- 88.2 An undated appointment is taken to have been dated on the day it is given to the Company.

- 88.3 An appointment may specify the way the proxy is to vote on a particular resolution. If it does, subject to the Act and the Listing Rules:

- (1) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
- (2) if the proxy has 2 or more appointments that specify different ways to vote on the resolution - the proxy must not vote on a show of hands;
- (3) if the proxy is the chair - the proxy must vote on a poll, and must vote that way; and
- (4) if the proxy is not the chair - the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a member, this rule 88.3 does not affect the way that the person can cast any votes the person holds as a member.

- 88.4 Despite anything to the contrary contained in this constitution:

- (1) if a member appoints 1 proxy, that proxy may, subject to the Act, vote on a show of hands; and
- (2) if a member appoints 2 proxies, neither proxy may vote on a show of hands.

- 88.5 An appointment does not have to be witnessed.

- 88.6 A later appointment revokes an earlier one if both appointments could not be validly exercised at the meeting.

89. Form of Proxy Sent Out by Company

- 89.1 A form of proxy sent out by the Company may be in a form determined by the directors but, subject to the Listing Rules, must:
- (1) enable the member to specify the manner in which the proxy must vote in respect of a particular transaction; and
 - (2) leave a blank for the member to fill in the name of the person primarily appointed as proxy.
- 89.2 The form may provide that if the member leaves it blank as to the person primarily appointed as proxy or if the person or persons named as proxy fails or fail to attend, the chair of the meeting is appointed proxy.

90. Lodgement of Proxy

- 90.1 Subject to rule 90.3, an appointment of a proxy or attorney must be received by the Company not less than 48 hours (unless that period is reduced in the notice of meeting to which the proxy relates or by rule 90.4) before the time for holding the meeting or adjourned meeting at which the appointee proposes to vote.
- 90.2 If the appointment purports to be signed or otherwise authenticated under a power of attorney or other authority, the original authority or a certificated copy of it must be received by the Company by the time determined under this rule 90.
- 90.3 The Company receives an appointment or document required by this rule 90:
- (1) when the appointment or document is received at any of the following:
 - (a) the Company's registered office;
 - (b) a facsimile number at the Company's registered office; or
 - (c) a place, facsimile number or electronic address specified for the purpose in the notice of meeting; and
 - (2) if the notice of meeting specifies other electronic means by which a member may give the appointment or document, when the appointment or document has been given by those electronic means.
- 90.4 Where rule 90.6 applies:
- (1) the period referred to in rule 90.1 is reduced to any lesser number of hours before the time for holding the relevant meeting or adjourned meeting determined by the directors and notified to the appointing member; and
 - (2) the appointment of proxy or attorney is effective for the scheduled meeting or adjourned meeting (as the case may be) if the appointment and any other document required by rule 90.2 is received by the Company at least the number of hours determined by the directors under rule 90.4(1) before the time for holding the relevant meeting or adjourned meeting (as the case may be).

- 90.5 The Company may, by written or oral communication, clarify with a member any instruction on an appointment of proxy or attorney which is received by the Company within a period referred to in rule 90.1 or rule 90.4 (as applicable). The Company may amend the contents of any appointment of proxy or attorney to reflect any clarification in instruction received from the member and the member at that time appoints the Company as its attorney for this purpose.
- 90.6 Where an appointment of a proxy or attorney has been received by the Company by the time determined under rule 90.1 and the Company considers that the appointment has not been duly signed or authenticated, the Company, in its discretion, may:
- (1) return the appointment to the appointing member; and
 - (2) request that the member duly signed or authenticate the appointment and return it to the Company within a period determined by the directors under rule 90.4.
- 90.7 Nothing in rules 90.4, 90.5 and 90.6 requires the directors or the Company to do anything referred to in those rules.

91. Validity of Proxy Vote

- 91.1 A proxy who is not entitled to vote on a resolution as a member may vote as a proxy for another member who can vote if the appointment specifies the way the proxy is to vote on the resolution and the proxy votes that way.
- 91.2 Unless the Company has received written notice of the matter before the start or resumption of the meeting at which a proxy votes, a vote cast by the proxy will be valid even if, before the proxy votes:
- (1) the appointing member dies;
 - (2) the member is mentally incapacitated;
 - (3) the member revokes the proxy's appointment;
 - (4) the member revokes the authority under which the proxy was appointed by a 3rd party; or
 - (5) the member transfers the share in respect of which the proxy was given.

92. Body Corporate Representative

- 92.1 A body corporate may appoint an individual as a representative to exercise all or any of the powers the body corporate may exercise:
- (1) at meetings of the Company's members;
 - (2) at meetings of creditors or debenture holders; or
 - (3) relating to resolutions to be passed without meetings.

The appointment must be executed in accordance with the Act or signed by an attorney of the body corporate, or otherwise authenticated in a way permitted by the Act.

The appointment may be a standing one.

- 92.2 The appointment may set out restrictions on the representative's powers. If the appointment is to be by reference to a position held, the appointment must identify the position.
- 92.3 A body corporate may appoint more than 1 representative but only 1 representative may exercise the body's powers at any one time.
- 92.4 Subject to the Act and unless otherwise specified in the appointment, the appointment will be taken to confer the authority referred to in rule 86.1.

93. Attorney of Member

- 93.1 Subject to the Act and unless otherwise specified in the instrument conferring the power of attorney, the instrument will be taken to confer the authority referred to in rule 86.1.

VOTING AT MEETING OF MEMBERS

94. How Many Votes a Member Has

- 94.1 Subject to any rights or restrictions attached to any class of shares and to these Rules, at a meeting of members:
 - (1) on a show of hands, each member has 1 vote; and
 - (2) on a poll, each member has 1 vote for each share the member holds.
- 94.2 The vote may be exercised in person or by proxy, body corporate representative or attorney.
- 94.3 Where there are partly-paid shares on a poll every member present has 1 vote for each fully paid share and a fraction of a vote for each partly-paid share held by the member in the Company. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable, whether or not called (excluding amounts credited). In this rule 94.3 amounts paid in advance of a call are ignored when calculating the proportion.
- 94.4 The holder of a preference share (or preference security, as that term is defined in the Listing Rules) has the right to vote in each of the following circumstances but not in others:
 - (1) during a period during which a dividend (or part of a dividend) in respect of the shares is in arrears;
 - (2) on a proposal to reduce the capital of the Company;
 - (3) on a resolution to approve the terms of a buy-back agreement;
 - (4) on a proposal that affects the rights attached to the share;
 - (5) on a proposal to wind up the Company;
 - (6) on a proposal for the disposal of the whole of the Company's property, business and undertaking; and
 - (7) during the winding up of the Company.

- 94.5 The directors may determine that at any general meeting or class meeting, a member who is entitled to attend and vote on a resolution at that meeting is entitled to a Direct Vote in respect of that resolution. A Direct Vote includes a vote delivered to the Company by post, fax or other electronic means approved by the directors. The directors may prescribe regulations, rules and procedures in relation to direct voting, including specifying the form, method and timing of giving a Direct Vote at a meeting in order for the vote to be valid.

95. Voting Disqualification

- 95.1 A holder of ordinary shares has no right to vote at a general meeting in respect of those shares if:
- (1) calls due and payable on those shares have not been paid;
 - (2) the person became a holder of the shares after the specified time (being not more than 48 hours prior to the date of the meeting) established by the Company in accordance with a law of a state or territory or of the Commonwealth for the purpose of voting at the meeting;
 - (3) the right is removed or changed under Australian legislation, or under a provision of this constitution which must be included to comply with Australian legislation, but this rule 95.1(3) ceases to apply once it is no longer necessary;
 - (4) the right is removed or changed under a provision in this constitution that is permitted by the Listing Rules or that ASX has approved as appropriate and equitable; or
 - (5) the right is removed or changed under a court order.

96. Jointly Held Shares

- 96.1 If a share is held jointly and more than 1 member votes in respect of that share, only the vote of the member whose name appears first in the Register counts.
- 96.2 This applies whether the vote is cast in person or by proxy or by attorney.
- 96.3 Several executors or administrators of a deceased member are treated, for the purposes of rule 96.1, as joint holders.

97. Objections to Right to Vote

- 97.1 A challenge to a right to vote at a meeting of members:
- (1) may only be made at the meeting; and
 - (2) must be determined by the chair, whose decision is final.
- 97.2 A vote not disallowed following the challenge is valid for all purposes.

98. Votes Need Not All Be Cast in the Same Way

- 98.1 On a poll a person voting who is entitled to 2 or more votes:
- (1) need not cast all the votes; and
 - (2) may cast the votes in different ways.

99. How Voting is Carried Out

- 99.1 A resolution put to the vote at a meeting of the Company's members must be decided on a show of hands unless a poll is demanded.
- 99.2 On a show of hands, a declaration by the chair is conclusive evidence of the result. Neither the chair nor the minutes need to state the number or proportion of the votes recorded in favour or against.

100. Matters on Which a Poll May Be Demanded

- 100.1 A poll may be demanded on any resolution.
- 100.2 A demand for a poll may be withdrawn.

101. When a Poll is Effectively Demanded

- 101.1 At a meeting of the Company's members, a poll may be demanded by:
- (1) at least 5 members entitled to vote on the resolution;
 - (2) a member or members with at least 5% of the votes that may be cast on the resolution on a poll;
 - (3) a member or members holding voting shares on which the aggregate sum paid up is not less than 5% of the total sum paid up on all voting shares; or
 - (4) the chair.
- 101.2 The poll may be demanded:
- (1) before a vote is taken;
 - (2) before the voting results on a show of hands are declared; or
 - (3) immediately after the voting results on a show of hands are declared.
- 101.3 The percentage of votes that members have is to be worked out as at the midnight before the poll is demanded.

102. When and How Polls Must Be Taken

- 102.1 A poll demanded on a matter other than the election of a chair or the question of an adjournment must be taken when and in the manner the chair directs.
- 102.2 A poll on the election of a chair or on the question of an adjournment must be taken immediately.
- 102.3 The demand for a poll does not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
- 102.4 The result of the poll is the resolution of the meeting at which the poll was demanded.

103. Chair Does Not Have a Casting Vote

- 103.1 In the case of an equality of votes, whether on a show of hands or on a poll, the chair of the meeting does not have a casting vote.

104. Voting Rights of Persons Entitled under Transmission Rule

- 104.1 A person entitled under the transmission rule (rule 151) to any shares may not vote at a meeting or adjourned meeting in respect of the shares unless:
- (1) 24 hours at least before the time of holding the meeting or adjourned meeting there is lodged at the registered office of the Company documentation of entitlement which satisfies the chair of the meeting or adjourned meeting of the entitlement; or
 - (2) the directors have previously admitted the person's right to vote at the meeting in respect of the shares.

ANNUAL GENERAL MEETING

105. Business of An Annual General Meeting

- 105.1 The business of an annual general meeting may include any of the following, even if not referred to in the notice of meeting:
- (1) the consideration of the annual financial report, directors' report and auditor's report;
 - (2) the election of directors;
 - (3) the appointment of the auditor; and
 - (4) the fixing of the auditor's remuneration.
- All other business transacted at an annual general meeting and all other business transacted at any other general meeting is special business.
- 105.2 The business of the annual general meeting also includes any other business which under this constitution or the Act ought to be transacted at an annual general meeting.
- 105.3 The chair of the annual general meeting must allow a reasonable opportunity for the members as a whole at the meeting to ask questions about or make comments on the management of the Company.
- 105.4 If the Company's auditor or the auditor's representative is at the meeting, the chair of an annual general meeting must allow a reasonable opportunity for the members as a whole at the meeting to ask the auditor or that representative questions relevant to the conduct of the audit and the preparation and content of the auditor's report.

106. Resolutions Proposed by Members

- 106.1 No member may at any meeting move any resolution relating to special business unless:
- (1) the member has given not less than 30 business days' previous notice in writing of the member's intention to move an ordinary resolution or 2 months' notice in writing of the member's intention to move a special resolution at the meeting by leaving the notice and a signed copy of the resolution at the registered office of the Company; or
 - (2) the resolution has previously been approved by the directors.

- 106.2 Upon receiving a notice referred to in rule 106.1 the secretary must:
- (1) if the notice convening the meeting has already been despatched, immediately notify the members of the proposed resolution; or
 - (2) otherwise include notice of the proposed resolution in the notice convening the meeting.

MEETINGS OF MEMBERS HOLDING SHARES IN A CLASS

107. Variation of Class Rights

- 107.1 Rights attached to shares in a class of shares may be varied or cancelled only:
- (1) by special resolution of the Company; and
 - (2) either:
 - (a) by special resolution passed at a meeting of the members holding shares in the class; or
 - (b) with the written consent of members with at least 75% of the votes in the class.
- 107.2 Rule 107.1 applies whether or not the Company is being wound up.
- 107.3 The Company must give a notice in writing of the variation or cancellation of shares to members of the class affected within 7 days after variation or cancellation of the shares.
- 107.4 The provisions of this constitution relating to general meetings apply so far as they are capable of application and with the necessary changes to every meeting of members holding shares in a class except that:
- (1) a quorum is constituted by not less than 2 members who, between them, hold or represent 25% of the issued shares of the class; and
 - (2) any member who holds or represents shares of the class may demand a poll.

MINUTES

108. Minutes to be Kept

- 108.1 The directors must keep minute books in which they record within 1 month:
- (1) proceedings and resolutions of meetings of the Company's members;
 - (2) proceedings and resolutions of directors' meetings (including meetings of a committee of directors);
 - (3) resolutions passed by members without a meeting; and
 - (4) resolutions passed by directors without a meeting.

- 108.2 The directors must ensure that minutes of a meeting are signed within a reasonable time after the meeting by 1 of the following:
- (1) the chair of the meeting; or
 - (2) the chair of the next meeting.
- 108.3 The directors must ensure that minutes of the passing of a resolution without a meeting are signed by a director within a reasonable time after the resolution is passed.
- 108.4 Without limiting rule 108.1 the directors must record in the minute books:
- (1) all appointments of officers and executive employees;
 - (2) the names of the directors and alternate directors present at all meetings of directors and the Company;
 - (3) the method by which a meeting of directors was held;
 - (4) all orders resolutions and proceedings of general meetings and of meetings of the directors and of committees formed by the directors;
 - (5) proxy votes exercisable and exercised in respect of each resolution at a meeting; and
 - (6) all other matters required by the Act to be recorded in the books, including each notice and standing notice given by a director of a material personal interest in a matter that relates to the affairs of the Company.

ACCOUNTS, AUDIT AND RECORDS

109. Accounts

- 109.1 The directors must cause proper accounting and other records to be kept in accordance with the Act.
- 109.2 The directors must distribute copies of every profit and loss account, balance sheet and statement of cash flows (including every document required by law to be attached to them) as required by the Act.

110. Audit

- 110.1 A registered company auditor must be appointed.
- 110.2 The remuneration of the auditor must be fixed and the auditor's duties regulated in accordance with the Act.

SHARES AND OTHER SECURITIES

111. Control of Issue of Securities

- 111.1 Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the Act and the Listing Rules, the issue of securities in the Company is under the control of the directors.

- 111.2 Subject to the Act and the Listing Rules, the directors may issue securities to persons at times and on terms and conditions and having attached to them preferred, deferred or other special rights or restrictions as the directors see fit.
- 111.3 Subject to the Act, the Company may issue preference shares that are liable to be redeemed.
- 111.4 Subject to the Listing Rules, and without limiting the generality of rule 111.2 the directors may grant to any person options or other securities with provisions for conversion to shares or pre-emptive rights to any shares for any consideration and for any period.
- 111.5 Upon giving 7 days' notice in writing of its intention to do so, the Company may redeem all or any redeemable preference shares. The notice must be delivered or posted to the holder of the redeemable preference shares accompanied by a cheque for the amount paid up in respect of the shares to be redeemed. Redemption takes place 7 days after delivery or posting the notice and cheque.
- 111.6 The Company must not in any way prevent, delay or interfere with the issue of securities following the exercise, conversion or paying up of any security quoted on ASX, except as permitted by the Listing Rules.

112. Ordinary Shares

- 112.1 All issued shares of the Company which are not issued upon special terms and conditions are ordinary shares and confer on the holders:
 - (1) the right to attend and vote at meetings of the Company and on a show of hands to 1 vote and on a poll to 1 vote for each share held (subject to rule 94.3);
 - (2) the right to participate in dividends (if any) declared on the class of shares held; and
 - (3) on the winding up of the Company, the right to repayment of the capital paid up on their shares and to participate in the division of any surplus assets or profits of the Company and in this regard to rank pari passu with all other shareholders having the same right.

113. Changes to Share Capital

- 113.1 The Company may convert all or any of its shares into a larger or smaller number of shares by resolution passed at a general meeting but this does not allow anything that the Listing Rules do not allow.
- 113.2 For the purpose of giving effect to any conversion of its shares, the directors may, subject to the ASX Settlement Operating Rules if they are applicable:
 - (1) issue fractional certificates;
 - (2) vest any fractions of shares in trustees on such trusts for the persons entitled to the fractions of shares as may seem expedient to the directors;
 - (3) sell or take other steps, as they consider appropriate, to transfer the shares representing the fractions for the best price reasonably obtainable to any person and distributing the net proceeds of sale (subject to retention by the Company of small amounts where the cost of distribution would be disproportionate for the amounts involved) in due proportion among the

members entitled to the fractions of shares and, for such sale, any director may execute an instrument of transfer of the shares to the purchase; or

(4) take any other action as they think expedient.

113.3 In any reduction of share capital under the Act that is an equal reduction, the terms of the reduction may comprise or include the transfer or distribution of specific assets (whether held in the name of the Company or in the name of any wholly owned subsidiary of the Company), including fully paid shares in, or debentures of, any other corporation.

113.4 For the purpose of any transfer or distribution of shares in any other corporation under the terms of an equal reduction as referred to in rule 113.3 each holder of shares:

(1) is deemed to have agreed to become a member of that corporation; and

113.5 appoints the Company or any of the directors as its agent to execute any transfer of shares or other document required to effect the transfer or distribution of shares to that holder of shares.

114. Calls on Partly-paid Shares

114.1 If shares in the Company are partly-paid, the member is liable to pay calls on the shares in accordance with the terms on which the shares are on issue.

114.2 A call may be made payable by instalments.

114.3 A call may be revoked, postponed or extended as the directors determine.

114.4 A call must be treated as made at the time when the resolution of the directors authorising the call is passed.

114.5 Each member must pay the amount called on the member's shares according to the terms of the notice of call.

114.6 At least 30 business days before the due date for payment, the Company must send notices to all members on whom the call is made who are on the Register when the call is announced. The notice must include each of the following:

- (1) the name of the member;
- (2) the number of shares held by the member;
- (3) the amount of the call;
- (4) the due date for payment of the call;
- (5) the consequences of non-payment of the call;
- (6) the last day for trading of partly-paid "call unpaid" shares;
- (7) the last day for acceptance by the Company's registry of lodgments of transfers of partly-paid "call unpaid" shares;
- (8) the latest available market price of the shares on which the call is being made before the date of issue of the call notice;

- (9) the highest and lowest market price of the shares on which the call is being made during the 3 months immediately before the date of issue of the call notice and the dates of those sales;
- (10) the latest available market price of the shares on which the call is being made immediately before the Company announced to ASX that it intended to make a call; and
- (11) if the Company has quoted shares of a higher paid-up value than the paid-up value of the shares on which the call is being made, the information required by rules 114.6(8), 114.6(9) and 114.6(10) in respect of the shares having the higher paid-up value.

114.7 Every notice of any call in respect of CHESS Approved Securities must:

- (1) specify any additional information required by the Listing Rules; and
- (2) be given within such period as is required by the Listing Rules.

114.8 The non-receipt of a notice of a call by, or the accidental omission to give notice of a call to, any of the members does not invalidate the call.

114.9 On the trial or hearing of any action for the recovery of any money due for any call and in any circumstances where it is necessary to prove the right to forfeit or sell shares for non-payment of a call it is sufficient to prove:

- (1) that the name of the member sued is entered in the Register as the holder or 1 of the holders of the shares in respect of which the call was made;
- (2) that the resolution making the call is recorded in the minute book;
- (3) that:
 - (a) notice of the call was given to the registered holder of the shares in accordance with this constitution; or
 - (b) in the case of calls or instalments payable at fixed times by the terms of issue of any share or otherwise, those terms apply; and
- (4) that the sum or call has not been paid.

Proof of the above matters is conclusive evidence of the debt or of the right to forfeit or sell shares for non-payment of a call and it is not necessary to prove the appointment of the directors who made the call or the passing of the resolution or anything else.

114.10 The joint holders of a share are jointly and severally liable to pay all calls in respect of the share.

114.11 If a sum called is not paid on or before the date for payment, the person from whom the sum is due must pay interest on the sum (or on so much as remains unpaid) at the rate the directors determine calculated from the day payment is due till the time of actual payment. The directors may waive the interest in whole or in part.

114.12 Any sum that, by the terms of issue of a share, becomes payable on allotment or at a fixed date, must be treated for the purposes of this constitution as a call duly made and payable on the date on which by the terms of issue the sum becomes payable. In case of non-payment, the provisions of this constitution as to

payment of interest and expenses, forfeiture or otherwise apply as if the sum had become payable by virtue of a call duly made and notified.

- 114.13 The directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.
- 114.14 The directors may accept from a member the whole or a part of the amount unpaid on a share although no part of that amount has been called up. The directors may authorise payment by the Company of interest upon the whole or any part of an amount so accepted, until the amount becomes payable, at the rate agreed upon between the directors and the member paying the sum.
- 114.15 Any amount paid in advance of calls is not included or taken into account in ascertaining the amount of dividend payable upon the shares in respect of which the advance has been made.
- 114.16 The directors may at any time repay the amount so advanced upon giving to such member 1 month's notice in writing.
- 114.17 If a sum called in respect of a share is not paid before or on the due date for payment of the sum, the Company may proceed to recover the amount due with interest and expenses (if any) by action, suit or otherwise but the exercise of this right is without prejudice to the right to forfeit the share of any member in arrears and either or both of these rights may be exercised by the directors in their discretion.

115. Right to Lien

- 115.1 Subject to the Listing Rules and this rule 115 the Company has a first and paramount lien on every share (not being a fully paid share) for all money (whether presently payable or not) called or payable at a fixed time in respect of that share.
- 115.2 The Company also has a first and paramount lien on all shares registered in the name of a member (whether solely or jointly with others) for all money presently payable by the member or the member's estate to the Company.
- 115.3 The directors may at any time exempt a share wholly or in part from the provisions of this rule 115.
- 115.4 The Company's lien (if any) on a share extends to all dividends payable in respect of the share.
- 115.5 The amount of the Company's lien is restricted to:
 - (1) unpaid calls and instalments upon the specific shares in respect of which calls or instalments are due and unpaid;
 - (2) if the shares were acquired under an employee incentive scheme an amount owed to the Company for acquiring them; and
 - (3) an amount that the Company is required by law to pay (and has paid) in respect of the shares of a member or deceased former member.
- 115.6 The Company's lien on a share extends to reasonable interest and expenses incurred because an amount referred to in rule 115.5 is not paid.
- 115.7 Unless otherwise agreed the registration of a transfer document operates as a waiver of the Company's lien (if any) on the shares transferred.

115.8 The Company may do everything necessary or appropriate under the ASX Settlement Operating Rules to protect any lien, charge or other right to which it is entitled under the Act or this constitution.

115.9 If the Company has a lien on securities in a CHESS Holding, the Company may give notice to SCH, in the form required by SCH from time to time requesting SCH to apply a Holding Lock to that CHESS Holding.

116. Imposition of a Liability

116.1 This rule 116 applies where any law for the time being of any country, State or place:

- (1) imposes or purports to impose any immediate or future or possible liability upon the Company to make any payment in respect of a member; or
- (2) empowers any government or taxing authority or government official to require the Company to make any payment in respect of any shares registered in the Register as held either jointly or solely by a member or in respect of any dividends or other money which is or may become due or payable or is accruing due to the member by the Company on or in respect of the shares,

whether in consequence of:

- (3) the death of the member;
- (4) the liability of the member for income tax or other tax;
- (5) the liability of the executor or administrator of the member or of the member's estate for any estate, probate, succession, death, stamp or other duty; or
- (6) anything else.

116.2 If any liability contemplated by rule 116.1 is imposed on the Company, the Company:

- (1) must be fully indemnified by the member or the member's executor or administrator from all liability;
- (2) has a first and paramount lien upon all shares registered in the Register as held either jointly or solely by the member and upon all dividends and other money payable in respect of the shares for any liability arising under or in consequence of that law and for any amount paid in complete or partial satisfaction of the liability and for interest on any amount so paid at the rate per annum set by the directors from the date of payment to the date of repayment. The Company may deduct from or set off against the dividends or other money payable any money so paid or payable by the Company together with interest;
- (3) may recover as a debt due from the member or the member's executor or administrator wherever situated any money paid by the Company under or in consequence of that law and interest on the money at the rate and for the period referred to in rule 116.2(2) in excess of any dividend or other money then due or payable by the Company to the member; and

- (4) may, if the money is paid or payable by the Company under that law refuse to register a transfer of the shares by the member or the member's executor or administrator until the money with interest is set off or deducted or where that amount exceeds the amount of the dividend or other money then due or payable by the Company to the member, until the excess is paid to the Company.

116.3 This rule 116 does not prejudice or affect any right or remedy which that law may confer or purport to confer on the Company and as between the Company and the member and the member's executors, administrators and estate wherever situated any right or remedy conferred or purported to be conferred by that law on the Company is enforceable by the Company.

117. Sale of Shares the Subject of Lien

117.1 Subject to rule 117.2, the Company may sell, in the manner the directors see fit, any shares on which the Company has a lien.

117.2 A share on which the Company has a lien may not be sold unless:

- (1) a sum in respect of which the lien exists is presently payable; and
- (2) the Company has, not less than 14 days before the date of the sale, given to the registered holder for the time being of the share or the person entitled to the share by reason of the death or bankruptcy of the registered holder a notice in writing setting out, and demanding payment of, the sum presently payable in respect of which the lien exists.

117.3 To give effect to a sale of shares under rule 117, the directors may authorise a person to transfer the shares sold to the purchaser of the shares.

117.4 The Company must register the purchaser as the holder of the shares comprised in the transfer and the purchaser is not bound to see to the application of the purchase money.

117.5 The title of the purchaser to the shares is not affected by any irregularity or invalidity in connection with the sale.

117.6 The proceeds of a sale under rule 117 must be applied by the Company in payment of the sum presently payable in respect of which the lien exists, and the residue (if any) must (subject to any like lien for sums not presently payable that existed upon the shares before the sale) be paid to the person entitled to the shares immediately prior to the sale.

118. Surrender of Shares

118.1 The directors may accept the surrender of any paid-up share by way of compromise of any question as to the holder being properly registered in respect of the share. Any share so surrendered may be disposed of in the same manner as a forfeited share.

119. Power to Capitalise and Issue Debentures to Members

119.1 The Company may capitalise profits. The capitalisation need not be accompanied by the issue of shares.

119.2 The directors, or the Company in general meeting on the recommendation of the directors, may apply profits, including reserves and sums otherwise available for distribution to members, to:

- (1) pay up any amount unpaid on issued shares;
- (2) issue shares, debentures or unsecured notes to members credited as fully paid up; or
- (3) partly as mentioned in rule 119.2(1) and partly as mentioned in rule 119.2(2).

119.3 The amount applied under rule 119.2 must be applied for the benefit of members in the proportions in which the members would have been entitled to dividends if the amount applied had been distributed as a dividend or to employees of the Company under the terms of an employee share plan.

119.4 For the purpose of rule 119.3 the directors may to the extent necessary to adjust the rights of the members among themselves:

- (1) issue fractional certificates or make cash payments in cases where shares, debentures or unsecured notes become issuable in fractions;
- (2) fix the value for distribution of any specific assets or any part of them;
- (3) round down any payment to the nearest dollar; and
- (4) vest any cash or specific assets in trustees upon trust for the persons entitled to the dividend or capitalised fund.

120. Joint Holders

120.1 Where 2 or more persons are registered as the holders of a share, they must be treated as holding the share as joint tenants with benefits of survivorship subject to rule 120.2 and to the following:

- (1) the Company is not bound to register more than 3 persons (not being the trustees, executors or administrators of a deceased holder) as the holder of the share;
- (2) the joint holders of the share are liable severally as well as jointly in respect of all payments which ought to be made in respect of the share;
- (3) on the death of any 1 of the joint holders, the survivor or survivors are the only person or persons recognised by the Company as having any title to the share, but the directors may require such evidence of death as they see fit;
- (4) any 1 of the joint holders may give effective receipts for any dividend, bonus or return of capital payable to the joint holders; and
- (5) only the person whose name stands first in the Register as 1 of the joint holders of the share is entitled to delivery of the certificate or statement of holdings relating to the share or to receive notices from the Company and a notice given to that person must be treated as notice to all the joint holders.

120.2 Where 3 or more persons are registered holders of a share in the Register (or a request is made to register more than 3 persons) only the first 3 named persons are regarded as holders of the share and all other named persons must be disregarded for all purposes except in the case of executors or trustees of a deceased shareholder.

OBLIGATIONS IN RELATION TO CHESS SETTLEMENT

121. Complying with Rules

- 121.1 The Company must comply with the ASX Settlement Operating Rules if any of its securities are CHESS Approved Securities.

122. Registers to be Kept

- 122.1 The Company must keep a Register in accordance with the Act.
- 122.2 If any of its securities are CHESS Approved Securities, in addition to the CHESS Subregister administered by SCH (which forms part of the Register), the Company must provide for an Issuer Sponsored Subregister, or a Certificated Subregister, or both.
- 122.3 If the Company has Restricted Securities on issue, it must operate a Certificated Subregister other than in relation to existing Restricted Securities that are quoted.
- 122.4 If the Company operates an Issuer Sponsored Subregister:
- (1) the Company must allow holders of securities on the Issuer Sponsored Subregister to maintain more than 1 holding on that subregister;
 - (2) each holding must be identified by a unique SRN (shareholder reference number);
 - (3) each holding must be treated as a separate holding for determining benefits and entitlements; and
 - (4) when the Company creates a new holding on the Issuer Sponsored Register it must allocate a unique SRN for that holding.

DIVIDENDS AND RESERVES

123. Source of Dividends

- 123.1 A dividend may only be paid by the Company to the extent permitted by the Act.

124. Determination of Dividends

- 124.1 The directors may determine that a dividend is payable and fix:
- (1) the amount;
 - (2) the time for payment; and
 - (3) the method of payment.
- 124.2 The Company in general meeting may determine a dividend, but may do so only if the directors have recommended a dividend.
- 124.3 A dividend determined by the Company in general meeting must not exceed the amount recommended by the directors.
- 124.4 Interest is not payable on a dividend.

125. Power to Employ Reserves

- 125.1 The directors may, before recommending or determining any dividend, set aside out of the profits of the Company those sums they think proper as reserves, to be applied, at the discretion of the directors, for any purpose to which the profits of the Company may be properly applied.
- 125.2 Pending the application of reserves under rule 125.1, the reserves may, at the discretion of the directors, be used in the business of the Company or be invested as the directors see fit.
- 125.3 The directors may carry forward so much of the profits remaining as they consider ought not to be distributed as dividends without transferring those profits to a reserve.

126. Crediting of Dividends

- 126.1 Subject to the rights of persons (if any) entitled to shares with special rights as to dividend and to this rule 126, all dividends are apportioned and paid proportionately to the amounts paid or credited as paid on the shares.
- 126.2 If a share is issued on terms that it will rank for dividend as from a particular date, that share ranks for dividend only from that date.
- 126.3 An amount paid or credited as paid on a share during the period for which a dividend is declared only entitles the holder of the share to an apportioned amount of the dividend as from the date of payment.
- 126.4 Despite any other provision of this rule 126 the holder of a partly-paid share is not entitled to a greater proportion of the dividend than the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). In this rule 126.4 amounts paid in advance of a call are ignored when calculating the proportion.
- 126.5 An amount paid or credited as paid on a share in advance of a call is not to be taken for the purposes of this constitution to be paid or credited as paid on the share.

127. Dividends where Different Classes of Shares

- 127.1 If there is more than 1 class of shares on issue, any dividend whether interim or otherwise may be paid on the shares of any 1 or more class or classes to the exclusion of the shares of any other class or classes.
- 127.2 If at any meeting dividends are declared on more than 1 class, the dividend declared on the shares of 1 class may be at a higher or lower rate than or at the same rate as the dividend declared on the shares of another class, but the shares within each class must share equally in any dividend declared in respect of that class.
- 127.3 No objection may be raised to any resolution which declares a higher rate of dividend on the shares of any class than the dividend declared on the shares of any other class or which declares a dividend on the shares of any class to the exclusion of the shares of any other class on the ground that the resolution was passed by the votes of the holders of the shares of a class to receive the higher rate of dividend or to receive the dividend (as the case may be) and that the resolution was opposed by the holders of the shares of a class to receive the lower rate of dividend or to be excluded (as the case may be).

128. Deductions from Dividends

- 128.1 The directors may deduct from any dividend payable to a member all sums of money (if any) presently payable by the member to the Company on account of calls or otherwise in relation to shares in the Company.

129. Unclaimed Dividends

- 129.1 If a cheque for an amount payable under rule 132.1 is not presented for payment for 11 calendar months after issue or an amount is held in an account under rules 132.3 or 132.4 for 11 calendar months, the directors may reinvest the amount, after deducting reasonable expenses, into shares in the Company on behalf of, and in the name of, the member concerned and may stop payment on the cheque. The shares may be acquired on market or by way of new issue at a price the directors accept is market price at the time. Any residual sum which arises from the reinvestment described in this rule 129 may be carried forward or donated to charity on behalf of the member, as the directors decide. The Company's liability to pay the relevant amount is discharged by an application under this rule 129.
- 129.2 The directors may do anything necessary or desirable (including executing any document) on behalf of the member to effect the application of an amount under this rule 129. The directors may determine other rules to regulate the operation of this rule 129 and may delegate their power under this rule to any person.

130. Entitlement to Dividends

- 130.1 Unless otherwise specified in the resolution determining the dividend, all dividends are payable to the members who are upon the Register on the day the resolution declaring the dividend is passed or on the date fixed for payment, as applicable.

131. Payment of Dividends on Transmission

- 131.1 The directors may retain the dividends or bonuses payable on any share to which rule 151 applies until the person entitled to elect to be registered as holder of the share or to transfer the share does so.

132. Manner of Payment of Dividends and other Amounts

- 132.1 The directors may decide the method of payment of any dividend or other amount in respect of a share. Different methods of payment may apply to different members or groups of members (such as overseas members). Without limiting any other method of payment which the Company may adopt, payment in respect of a share may be made:
- (1) by such electronic or other means approved by the directors directly to an account (of a type approved by the directors) nominated in writing by the member or the joint holders; or
 - (2) by cheque sent to the address of the members shown in the Register or, in the case of joint holders, to the address shown in the Register of any of the joint holders, or to such other address as the member or any of the joint holders in writing direct.
- 132.2 A cheque sent under rule 132.1:
- (1) may be made payable to the bearer who will be the member shown in the Register or, in the case of joint holders, to either joint holder member in

which case payment will be deemed to have been made to the joint holder members in full; and

(2) is sent at the member's risk.

132.3 If the directors decide that payments will be made by electronic transfer into an account (of a type approved by the directors) nominated by a member, but no such account is nominated by the member or an electronic transfer into a nominated account is rejected or refunded, the Company may credit the amount payable to an account of the Company to be held until the member nominates a valid account.

132.4 Where a member does not have a registered address or the Company believes that a member is not known at the member's registered address, the Company may credit an amount payable in respect of the member's shares to an account of the Company to be held until the member claims the amount payable or nominates an account into which a payment may be made.

132.5 An amount credited to an account under rule 132.3 or 132.4 is to be treated as having been paid to the member at the time it is credited to that account. The Company will not be a trustee of the money and no interest will accrue on the money.

133. Power to Make Concurrent Call

133.1 The directors, when declaring a dividend, may make a call on the members of such amount as they may fix but so that the call on each member does not exceed the dividend payable to the member and so that the call is made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the member, be set off against the call.

134. Dividend Reinvestment, Bonus Share and Employee Incentive Plans

134.1 A general meeting of the Company or the directors may:

(1) establish 1 or more plans ("Plan") under which some or all members may elect in terms of 1 or more of the following for a period or periods as provided in the Plan:

(a) that dividends to be paid in respect of some or all of the shares held by the members may be satisfied by the issue of fully paid ordinary shares; and

(b) that dividends are not to be declared or paid in respect of some or all of the shares held by the member, but that the member is to receive an issue of fully paid ordinary shares; and

(2) vary, suspend or terminate the Plan.

134.2 The Company in general meeting may by special resolution:

(1) establish a plan that shares be offered or issued to some or all employees of the Company whether or not for consideration; or

(2) vary, suspend or terminate a plan established under rule 134.2(1).

134.3 Any Plan has effect in accordance with its terms and the directors must do all things necessary and convenient for the purpose of implementing the Plan, including, without limitation, the making of each necessary allotment of shares

and of each necessary appropriation, capitalisation, application, payment and distribution of funds which lawfully may be appropriated, capitalised, applied, paid or distributed for the purpose of the allotment.

- 134.4 For the purpose of giving effect to any Plan, the directors may make an appropriation, capitalisation, application, payment or distribution and the powers of the directors may be exercised (and with adjustments as may be required) even if only some of the members or holders of shares of any class participate in the appropriation, capitalisation, application, payment or distribution.
- 134.5 In offering opportunities to members or employees to participate in any Plan, the directors may give any information that in their opinion may be useful to assist members or employees in assessing the opportunity and making requests to their best advantage. The directors, the Company and its officers are not responsible for, nor are they obliged to provide, any legal, taxation or financial advice in respect of the choices available to members or employees.
- 134.6 The directors are under no obligation:
- (1) to admit any member or employee as a participant in any Plan; or
 - (2) to comply with any request made by a member or employee who is not admitted as a participant in any Plan.
- 134.7 In establishing and maintaining any Plan, the directors must act in accordance with the Listing Rules and this constitution, and may exercise all or any of the powers conferred on them by the terms of the Plan, by this constitution or by the Act.

135. Ancillary Powers Regarding Distributions

- 135.1 To give effect to any resolution to reduce the capital of the Company, to satisfy a dividend or to capitalise any amount under these rules, the directors may:
- (1) distribute any specific assets, cash, shares or other securities to the persons entitled to the distribution or capitalised amount that seem expedient to the directors;
 - (2) vest any specific assets, cash, shares or other securities in a trustee on trust for the persons entitled to the distribution or capitalised amount that seem expedient to the directors;
 - (3) settle as they think expedient any difficulty that arises in making the distribution or capitalisation and, in particular, make cash payments in cases where members are entitled to fractions of shares or other securities and decide that amounts or fractions of less than a particular value decided by the directors may be disregarded in order to adjust the rights of all parties;
 - (4) fix the value for distribution of any specific assets, shares or other securities; and
 - (5) authorise any person to make, on behalf of all the members entitled to any specific assets, cash, shares or other securities as a result of the distribution or capitalisation, an agreement with the Company or another person which provides, as appropriate, for the distribution or issue to them of shares or other securities credited as fully paid up or for payment by the Company on their behalf of the amounts or any part of the amounts remaining unpaid on their existing shares or other securities by

applying their respective proportions of the amount resolved to be distributed or capitalised.

- 135.2 Any agreement made under an authority referred to in rule 135.1(5) is effective and binds all members concerned.
- 135.3 If a distribution or issue of specific assets, shares or other securities to a particular member or members is, in the directors' discretion, considered impracticable or would give rise to parcels of securities which do not constitute a marketable parcel, the directors may make a cash payment to those members or allocate the assets, shares or securities to a trustee to be sold on behalf of, and for the benefit of, those members, instead of making the distribution or issue to those members.
- 135.4 If the Company distributes to members (either generally or to specific members) securities in the Company or in another body corporate or trust (whether as a dividend, in connection with a reduction of capital of the Company or otherwise and whether or not for value), each of those members appoints the Company as his or her agent to do anything needed to give effect to that distribution, including agreeing to become a member of that body corporate.

TRANSACTION AFFECTING SHARE CAPITAL

136. Brokerage or Commission

- 136.1 The Company may pay brokerage or commission to a person in respect of that person or another person agreeing to take up shares in the Company.
- 136.2 Payments by way of brokerage or commission may be satisfied by the payment of cash, by the issue of fully or partly paid shares or other securities or partly by the payment of cash and partly by the issue of fully or partly paid shares or other securities.

TITLE TO AND TRANSFER OF SHARES

137. Entitlement to Share and Option Certificates or Statement of Holdings and CHESS Statements

- 137.1 The Company must issue to each member and option holder in the absolute discretion of the directors, either:
 - (1) 1 or more certificates for the securities held by the person; or
 - (2) a statement of holdings as required by the ASX Settlement Operating Rules.
- 137.2 Where securities are held jointly by several persons the Company is not bound to issue more than 1 certificate or statement of holdings.
- 137.3 Delivery of a certificate or statement of holdings of securities may be effected by delivering it personally to the holder or by posting it in a prepaid envelope addressed to the holder at the address shown in the Register or by delivering or posting the certificate or statement in accordance with the written instructions of the holder. Delivery of a certificate or statement to 1 of several joint holders is sufficient delivery to all of them.

137.4 A certificate must state:

- (1) the name of the Company and its jurisdiction of registration;
- (2) the number of the certificate;
- (3) the number and class of shares for which the certificate is issued;
- (4) the amount unpaid on the shares; and
- (5) any other information required by rule 137.6.

137.5 On or before the last date permitted by the Listing Rules or the ASX Settlement Operating Rules, or if not applicable, within 5 business days after the allotment of securities of the Company or registration of a new holder of securities of the Company, the Company must dispatch a statement of holdings or certificate (as applicable) to the holder of the securities.

137.6 The statement or certificate must show:

- (1) the name of the Company;
- (2) the jurisdiction of incorporation or registration of the Company;
- (3) the name, address and telephone number of the Company's principal security registry with a statement that full terms and conditions of the Company's securities can be obtained from that registry; and
- (4) any other information required by the Listing Rules or the ASX Settlement Operating Rules to be provided to the holder of the securities.

137.7 The Company must issue:

- (1) certificates for all Restricted Securities; and
 - (2) new certificates after a reorganisation of capital of the Company,
- at the times and in the manner required by the Listing Rules.

138. Issuer Sponsored Holding Statements

138.1 If a member on the Issuer Sponsored Subregister asks, the Company must send the member a special transaction statement, and the SRN for the holding. The statement must set out any changes to the holding since the last routine transaction statement. The Company may require a reasonable payment for a special transaction statement. The statement must be sent within 3 business days after receiving the written request and any payment that is required.

138.2 The Company must send a member on the Issuer Sponsored Subregister a statement for a new holding on that subregister within 5 business days after the holding is created. The statement must include the opening balance of the holding and the SRN for the holding.

138.3 The Company must send each member on the Issuer Sponsored Subregister a routine transaction statement which sets out the changes to the holding since the last routine transaction statement (or opening balance statement) and the SRN for the holding. The statement must be sent within 5 business days after the end of the month in which there is a change.

139. Replacement of Certificates

139.1 Subject to the Listing Rules and the ASX Settlement Operating Rules, if any certificate or other document of title to shares is worn out or defaced then upon production of the certificate or document to the directors they must order it to be cancelled and issue within 3 business days after receipt of the worn out or defaced certificate or document a new certificate or document in its place upon the conditions prescribed by the Act.

139.2 Subject to the Listing Rules and the ASX Settlement Operating Rules, if:

- (1) satisfactory evidence is received by the directors that any certificate or other document of title to shares has been stolen, lost or destroyed and has not been pledged, sold or otherwise disposed of;
- (2) an indemnity and undertaking which the directors think adequate is given; and
- (3) any other steps (including advertising) which the directors think necessary are taken,

a new certificate or document must be issued to the party entitled to the stolen, lost or destroyed certificate or document within 5 business days after those conditions are satisfied. The Company is entitled to charge for each new certificate or document issued a fee not exceeding the maximum amount permitted by the Act. The new certificate or document must be clearly endorsed with the words "*Issued in replacement of certificate [or document]: number*" or such other words as may from time to time be prescribed by the Listing Rules or permitted by ASX.

140. Recognition of Ownership

140.1 Except as required by law, the ASX Settlement Operating Rules (if they are applicable) or as otherwise provided by this constitution, the Company is not bound to recognise a person as holding a security upon any trust.

140.2 The Company will not be bound by or compelled in any way to recognise (whether or not it has notice of the interest or rights concerned) any equitable, contingent, future or partial interest in any security or unit of a security or (except as otherwise provided by these rules or by law) any other right in respect of a security except an absolute right of ownership in the registered holder.

141. Participation in Transfer Schemes

141.1 The Company at any time and from time to time may participate in any computerised or electronic share transfer registration or stock market settlement system introduced by or acceptable to ASX or as provided for by the Act or the ASX Settlement Operating Rules.

141.2 Despite any other provision of these rules during any period of participation in a system or scheme referred to in this rule 141:

- (1) the Company, in respect of securities for the time being subject to the system or scheme:
 - (a) may cancel any existing securities certificate; and
 - (b) is not obliged to issue or replace any securities certificate;

- (2) securities may be transferred and transfers may be registered, in any manner required or permitted by law, the Listing Rules and the ASX Settlement Operating Rules applying in relation to the system or scheme; and
- (3) the Company must apply and give effect to the Act and those rules.

142. Right to Transfer

- 142.1 Except where required or permitted by law, the Listing Rules, the ASX Settlement Operating Rules or these rules, there is no restriction on the transfer of shares.
- 142.2 Subject to rules 143.1 and 145 the Company and the directors must not in any way prevent, delay or interfere with the generation of a proper ASTC transfer or the registration of a paper-based transfer in registrable form of any securities.

143. Holding Lock

- 143.1 The Company may ask SCH to apply a Holding Lock to prevent a proper ASTC transfer, or refuse to register a paper-based transfer, in any of the following circumstances:
 - (1) the Company has a lien on the securities;
 - (2) the Company is served with a court order that restricts the holder's capacity to transfer the securities;
 - (3) registration of the transfer may break an Australian law and ASX has agreed in writing to the application of a Holding Lock or that the Company may refuse to register a transfer. The application of the Holding Lock must not breach an ASX Settlement Operating Rule;
 - (4) during the escrow period of Restricted Securities;
 - (5) if the transfer is paper-based, the Company is obliged or allowed to refuse to register it under rule 145;
 - (6) if the transfer is paper-based, a law related to stamp duty prohibits the Company from registering it; or
 - (7) the Company is otherwise permitted to do so by the Listing Rules.
- 143.2 If the Company refuses to register a paper-based transfer under rule 143.1 it must tell the lodging party in writing of the refusal and the reason for it. The Company must do so within 5 business days after the date on which the transfer was lodged.
- 143.3 If the Company asks SCH to apply a Holding Lock under rule 143.1 the Company must tell the holder of the securities in writing of the Holding Lock and the reason for it. It must do so within 5 business days after the date on which it asked for the Holding Lock.

144. No Documentary Evidence Required

- 144.1 The Company must not require a statutory declaration or other document in connection with ownership restrictions of its securities before it will register a paper-based transfer or authorise a proper ASTC transfer.

145. Refusal to Register a Transfer

145.1 Where the Company issues new certificates under rule 137.7(2) after a reorganisation of capital, the Company must reject a transfer accompanied by a certificate issued before ASX recognised the reorganisation, as not being in registrable form.

145.2 The Company must to the extent required by the Listing Rules, refuse to register a transfer of securities made in connection with an off-market bid.

146. Transfer Documents and Processing

146.1 Where the Company issues new certificates under rule 137.7(2) after a reorganisation of capital, the Company must reject a transfer accompanied by a certificate issued before ASX recognised the reorganisation, as not being in registrable form.

146.2 The transfer document of a security must be effected or validated by or on behalf of the transferor and, except where the transferee is treated by the Act, this constitution, the Listing Rules or the ASX Settlement Operating Rules as having accepted the shares transferred, must also be effected by the transferee. The transfer document must be treated as signed by the transferor where it has been validated by the stamp of the transferor's broker in accordance with the Act, and the transfer document must be treated as signed by the transferee where it has been validated by the stamp of the transferee's broker in accordance with the Act.

146.3 All powers of attorney granted by members which may be used for the purpose of transferring shares and which are lodged produced or exhibited to the Company must be treated as between the Company and the grantor of the powers as remaining in full force and may be acted upon until express notice in writing of their revocation or of the death of the grantor is lodged at the Company's registered office or at the Company's share registry.

146.4 The transferor must be treated as remaining the holder of the security until the name of the transferee is entered in the Register in respect of the security and subject to rule 146.6, the date of transfer is governed by the ASX Settlement Operating Rules.

146.5 Subject to the ASX Settlement Operating Rules all transfer documents which are registered must be retained by the Company but any transfer document which the directors decline to register, except on the grounds of fraud, must upon demand in writing be returned to the party presenting it.

146.6 If the Company receives a paper-based transfer in registrable form on or after the date on which securities in that class became CHESS Approved Securities, the Company must register the transfer in its Issuer Sponsored Subregister as an uncertificated security holding within 5 business days after the transfer is lodged.

146.7 Despite rule 146.6, if the Company provides a Certificated Subregister, and the securities are securities for which the Listing Rules allow a Certificated Subregister to be provided, the Company may register the transfer on the Certificated Subregister, and must send the certificate to the transferee within 3 business days after the transfer is lodged.

147. Fees for Registration

147.1 Subject to the Listing Rules, the Company must not charge a fee for any of the following:

- (1) registering proper ASTC transfers;
- (2) splitting certificates, renunciations and transfer forms;
- (3) issuing certificates and transmission receipts;
- (4) effecting conversions between subregisters;
- (5) noting transfer forms;
- (6) issuing a statement showing the opening balance of the holding on the issuer sponsored subregister;
- (7) issuing a routine transaction statement to a security holder on the issuer sponsored subregister;
- (8) sending a security holder details of a change to the holding which arises from an issue of securities or an acquisition of rights; and
- (9) effecting shunts between registers,

except where the issue of a certificate is to replace a lost or destroyed certificate.

147.2 The Company may charge a reasonable fee for registering paper-based transfers in registrable form.

148. Period of Closure of Register

148.1 Subject to the Listing Rules, the transfer books and the Register may be closed during such times as the directors see fit and the Listing Rules and the ASX Settlement Operating Rules allow.

149. Sale of Non-Marketable Parcels

149.1 In this rule 149:

- (1) “**Marketable Parcel**” of the relevant securities has the meaning ascribed by the Listing Rules;
- (2) “**Minority Member**” means the holder of less than a Marketable Parcel of the relevant securities;
- (3) “**Notice**” means the written notice given to Minority Members in accordance with rule 149.2;
- (4) “**Notice Date**” means the date of the Notice sent by the Company to a Minority Member advising that the Company intends to sell that Minority Member’s securities on that member’s behalf under rule 149.2;
- (5) “**Purchaser**” means the person or persons (including a member or members) to whom the relevant securities are sold in accordance with rule 149.2; and
- (6) “**Sale Consideration**” means the proceeds of sale of the relevant securities of a Minority Member to which the Minority Member is entitled pursuant to rule 149.6.

149.2 Subject to the Listing Rules, the Company is entitled to sell securities of a Minority Member on the following conditions:

- (1) the Company must give to the Minority Member a Notice that the Company intends to invoke the power of sale contained in this rule 149;
- (2) the Minority Member must be given at least 6 weeks from the Notice Date in which to advise the Company that the member wishes to retain the member's security holding;
- (3) if the Minority Member advises the Company under rule 149.2(2) that the member wishes to retain the member's security holding, the Company must not sell it; and
- (4) subject to rule 149.2(3), at the expiry of the 6 week period, the Company is entitled to sell any security holding of the Minority Member which is, at the date of sale, less than a Marketable Parcel.

149.3 For the purposes of the sale of securities under this rule 149, each Minority Member:

- (1) appoints the Company as the Minority Member's agent to sell, as soon as practicable after the expiry of the 6 week period after the Notice Date, all of the Minority Member's relevant securities at a price which the directors consider to be the best price reasonably obtainable for the securities at the time they are sold and to hold the Sale Consideration on behalf of the Minority Member; and
- (2) appoints the Company and each of its directors jointly and severally as the Minority Member's attorneys in that member's name and on that member's behalf to effect all transfer documents, deeds or other documents or instruments necessary to transfer the relevant securities from the Minority Member to the Purchaser.

149.4 The Company must bear all costs of and incidental to the sale of security holdings under this rule 149.

149.5 The Purchaser is not bound to see to the regularity of the actions and proceedings of the Company under this rule 149 or to the application of the proceeds of sale in respect of any relevant securities. After the Purchaser's name is entered in the Register in respect of the relevant securities the validity of the sale may not be impeached by any person and the remedy of any person aggrieved by the sale is in damages only and against the Company exclusively. The title of the Purchaser is not affected by any irregularity or invalidity in connection with the sale of the relevant securities to the Purchaser.

149.6 The Company shall pool the proceeds of sale of the security holding of each Minority Member and the Sale Consideration to which a Minority Member is entitled shall be a proportion of the aggregate proceeds of sale which the number of sold securities of that Minority Member bears to the aggregate number of all the sold securities of all the relevant Minority Members.

149.7 Subject to this rule 149, with respect to the receipt of the proceeds of sale and payment of the Sale Consideration:

- (1) the proceeds of sale must be received by the Company and the Sale Consideration must be paid by the Company to the Minority Member;
- (2) the proceeds of sale received by the Company must be paid into a bank account opened and maintained by the Company for that purpose only;

- (3) the Company must hold the Sale Consideration in trust for the Minority Members whose securities are sold under this rule 149 pending distribution of the Sale Consideration;
- (4) the Company must as soon as practicable after the sale of securities of Minority Members, and to the extent that it may reasonably do so, distribute the Sale Consideration; and
- (5) the provisions of the Act and any other applicable legislation dealing with unclaimed money apply to any Sale Consideration unable to be distributed by the Company for any reason.

149.8 The Sale Consideration must not be sent to a Minority Member until the Company receives any certificate relating to the securities which have been sold (or is satisfied that the certificate has been lost or destroyed).

149.9 This rule 149 may be invoked only once in any 12 month period.

149.10 The power to sell in this rule 149 lapses following the announcement of a takeover. However, despite rule 149.9, the procedure provided in this rule 149 may be started again after the close of the offers made under the takeover.

149.11 In addition to the powers of the directors in rule 149.2, the directors may cause the Company to sell the securities of a Minority Member if they hold less than a Marketable Parcel, without complying with the procedures in rule 149.2 and may determine that a member's right to vote or receive dividends in respect of those securities is removed or changed if the following conditions are observed:

- (1) a sale effected, or a removal or change in voting or dividend rights, under this rule 149.11 only applies to securities in a new holding created by a transfer of a parcel of securities in a class of securities in the Company that was less than a Marketable Parcel at the time the transfer document was initiated or, in the case of a paper based transfer, was lodged with the Company;
- (2) the proceeds of sale under this rule, less the cost of the sale, must be sent to the Minority Member after the sale; and
- (3) any dividends that have been withheld under this rule must be sent to the Minority Member after the sale, subject to the former member delivering to the Company proof of title acceptable to the directors.

150. Notification of Ownership to ASX

150.1 This rule 150 applies if:

- (1) a provision of this constitution (as agreed by ASX) or a law (except the Act or the *Foreign Acquisitions Takeovers Act*) restricts the ownership or control of securities of the Company or control of votes to a specified percentage; and
- (2) the Company becomes aware that the percentage held by a class of persons restricted to owning or controlling that percentage has come within 5% of the restriction, or equals or exceeds it.

150.2 If the Company becomes aware of any changes of more than 1% in the capital or votes held by persons in the class, the Company must immediately tell ASX of the change. It must do so for each change it becomes aware of until rule 150.4 applies.

- 150.3 Each time the Company tells ASX of any change, it must state what action it will take to divest the securities or remove or change the voting or other rights attaching to them, if it receives a paper-based transfer in registrable form or a proper ASTC transfer is generated for securities whose registration would result in the restriction being exceeded.
- 150.4 If the Company becomes aware that the percentage of capital or votes held by the class of persons referred to in rule 150.2 has ceased to be within 5% of the restriction, or to equal or exceed it, the Company must immediately tell ASX.

151. Transmission of Securities

- 151.1 If a holder who does not own securities jointly dies, the Company will recognise only the personal representative of the deceased shareholder as being entitled to the deceased shareholder's interest in the securities.
- 151.2 If the person entitled to securities as the personal representative of a deceased holder or because of the bankruptcy or mental incapacity of a holder ("**successor**") gives the directors the information they reasonably require to establish the successor's entitlement to be registered as holder of the securities:
- (1) the successor may:
 - (a) by giving a written and signed notice to the Company, elect to be registered as the holder of the securities; or
 - (b) by giving a completed transfer form to the Company, transfer the securities to another person; and
 - (2) the successor, whether or not registered as the holder of the securities, is entitled to the same rights, and is subject to the same liabilities, as if the successor were registered as holder of the securities.
- 151.3 On receiving an election under rule 151.2(1)(a), the Company must register the successor as the holder of the securities.
- 151.4 A transfer under rule 151.2(1)(b) is subject to the same rules (for example, about entitlement to transfer and registration of transfers) as apply to transfers generally.
- 151.5 If a holder who owns securities jointly dies, the Company will recognise only the survivor as being entitled to the deceased holder's interest in the securities. The estate of the deceased holder is not released from any liability in respect of the securities.
- 151.6 This rule 151 has effect subject to the *Bankruptcy Act 1966*.

152. Procedure for Forfeiture

- 152.1 If a member fails to pay a call or instalment of a call on the day appointed for payment of the call or instalment or fails to pay any money payable under rule 116 the directors may while any part of the call or instalment or other money remains unpaid serve a notice on the member requiring payment of so much of the call or instalment or other money as is unpaid together with any interest that has accrued.
- 152.2 The notice must name a further day (not earlier than the expiration of 14 days after the date of service of the notice) on or before which the payment required by the notice is to be made and must state that, in the event of non-payment at or

before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

- 152.3 If the requirements of a notice served under rule 152.1 are not complied with, any share in respect of which the notice has been given may, unless the payment required by the notice has been made, be forfeited by a resolution of the directors to that effect.
- 152.4 The forfeiture includes all dividends declared or payable in respect of the forfeited share and not actually paid before the forfeiture.
- 152.5 The Company may, subject to the Act and the Listing Rules, sell a forfeited share or otherwise dispose of it on terms and in a manner the directors see fit and where the ASX Settlement Operating Rules apply the directors and the Company have authority to do whatever is necessary or appropriate under the ASX Settlement Operating Rules to effect the transfer.
- 152.6 The directors may at any time before a forfeited share has been sold or otherwise disposed of, annul the forfeiture upon conditions they see fit.
- 152.7 A person whose shares have been forfeited ceases to be a member in respect of the forfeited shares, but (unless the ordinary shareholders resolve otherwise) remains liable to pay and must immediately pay to the Company all calls, instalments, interest and expenses owing upon or payable in respect of the shares at the time of forfeiture together with interest from the time of forfeiture until payment at the rate determined by the directors. The directors may enforce payment of the money as they see fit but are not under any obligation to do so.
- 152.8 A statement in writing declaring that the person making the statement is a director or a secretary of the Company, and that a share in the Company has been duly forfeited on a date stated is prima facie evidence of the facts stated as against all persons claiming to be entitled to the share.
- 152.9 The provisions of this constitution as to forfeiture apply in the case of non- payment of any sum that, by the terms of issue of a share, becomes payable at a fixed time, as if that sum had been payable by virtue of a call duly made and notified.

153. Transfer of Forfeited Share

- 153.1 The Company may receive the consideration (if any) given for a forfeited share on any sale or disposition of the share and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
- 153.2 Upon the execution of the transfer, the transferee is entitled to be registered as the holder of the share and is not bound to see to the application of any money paid as consideration.
- 153.3 The title of the transferee to the share is not affected by any irregularity or invalidity in connection with the forfeiture, sale or disposal of the share.

EXECUTION OF DOCUMENTS

154. Common Seal

154.1 Company may, but need not, have a common seal.

155. Share Seal

155.1 The Company may have a duplicate common seal. It must be a copy of the common seal with the words “**duplicate seal**”, “**share seal**” or “**certificate seal**” added.

155.2 Any certificate may be issued under the share seal.

155.3 The signature of any director or company secretary and the share seal may be fixed to a certificate by some mechanical or other means but if the signatures are fixed by mechanical or other means, the certificate must bear evidence of examination by the auditor, or other person appointed for that purpose by the Company.

155.4 For the purposes of rules 155.2 and 155.3 “**certificate**” means a certificate in respect of shares, debentures, registered unsecured notes, convertible notes, certificates of debenture or any certificate or other document evidencing any options or rights to take up shares or other interests in the Company.

156. Use of Common Seal

156.1 If the Company has a common seal the directors must provide for its safe custody.

156.2 The common seal may not be fixed to any document except by the authority of a resolution of the directors or of a committee of the directors duly authorised by the directors.

156.3 The Company executes a document with its common seal if the fixing of the seal is witnessed by:

- (1) 2 directors of the Company; or
- (2) a director and a company secretary of the Company.

157. Execution of Documents Without Common Seal

157.1 The Company may execute a document without using a common seal if the document is signed by:

- (1) 2 directors of the Company; or
- (2) a director and a company secretary of the Company.

158. Execution of Documents as a Deed

158.1 The Company may execute a document as a deed if the document is expressed to be executed as a deed and is executed in accordance with rule 156 or rule 157.

159. Execution – General

159.1 The same person may not sign in the dual capacities of director and secretary.

- 159.2 A director may sign any document as director, with or without the common seal, although the document relates to a contract, arrangement, dealing or other transaction in which he or she is interested and his or her signature complies with the requirements of this constitution as to execution despite his or her interest.
- 159.3 Rules 156 and 157 do not limit the ways in which the directors may authorise documents (including deeds) to be executed on behalf of the Company.

INADVERTENT OMISSIONS

160. Formalities Omitted

- 160.1 If some formality required by this constitution is inadvertently omitted or is not carried out the omission does not invalidate anything, including any resolution, which but for the omission would have been valid unless it is proved to the satisfaction of the directors that the omission has directly prejudiced any member financially. The decision of the directors is final and binding on all members.

WINDING UP

161. Shareholders' Rights on Distribution of Assets

- 161.1 If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the members in kind the whole or any part of the property of the Company and may for that purpose set the value the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the members or different classes of members.
- 161.2 The liquidator may, with the sanction of a special resolution, vest the whole or any part of the property referred to in rule 161.1 in trustees upon trusts for the benefit of the contributories that the liquidator sees fit, but so that no member is compelled to accept any shares or other securities on which there is any liability.
- 161.3 If the Company ceases to carry on business within 12 months after its incorporation, shares issued for cash rank in the distribution, to the extent of the capital contributed by subscribing shareholders, in priority to shares issued to vendors or promoters or both for consideration other than cash.

162. Remuneration of Liquidator

- 162.1 The Company in general meeting must not fix the remuneration to be paid to a liquidator pursuant to the Act unless at least 14 days' notice of the meeting has been given to the members and the notice has specified the amount of the proposed remuneration of the liquidator.

PARTIAL TAKEOVERS

163. Partial Takeovers

163.1 In this rule 163:

- (1) **proportional takeover scheme** means a proportional takeover bid as defined in section 9 of the Act and regulated by section 648D of the Act;
- (2) **“relevant day”** in relation to a takeover scheme means the day that is the 14th day before the end of the period during which the offers under the takeover scheme remain open; and
- (3) a reference to **“a person associated with”** another person has the meaning given to that expression by Division 2 of Part 1.2 of the Act.

163.2 Where offers have been made under a proportional takeover scheme in respect of shares included in a class of shares in the Company:

- (1) other than where a transfer is effected in accordance with the takeover provisions (if any) under the ASX Settlement Operating Rules, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the takeover scheme is prohibited unless and until a resolution (in this rule 163.2 referred to as an **“approving resolution”**) to approve the takeover scheme is passed in accordance with this rule 163;
- (2) a person (other than the offeror or a person associated with the offeror) who, as at the end of the day on which the first offer under the takeover scheme was made, held shares in that class is entitled to vote on an approving resolution and, for the purpose of so voting, is entitled to 1 vote for each of the shares;
- (3) an approving resolution must be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the resolution; and
- (4) an approving resolution that has been voted on, is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 1/2, and otherwise is taken to have been rejected.

163.3 The provisions of these rules that apply in relation to a general meeting of the Company apply with any modifications the circumstances require, in relation to a meeting that is convened pursuant to this rule 163 as if the last mentioned meeting were a general meeting of the Company.

163.4 Where takeover offers have been made under a proportional takeover scheme then the directors must ensure that a resolution to approve the takeover scheme is voted on in accordance with this rule 163 before the relevant day in relation to the takeover scheme.

163.5 Where a resolution to approve a takeover scheme is voted on in accordance with this rule 163, the Company must, on or before the relevant day in relation to the takeover scheme:

- (1) give to the offeror; and

(2) serve on each notifiable securities exchange in relation to the Company,

a notice in writing stating that a resolution to approve the takeover scheme has been voted on and that the resolution has been passed, or has been rejected, as the case requires.

163.6 Where, at the end of the day before the relevant day in relation to a proportional takeover scheme under which offers have been made, no resolution to approve the takeover scheme has been voted on in accordance with this rule 163, a resolution to approve the takeover scheme must, for the purposes of this rule 163, be treated as having been passed in accordance with this rule 163.

163.7 Where a resolution to approve a proportional takeover scheme is voted on in accordance with this rule 163 before the relevant day in relation to the takeover scheme and is rejected, then:

(1) despite section 652A of the Act, all offers under the takeover scheme that have not, as at the end of the relevant day, been accepted, and all offers under the takeover scheme that have been accepted and from whose acceptance binding contracts have not, at the end of the relevant day, resulted, must be treated as withdrawn at the end of the relevant day; and

(2) a person who has accepted an offer made under the takeover scheme is entitled to rescind the contract (if any) resulting from that acceptance.

163.8 Nothing in this rule 163.8 authorises the Company to interfere with any takeover transfer procedures contained in the ASX Settlement Operating Rules.

163.9 This rule 163 ceases to have effect on the 3rd anniversary of the date of its adoption or of its most recent renewal.

LISTING RULES

164. Restricted Securities

164.1 Despite any other provision in this constitution:

(1) the Company must comply with and enforce a restriction agreement and enforce this constitution to ensure compliance with the requirements of the Listing Rules or ASX for Restricted Securities;

(2) Restricted Securities cannot be disposed of during the escrow period except as permitted by the Listing Rules or ASX;

(3) the Company must refuse to acknowledge a disposal (including registering a transfer) of Restricted Securities during the escrow period except as permitted by the Listing Rules or ASX; and

(4) during a breach of the Listing Rules relating to Restricted Securities, or a breach of a restriction agreement, the holder of the Restricted Securities is not entitled to any dividend or distribution, or voting rights, in respect of the Restricted Securities.

164.2 If a member enters or has entered into any arrangement that restricts the transfer or other disposal of securities held by that member, the member must give to the Company the information that the Company is required by the Listing Rules to disclose to the ASX in respect of that arrangement. The member must give the

information to the Company as soon as reasonably practicable and, in any event, at least 2 business days prior to the date on which the Company is required by the Listing Rules to disclose the information to the ASX.

165. Paramount Effect of Listing Rules

165.1 While the Company remains on the Official List, the following provisions apply:

- (1) despite anything contained in this constitution, if the Listing Rules prohibit an act being done, the act must not be done;
- (2) nothing contained in this constitution prevents an act being done that the Listing Rules require to be done;
- (3) if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
- (4) if the Listing Rules require this constitution to contain a provision and it does not contain such a provision this constitution must be treated as containing that provision;
- (5) if the Listing Rules require this constitution not to contain a provision and it contains such a provision, this constitution must be treated as not containing that provision; and
- (6) if any provision of this constitution is or becomes inconsistent with the Listing Rules, this constitution must be treated as not containing that provision to the extent of the inconsistency.

TRANSITIONAL PROVISIONS

166.1 Interpretation

This Constitution shall be read and construed in a manner such that:

- (a) every director, managing director, alternate director and secretary in office as such immediately before the adoption of this Constitution shall continue in office subject to and shall be taken to have been appointed or elected under this Constitution;
- (b) any register maintained by the Company immediately before the adoption of this Constitution shall be taken to be a register maintained pursuant to this Constitution;
- (c) any seal adopted by the Company before the adoption of this Constitution (including, without limitation, as a share seal) shall be taken to be a seal which the Company has under a relevant authority conferred by this Constitution; and
- (d) unless a contrary intention appears in this Constitution, all persons, things and circumstances appointed or created by or under the articles of association of the Company in force before the adoption of this Constitution shall continue to have the same status, operation and effect after the adoption of this Constitution.

166.2 Previous share issue

Every share issued and allotted or purportedly issued and allotted before the adoption of this Constitution shall, notwithstanding any failure to comply with or observe in connection with its issue and allotment any of the provisions of the constitution of the Company for the time being in force, be taken for all purposes to have been validly and effectually issued and allotted in conformity with all such provisions.



CLEAN SEAS SEAFOOD LIMITED

ABN 61 094 380 435

APPENDIX 4E STATEMENT - FULL YEAR REPORT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

FULL-YEAR ENDED 30 JUNE 2019

(Comparative figures being the full-year ended 30 June 2018)

	Full-Year ended 30 June 2019	Full-Year ended 30 June 2018	Period Movement up/(down)	Period Movement up/(down)
	\$ '000	\$ '000	\$ '000	%
Revenue from ordinary activities	46,149	41,650	4,499	11
EBITDA	4,781	5,930	(1,149)	(19)
EBIT	1,702	3,391	(1,689)	(50)
Profit / (Loss) from ordinary activities before tax	1,446	3,380	(1,934)	(57)
Income tax credit / (expense)	0	0	0	0
Profit / (Loss) from ordinary activities after tax attributable to members	1,446	3,380	(1,934)	(57)
Net tangible asset backing per ordinary share	84.5	82.5	2.0	2.4

	Amount per security
Dividends (Ordinary Shares)	
Final dividend	cents/share Nil
Interim dividend	cents/share Nil

Record date for determining entitlements to dividends.

No dividend declared

Details of the Group's performance for the twelve months of FY 2019 are attached to this notice.

This report is all the full year information provided to the Australian Securities Exchange under listing rule 4.3A. The report also satisfies the full-year reporting requirements of the Corporations Act 2001.



Clean Seas Seafood Limited
Consolidated Financial Statements
For the year ended 30 June 2019
ABN 61 094 380 435

Contents

	Page
Directors' Report	4
Auditor's Independence Declaration	25
Corporate Governance Statement	26
Consolidated Statement of Profit or Loss and Other Comprehensive Income	27
Consolidated Statement of Financial Position	28
Consolidated Statement of Changes in Equity	29
Consolidated Statement of Cash Flows	30
Notes to the Consolidated Financial Statements	31
1 Nature of operations	31
2 General information and statement of compliance	31
3 Changes in accounting policies	31
4 Summary of accounting policies	33
5 Operating Segments	43
6 Revenue	44
7 Finance income and finance costs	45
8 Income tax expense	45
9 Cash and cash equivalents	46
10 Trade and other receivables	46
11 Financial assets and liabilities	46
12 Inventories	49
13 Biological assets - current	49
14 Property, plant and equipment	50
15 Biological assets – non-current	50
16 Intangible assets	51
17 Trade and other payables	51
18 Borrowings	51
19 Provisions	52
20 Employee remuneration	52
21 Equity	53
22 Earnings per share and dividends	54
23 Reconciliation of cash flows from operating activities	55
24 Auditor remuneration	55
25 Related party transactions and key management personnel disclosures	56
26 Contingent assets and liabilities	57
27 Capital commitments	57
28 Interests in subsidiaries	57
29 Leases	58

30	Financial instrument risk	59
31	Fair value measurement	62
32	Capital management policies and procedures	63
33	Parent entity information	63
34	Post-reporting date events	64
	Directors' Declaration	65
	Independent Auditor's Report	66
	ASX Additional Information	70

Directors' Report

The Directors of Clean Seas Seafood Limited ('Clean Seas') present their Report together with the financial statements of the Consolidated Entity, being Clean Seas Seafood Limited ('the Company') and its Controlled Entities ('the Group') for the for the year ended 30 June 2019.

Directors

The following persons held office as Directors of Clean Seas during and since the end of the financial year:

- Mr Terry O'Brien - Chairman;
- Mr Nick Burrows;
- Mr Marcus Stehr;
- Ms Raelene Murphy (Appointed 1 July 2018);
- Ms Helen Sawczak (Appointed 1 July 2018); and
- Mr David Head (Managing Director & CEO).

Company Secretary

The following persons were Company Secretary of Clean Seas during and since the end of the financial year:

- Mr Wayne Materne (retired 26 February 2019);
- Helga Linacre (appointed 26 February 2019 and retired 4 June 2019);
- Rob Gratton (Joint Company Secretary) (appointed 4 June 2019); and
- David Brown (Joint Company Secretary) (appointed 4 June 2019).

Principal activities

The principal activities of the consolidated Group during the financial year were:

- The propagation of Spencer Gulf Hiramasa Yellowtail Kingfish, producing fingerlings for sale and growout;
- The growout of Spencer Gulf Hiramasa Yellowtail Kingfish for harvest and sale; and
- Research and development activities for the future aquaculture production of Southern Bluefin Tuna.

The Group continues to enhance its operations through new research and the application of world's best practice techniques to deliver Spencer Gulf Hiramasa Kingfish of premium quality.

There have been no significant changes in the nature of these activities during the year.

Review of operations and financial results

The Board and Management of Clean Seas report a statutory profit after tax for the year of \$1.446 million, which compares to a \$3.380 million statutory profit after tax in FY18. Underlying profit after tax for the year of \$2.588 million, which compares to a \$2.279 million in FY18.

The financial results from FY19 are summarised below:

- FY19 underlying EBITDA improved 23% to \$5.9 million
- FY19 Revenue increased by 16% (excluding frozen clearance) to \$46.1 million;
- Total sales volumes in FY19 was 2,698 tonnes;
- Sales volumes increased 13% in FY19, excluding the impact of clearance sales in both years;
- As the Company continues to scale for future growth, significant investment in Sales and Marketing was made during FY19, which included:
 - Recruitment of sales executives in US, Asia, Europe and Australia;
 - Targeted brand awareness campaigns focusing on strategic priorities; and
 - Continue evaluation of potential geographic expansion.
- Significant progress building the Company's leadership team through the recruitment of new or replacement roles during FY19, including:
 - New Chief Financial Officer
 - New Joint Company Secretaries
 - New General Manager Sales
 - New Group Human Resources Manager
 - New Market Manager Americas
 - New Sales Manager Asia
 - New Marketing Activation Manager
- New Processing Manager
- Positive underlying cash flow from operations of \$3.2m, a 73% increase on the prior year, excluding the investment in future biomass
- Continued excellent Yellowtail Kingfish survival rates, health and growth;
- Yellowtail Kingfish biomass at year end increased 15% to 4,136 tonnes;
- Further development of the *Spencer Gulf Hiramasa Kingfish* branding which reflects strong and unique provenance;
- Significant penetration of the premium frozen market in Europe through *SensoryFresh* products, utilising Clean Seas Liquid Nitrogen Rapid Freezing technology
- Completion of Aquaculture Stewardship Council (ASC) accreditation, which has strengthened Clean Seas' environmental and social credentials particularly in key export markets.

Underlying Earnings		
<i>\$'000</i>	FY19	FY18
Statutory Profit after tax	1,446	3,380
Add back: Net interest	256	11
Statutory EBIT	1,702	3,391
Add back: Depreciation & amortisation	3,079	2,539
Statutory EBITDA	4,781	5,930
Non-Recurring items		
Deduct: Frozen clearance stock	(5)	(1,312)
Add back: Litigation	535	211
Add back: Whyalla establishment	612	-
Underlying EBITDA	5,923	4,829
Underlying Profit after tax	2,588	2,279

1. Underlying earnings in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by the Company's external auditors.

Adjustments to statutory EBITDA include the following:

- **Frozen clearance stock:** eliminates earnings associated with the sale of frozen clearance stock, which was written down in FY16, but sold during FY18 and FY19.
- **Litigation:** The Company continued its legal action against Gibson's Ltd (trading as Skretting Australia), in respect of what the Company maintains were defective feeds supplied to the Company and fed to the Company's Yellowtail Kingfish between December 2008 and July 2012.
- **Whyalla farm establishment:** During FY19 the Company progressed its plans to re-establish farming at its Fitzgerald Bay leases in Whyalla, which resulted in a number of non-recurring costs, including the training of new Whyalla based employees at our Arno Bay farm.

Sales Growth (by market, excluding frozen clearance sales)					
<i>Tonnes (WWE)</i>	Q1 FY19 v FY18	Q2 FY19 v FY18	Q3 FY19 v FY18	Q4 FY19 v FY18	Full Year FY19 v FY18
Australia	2%	19%	20%	27%	17%
Europe	(16%)	32%	19%	(5%)	4%
North America	13%	24%	30%	50%	30%
Asia/China	(8%)	64%	152%	41%	50%
Total	(6%)	24%	23%	12%	13%

Global Sales Revenue and Volume (excluding frozen clearance) for FY19 exceeded FY18 by 16% and 13% respectively.

Sales Volume in the core Australian market was up 17% for the full year. This reflects new customer growth from the Company's ongoing chef activation program, and recaptured market share from competitors. This result is especially encouraging as this has been achieved while Farm Gate prices have also been increased, discussion of which follows below.

The Company continues to pursue international expansion, with all regions recording significant volume growth in FY19. Europe is up 4%, North America is up 30% and Asia is up 50% versus FY18.

The Company has achieved growth in Europe despite increased competition from local European land-based farms with selling prices significantly below Clean Seas. The Company has driven this positive result through the superior quality of its Spencer Gulf Hiramasa product, its investment in the Spencer Gulf brand marketing campaign, the chef activation program and recent visits to the Clean Seas operations in the Spencer Gulf by major European distributors and leading chefs.

During FY19, competitors operating European land-based farms increased their Sales Volumes to approximately 800 tonnes per annum; encouragingly, this has not impeded the Company's ability to grow its Sales Volumes in this market. The Company is encouraged by the growth in the European Kingfish market as it demonstrates that investment in sales and marketing is building an increased awareness of the species and expanding the market opportunity for Clean Seas.

In FY19, the Company continued to achieve Farm Gate price increases in Australia, North America and Asia. Europe Farm Gate prices remained in line with FY18 despite the significant increase in competitive pressure from local land-based farms and the recently introduced EU-Japan Free Trade Agreement.

Clean Seas achieved strong growth in both North America and Asia while increasing Farm Gate selling prices. Over the course of FY19, Clean Seas' Large Fresh Farm Gate prices increased by 24% in North America and 16% in Asia.

The Company's Farm Gate price is its selling price less processing costs, freight and handling, sales commissions and packaging materials, reported on a whole weight equivalent (WWE) basis.

Fish husbandry costs increased 25% to \$30.1 million due in part to Whyalla establishment costs and a more normalised biomass profile (FY18 had an unusually young age profile). Biomass increased 15% to 4,136 tonnes and live fish net growth increased 6% to 3,513 tonnes. The biomass growth positions the Company well for further sales growth in FY20 and beyond as Clean Seas continues to expand sales of **Spencer Gulf Hiramasa Kingfish** in global markets.

The Company continues to progress plans to return to farming at its Fitzgerald Bay leases, at the top of the Spencer Gulf near Whyalla in South Australia. This will facilitate further expansion of the Company's **Spencer Gulf Hiramasa Kingfish** production within an additional 4,250 tonnes of farm capacity. Importantly, it will also further improve sustainability practices, including fallowing of farm sites and help mitigate and reduce biosecurity risk through further geographic diversification.

The Royal Park processing plant has given Clean Seas full control of processing, delivering opportunities to improve the freshness and quality of product delivered to customers, explore new product development and reduce processing costs. Production of **SensoryFresh** using Clean Seas' Liquid Nitrogen Rapid Freezing technology re-commenced in Q1 FY19, following the previously advised flood incident in Q4 FY18.

The launch of **SensoryFresh** has seen the premium frozen category increase by 38% on a volume basis for FY19 compared to FY18. This is particularly significant for North America and Asia where the frozen category represents circa 75% of the total Kingfish market, and validates the Company's strategic investment in its world's best practice freezing technology to achieve a clear competitive advantage in these key growth markets. Consistent with this, growth in frozen inventory reflects building volumes to support the ongoing growth of **SensoryFresh** products into our current markets and underpinning market penetration into the targeted North Americana and Asian growth markets.

Research and development activities into Southern Bluefin Tuna continued during the year on a scaled back basis, with the broodstock being maintained and options for future development continuing to be under review.

Clean Seas formally received ASC certification in July 2019.

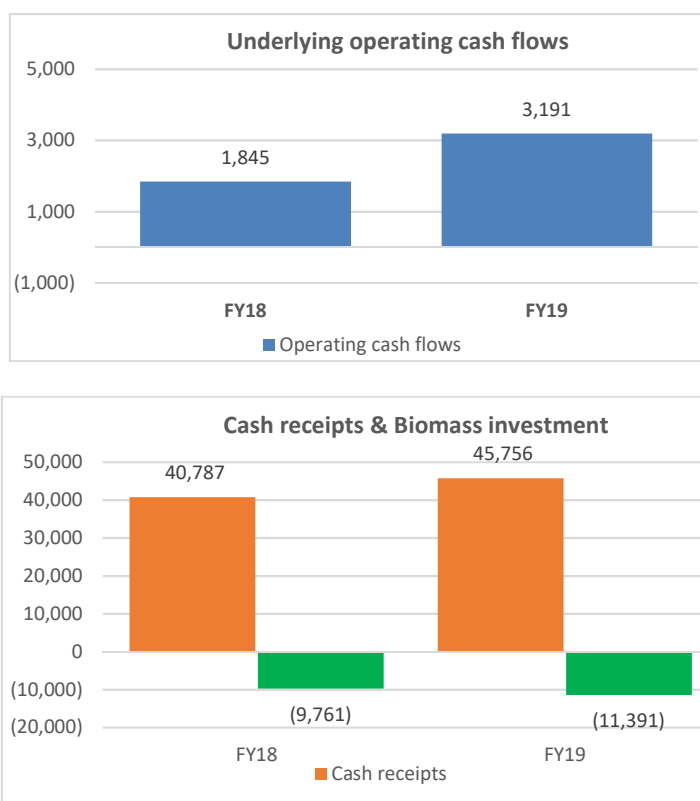


The Aquaculture Stewardship Council is an independent, international non-profit organisation that manages the world's leading certification and labelling programme for responsible aquaculture.

Clean Seas is delighted to achieve this important certification and recognises that customers around the world are increasingly looking for sustainable and responsibly farmed seafood products.

Review of Cash Flow from Operations and Investment in Future Growth

In FY19, the Company achieved positive underlying cash from operations of \$3.2 million excluding investment in biomass to support growth in sales in future years. Full year FY19 cash receipts increased by \$4.9 million or 12% to \$45.7 million in comparison to FY18, and there was a \$1.6 million increase in the investment in biomass growth versus the prior year. Progress in the Company's key cash flow metrics is outlined in the chart below.



The Company has achieved this ongoing improvement in its cash flow dynamics, net of investment in biomass growth, despite significant additional investment in sales and marketing to support future growth.

Total statutory cash used in operating activities was down on FY18 by \$2.6 million, primarily driven by:

- reduced receipts from frozen clearance sales of \$1.3 million
- incremental investment in sales and marketing of circa \$1.0 million
- additional \$0.3 million on feed litigation costs.

Investment in biomass increased by 17% year-on-year in FY19, which is essential to support future sales growth and achieve the scale required to efficiently leverage overheads and deliver sustainably growing profitability.

The Company retains flexibility to vary its cash commitment to biomass, and the source of its funding for this investment, as part of its growth planning to align biomass levels with sales objectives.

Operating cash flows reconciliation	FY18	FY19
Cash Flow from Operations	1,845	3,191
Investment in Biomass Growth	(9,761)	(11,391)
Cash flows for Litigation costs, Whyalla establishment costs & frozen clearance	1,101	(1,142)
Statutory cash used in operating activities	(6,815)	(9,342)

1. Underlying cash flows in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by the Company's external auditors.

Feed litigation Update

The Company's legal action against Gibson's Ltd in the Supreme Court of South Australia, in respect of what the Company maintains were defective feeds supplied to the Company and the Company's Yellowtail Kingfish between December 2008 and July 2012, continues. Gibson's Ltd, trading as Skretting Australia, is defending the proceedings and has denied all liability to the Group. In its 21st August 2019 announcement to the ASX, the Company made reference to an application by the Company in the proceedings to amend the Company's claim and the potential for the trial to be deferred.

On Friday 23 August 2019, the Supreme Court of South Australia granted the Company leave to file an amended claim in light of documents recently disclosed in the litigation by Gibson's Ltd. By that amended claim the Company now alleges that Gibson's Ltd substituted a proportion of the Prime Fish Meal required to be included in the feed, and by reference to which the feed prices were calculated, with a cheaper Tuna by-product meal which the Company alleges further prejudiced the Taurine content of the feeds. Gibson's Ltd have until 13 September 2019 to respond to the amended claim. The commencement of the trial has been deferred from 30 September 2019 to 24 February 2020.

Significant changes in the state of affairs

Ms Raelene Murphy and Ms Helen Sawczak were appointed as Independent Non-Executive Directors with effect from 1 July 2018. Further details are provided later in this report.

Consolidation of the Group's share capital on a 1:20 basis was submitted to and approved by shareholders at the 2018 Annual General Meeting. Details were set out in the Notice of Meeting.

Events arising since the end of the reporting period

On 21st August 2019, the Company announced a two-stage funding program: an equity Placement to its major shareholder Bonafide Asset Management AG raising \$6.6m and a proposed convertible note Entitlement Offer to qualifying existing shareholders to raise a further \$15.3m. With this funding in place the Company expects to be able to fund and implement its "Vision 2025" Strategic Plan. Details of the strategic plan, which is in the final stages of completion, will be released as part of an Investor Roadshow in September 2019. The key elements of the funding encompass:

- The Company's major shareholder, Bonafide and its related entities took up a placement of shares ("Placement") which increased its combined shareholding from 9.5% to 17.7%. Under the Placement announced on 21 August 2019, Clean Seas issued 8,241,506 shares at \$0.8008 per share raising \$6.6 million, with all shares issued under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1
- The Company will undertake a non-renounceable entitlement offer of Convertible Notes to be made to existing shareholders to raise up to approximately \$15.3 million ("Entitlement Offer"). The convertible notes will be offered on a pro-rata basis to all qualifying shareholders, with key terms including interest payable at an annual rate of 8%, an 8% conversion discount and three-year term to maturity ("Convertible Notes").

The full details of the Entitlement Offer (including terms and conditions of the Convertible Notes) will be disclosed in a prospectus for the offer. The Company is targeting lodgement in September 2019 with offer closure expected by the end of October 2019. The actual timetable will be set out in the prospectus and is subject to ASX approval.

Following Board approval, on the 30 August 2019, 678,898 Share Rights vested and 132,696 lapsed.

There are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the entity's operations in future financial years;
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

Likely developments, business strategies and prospects

The Company is continuing to implement its strategic plan, with significant growth and profit improvement initiatives identified. These initiatives include:

- Continued international roll out of the **Spencer Gulf Hiramasa Kingfish** branding and associated marketing campaign;
- Continuing an international activation program targeting leading dining establishments and their chefs;
- Continue to build **SensoryFresh** inventory volumes to support the ongoing growth of **SensoryFresh** products into our current markets and underpinning market penetration into the targeted North American and Asian growth markets.
- Further increases in farm gate revenue, with price increases supported by the new marketing campaign and cost reductions across the supply chain;
- Progressing new product development initiatives;
- Improved farming efficiencies from scale, technology and ongoing research and development;
- Leveraging in-house infrastructure at Arno Bay for targeted research to underpin improving feed conversion ratios (FCR) and diet formulations for inclusion in contractual arrangements with feed suppliers.

Information on Directors and Key Management

Mr Terrence (Terry) O'Brien – Chairman, Independent Non-Executive Director

Mr O'Brien was appointed to the Company Board on 3 February 2017 and was elected Chairman by the Board on 10 May 2017. He is also Chairman of the Remuneration and Nominations Committee and a member of the Audit and Risk Committee.

Mr O'Brien was, from 2001 until 2017, the Managing Director of Simplot Australia Pty Limited, the US owned, but Australian centric, food processor and marketer. Amongst Simplot's stable of brands are John West, Birdseye, Leggo's, Edgell and Lean Cuisine. He was also the Chairman of the Australian Food and Grocery Council for five years to August 2017.

An accountant by training, Mr O'Brien was active in finance and management roles in the textile industry for ten years and in the food industry for over thirty years having spent approximately nine years at Cadbury Schweppes and twenty-four years at Simplot. At Simplot he was responsible for a number of divestments and acquisitions, which alongside organic growth saw Simplot sales increase nearly threefold during his tenure as Managing Director to become approximately 25% of the global JR Simplot agribusiness company.

Mr O'Brien also holds the following positions;

- Chairman of Bundaberg Brewed Drinks Pty Ltd
- Chairman of Kookaburra Sport Pty Ltd
- Non-Executive Director of Bega Cheese Ltd (ASX: BGA)
- Non-Executive Director of Foodbank Australia
- Member of East Asia Review Commission (Advisory Board) of Societe d'Oxygene et d'Acetylene d'Extreme-Orient, a member of the Air Liquide Group

Mr O'Brien is a Fellow of CPA Australia and a Fellow of the Australian Institute of Company Directors.

Mr Nick Burrows – Independent Non-Executive Director

Mr Burrows was appointed to the Company Board on 18 April 2012. He is also Chairman of the Audit and Risk Committee and a member of the Remuneration and Nominations Committee.

Mr Burrows is a respective Fellow of the Australian Institute of Company Directors, Chartered Accountants Australia and New Zealand, Governance Institute of Australia Ltd and the Financial Services Institute of Australasia and is a Chartered Accountant and Registered Company Auditor.

Mr Burrows was Chief Financial Officer and Company Secretary of Tassal Group Limited for 21 years from 1988 to 2009 and accordingly brings to the Board the benefits of an extensive and contemporary senior executive ASX200 aquaculture listed entity background.

Mr Burrows' Directorship background encompasses a multi-sector portfolio of Chair, Non-Executive Directorship, Board Committee and Advisory Board positions spanning local and state government, not-for-profit and major private companies. He currently is:

- Non-Executive Director of Tasmanian Water & Sewerage Corporation Pty Ltd;
- Non-Executive Director of Metro Tasmania Pty Ltd;
- Non-Executive Director of Australian Seafood Industries Pty Ltd; and
- Non-Executive Director of PFG Group Pty Ltd & and MIC Pty Ltd.

He also has significant experience as an Audit and Risk Committee Chair across his multi-sector Board portfolio.

Mr Burrows has had a long involvement with Governance Institute of Australia including serving as National President and serving on the Tasmanian Branch Council

Mr Marcus Stehr - Non-Executive Director

Mr Stehr was appointed to the Company Board on incorporation in September 2000. He is also a member of the Remuneration and Nominations Committee.

Mr Stehr's technical qualifications include Master Class 4 Fishing/Trading Skippers certificates, MED 1 and Dive Master certificates. Commercial qualifications include business management courses spanning post graduate studies in Business and completion of the Company Director's Course. He is a Fellow of the Australian Institute of Company Directors.

Mr. Stehr has more than 25 years hands on experience in marine finfish aquaculture operations encompassing Tuna, Kingfish and Mulloway.

In addition to being Managing Director of Australian Tuna Fisheries Pty Ltd (a major shareholder in Clean Seas), Stehr Group Pty Ltd and Sanchez Tuna Pty Ltd, Mr Stehr makes a strong contribution to the Australian fishing and aquaculture industries as:

- Board member of the Australian Southern Bluefin Tuna Industry Association Ltd;
- Director of the Australian Maritime and Fisheries Academy (Australian Fisheries Academy Ltd);
- Industry member of Southern Bluefin Tuna Fishery Management Advisory Committee;
- Industry representative on the Southern Bluefin Tuna Management Advisory Committee; and
- Director of Seafood Industry Australia

Ms Raelene Murphy – Independent Non-Executive Director

Ms Murphy was appointed to the Company Board on 1 July 2018. She is also a member of the Audit and Risk Committee from 1 July 2018.

Ms Murphy has over 35 years' experience in strategic, financial and operational leadership in both industry and professional advisory. Raelene specialised in operational and financial restructuring including merger and acquisition integration and was formerly a Managing Director at KordaMentha and a Partner in a national accounting firm. Her industry experience includes CEO of the Delta Group and senior executive roles in the Mars Group.

Ms Murphy is currently a Non-Executive Director of:

- Altium Limited (ASX: ALU)
- Bega Cheese Limited (ASX: BGA)
- Integral Diagnostics Limited (ASX: IDX)
- Service Stream Limited (ASX: SSM) and
- Ross House Investments Pty Ltd (Stillwell Motor Group).

She was previously a Non-Executive Director of Tassal Group Limited (ASX: TGR).

Ms Murphy is a Fellow of Chartered Accountants Australia and New Zealand and a graduate of the Australian Institute of Company Directors.

Ms Helen Sawczak – Independent Non-Executive Director

Ms Sawczak was appointed to the Company Board on 1 July 2018.

Ms Sawczak is the National CEO of the Australia China Business Council and an Advisory Board member of both the Monash Migration and Inclusion Centre, and the University of Melbourne Centre for Contemporary Chinese Studies.

Ms Sawczak has over 25 years' experience in international commercial law. Ms Sawczak started her career as a corporate lawyer at international law firms both in Australia and overseas. In Australia, Ms Sawczak worked in the China practice of MinterEllison and then moved to Moscow and Kazakhstan to work for Clifford Chance acting for US and European clients investing in the privatisation of former Soviet industries. After returning to Australia, Ms Sawczak worked as in-house counsel with Alcoa and Telstra and then moved into senior management roles at Australia Post and ANZ Bank.

Ms Sawczak is a graduate of the Australian Institute of Company Directors and holds a BA/LLB from Monash University and a Grad.DipArts (Chinese Language) First Class Honours from the University of Melbourne.

Mr David Head – Managing Director and Chief Executive Officer

Mr Head was appointed as Managing Director and Chief Executive Officer on 28 January 2016. He has over 30 years' experience as a CEO, Non-Executive Director and Corporate Advisor in a wide range of industry sectors in Australia, New Zealand, Asia and Europe in public and privately owned companies. This includes Chief Executive roles at Pepsi, Lion Nathan, Calum Textile Group and Leigh Mardon Group.

Mr Head has extensive Board experience as both Non-Executive and Executive Director including previously as Non-Executive Director of ASX listed Snack Brands Limited. He is currently a Director of Fairtrade Australia and New Zealand Limited.

Mr Rob Gratton – Chief Financial Officer and Joint Company Secretary

Mr Gratton was appointed as Chief Financial Officer on 19 March 2019 and Joint Company Secretary on 4 June 2019. He has over 20 years' experience in Banking, Corporate Finance and Accounting roles in Australia, the United Kingdom and United States. Mr Gratton was CFO and Company Secretary at Jurlique and kikki.K, and has also held senior positions at JP Morgan Investment Bank in London and New York, after starting his career at Westpac in Australia.

Mr David Brown – Group Financial Controller and Joint Company Secretary

Mr Brown was appointed as Group Financial Controller on 9 January 2018 and Joint Company Secretary on 4 June 2019. He has over 10 years' experience in Corporate Finance and Accounting roles across breadth of industries and is a Chartered Accountant. Prior to commencing with Clean Seas, Mr Brown held senior positions at KPMG and Grant Thornton specialising in Corporate Finance.

Directors' meetings

The number of Board meetings and meetings of Board Committees held during the year, and the number of meetings attended by each Director is as follows:

Director's name	Board Meetings		Audit and Risk Committee		Remuneration and Nominations Committee	
	A	B	A	B	A	B
Terry O'Brien	14	14	6	6	4	4
Nick Burrows	14	14	6	6	4	4
Marcus Stehr	14	11	-	3	4	3
Raelene Murphy	14	14	6	6	-	2
Helen Sawczak	14	13	-	3	-	1
David Head	14	14	-	6	-	3

Where:

column A is the number of meetings the Director was entitled to attend as a member

column B is the number of meetings the Director attended (all Directors are entitled to attend Committee meetings)

Unissued shares under option

There are no unissued ordinary shares of Clean Seas under option at the date of this report. The Company issued 684,099 share rights during the financial year as part of the FY19 LTI Equity Incentive Plan. Further details are provided in the Remuneration Report. None of these share rights have vested as at the date of this report.

Shares issued during or since the end of the year as a result of exercise

The Company issued 130,766 shares during or since the end of the financial year as a result of the exercise of options or share rights.

Remuneration Report (audited)

The Directors of Clean Seas Seafood Limited ('the Group') present the Remuneration Report for Non-Executive Directors and other Key Management Personnel, prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

The Remuneration Report is set out under the following main headings:

- a Principles used to determine the nature and amount of remuneration
- b Details of remuneration
- c Service agreements
- d Bonuses included in remuneration; and
- e Other information.

a Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- to attract and retain high calibre senior executives to deliver the Group's ambitious Vision 2025 Strategic Plan;
- to align rewards to business outcomes that deliver value to shareholders;
- to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- to ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

The Board has established a Remuneration and Nominations Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Directors and the Executive Team.

Non-Executive Director Remuneration

In accordance with best practice corporate governance, the remuneration of Non-Executive Directors is structured separately from that of Executive Directors and Senior Executives.

The Company's Non-Executive Directors receive only fees (including statutory superannuation where applicable) for their services and the reimbursement of reasonable expenses. The Board reviews its fees to ensure the Company's Non-Executive Directors are fairly remunerated for their services, recognising the level of skill and experience required to conduct the role and to have in place a fee scale which enables the Company to attract and retain talented Non-Executive Directors.

The advice of independent remuneration consultants is taken from time to time so as to establish that Directors' fees are in line with market standards.

Non-Executive Directors do not receive any shares, options or other securities in addition to their remuneration and are not eligible to participate in any Company share plans or any other incentive plans that may be in operation. They do not receive any retirement benefits other than compulsory superannuation where applicable.

The aggregate remuneration paid to all the Non-Executive Directors (inclusive of statutory superannuation) may not exceed the current "fee pool" limit of \$600,000, which was set at the 2018 AGM on 13 November 2018. This 'fee pool' is only available to Non-Executive Directors, as Board membership is taken into account in determining the remuneration paid to Executive Directors as part of their normal employment conditions.

During the Financial Year, the Company sought an independent assessment and comparison of the Company's Director and Committee fees structure in comparison of current remuneration arrangements with the market. Following the review the following structure was put in place:

- Increasing the Chairman fee to \$150,000 (and removing Committee fees of approximately of \$21,000) approximating the 75th percentile of the peer group, and acknowledging the Chairman's incremental workload, which includes Chair of Remuneration and Nomination Committee and member of the Audit and Risk Committee.
- Increasing the Non-Executive Director fee to \$70,000 to bring the main Board fee more in line with the median of the peer group.
- Increasing the Remuneration and Nomination committee chair fee to \$12,000 (if a chair other than the board chairman) and the member fee to \$6,000.
- Increasing the Audit and Risk committee chair fee to \$15,000 and the member fee to \$7,500.
- This brings the committee fees approximately in line with the median of the peer group.

The changes in Non-Executive Director and Committee fees are summarised below:

Changes in Non-Executive Directors and Committee fees			
	2018	2019	Change
Chairman	\$120,000 ¹	\$150,000 ²	\$30,000 ³
Non-Executive Director	\$60,000	\$70,000	\$10,000
Audit and Risk Committee Chair	\$7,500	\$15,000	\$7,500
Audit and Risk Committee member	\$5,000	\$7,500	\$2,500
Remuneration & Nomination Committee Chair	\$7,500	\$12,000	\$4,500
Remuneration & Nomination Committee member	\$5,000	\$6,000	\$1,000

Notes:

1. In 2018, the Chairman received committee fees on top of the base fee.
2. In 2019, the Chairman's base fees is inclusive of committee fees.
3. The net change in Chairman's fees in FY19, including committee fees was \$9,000.

The remuneration structure adopted by the Group for FY19 consists of the following components:

- fixed remuneration being annual salary and benefits;
- short term incentives, being cash bonuses; and
- long term incentives, being share based remuneration, in the case of the Managing Director & CEO and the CFO & Company Secretary.

The Remuneration and Nominations Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Executive Team.

The payment of bonuses is reviewed by the Remuneration and Nominations Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses must be linked to pre-determined performance criteria.

During the Financial Year the Company sought independent advice relating to an appropriate target and maximum remuneration opportunity for the Managing Director and CEO, which incorporated comparison with a peer group of 16 ASX-listed companies primarily from the consumer staples sector. In conjunction with this advice, seeking to achieve a broad 40% fixed and 60% at risk / incentive component split, and to position the Managing Director and CEOs Total Remuneration Package broadly in line with the peer group median, the Directors re-based the incentive components as follows:

- STI – Maximum set at 50% of base salary (Previously 40%)
- LTI – Maximums set at 100% of base salary (Previously 140%)

A consequent uplift in the base, incorporating a CPI adjustment, was then made.

Short Term Incentive (STI)

The Group's performance measures involve the use of annual performance objectives, metrics and performance appraisals. Financial targets are based on net profit after tax (NPAT). Non-financial targets are based on strategic goals set in relation to the main priorities for the position.

The performance measures are set annually after consultation with the Directors and executives and are specifically tailored to the areas where each executive has a level of control. The measures target areas the Board believes hold the greatest potential for business improvement, expansion and profit and cover financial and non-financial measures.

The Key Performance Indicators ('KPI's') for the Executive Team in FY19 are summarised as follows:

- Managing Director and CEO: NPAT in FY19, statutory cash flow, growth of **SensoryFresh** and key Executive appointments.

Long Term Incentive (LTI)

A share based LTI Equity Incentive Plan for the Managing Director and CEO (Mr David Head) was submitted to and approved by shareholders at the 2018 Annual General Meeting. Details were set out in the Notice of Meeting. The LTI is based on share rights being granted and further details are provided in section (e) of the Remuneration Report.

The Company's LTI Plan for the Managing Director and CEO has primarily been linked to Net Profit After Tax ("NPAT") delivery over a three year performance period and is underpinned by the Company's longer term vision. Given the significant targeted growth trajectory and in recognition of the volatility and inherent operational risks in aquaculture and their impact on future results, the Company has elected to include annual vesting assessments. The annual vesting is weighted towards the delivery of NPAT each year (For example, the FY2019 Offer was weighted as follows – year 1 at 45%, year 2 at 30% and year 3 at 25%). If a year NPAT target is not achieved, vesting for that year lapses and is not "trued up" at the end of the three-year performance period.

At the date of this report, the Company is reviewing the structure of the Managing Director and CEO's future LTI offer in conjunction with the finalisation of the Company's "Vision 2025" Strategic Plan.

Performance Reviews

Management have regular annual performance reviews in accordance with established procedures.

Pursuant to the Board's and Board Committee's respective Charters, the Board conducts annual evaluations of its performance, the performance of its Committees, the Chairman, individual Directors and the key governance processes that support the Board's work. The respective Board Committee Charters also require the Committees to evaluate their performance and composition at least annually to determine whether they are functioning effectively by reference to current best practice. This evaluation is presented to the Board for review.

Voting and comments made at the Company's last Annual General Meeting

At the 2018 Annual General Meeting (AGM), the majority of shareholder votes cast (74.1%) were in favour of adopting the 2018 Remuneration Report. However, 25.9% of the total votes received were against the remuneration report, constituting a 'first strike' under the Corporations Act 2001.

Following the AGM we made a number of immediate changes to address the concerns raised, implementing a number of initiatives including those designed to further improve the alignment of remuneration with the creation of value for shareholders. These changes were:

- Engaged with Shareholders of various sizes to elicit feedback;
- Engaged Investor Relations to discuss with Shareholders concerns;
- Engaged Independent Advisors to provide benchmark analysis on the Board Remuneration and Senior Management; and
- Sought feedback from Proxy Advisors as to their view on Remuneration policies and Executive incentive structuring trends.

The Directors consider that the relevant remuneration packages of the Board and Senior Executives are appropriate.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following measures in respect of the current financial year and the previous five financial years:

Item	2019	2018(2)	2017	2016	2015	2014(1)
Basic EPS (cents)	1.73	4.33	0.02	(0.81)	0.37	0.94
Profit / (loss) before tax (\$'000)	1,446	3,380	202	(9,928)	1,033	6,597
Profit / (loss) after tax (\$'000)	1,446	3,380	202	(8,982)	4,108	9,156
Net Assets (\$'000)	73,542	71,769	51,553	42,917	51,899	47,791
Share price at 30 June (cents) (2)	90.5	5.0	4.6	3.4	5.9	4.9

(1) Restated to reflect change in R&D tax incentive refund accounting

(2) Earnings per share for the period ended 30 June 2018 was restated in order for the calculation to incorporate the 20:1 share consolidation, which was completed on 3 December 2018

b Details of remuneration

Details of the nature and amount of each element of the remuneration of each Key Management Personnel ('KMP') of the Group are shown in the table below:

Director and other Key Management Personnel remuneration (\$)										
Employee	Year	Short term employee benefits			Post-employment benefits	Long-term benefits	Termination benefits	Share-based payments	Total	Performance based percentage of remuneration
		Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation	Long service leave	Termination payments	Share rights		
Non-Executive Directors										
Terry O'Brien Chairman, Independent	2019	145,625	-	-	-	-	-	-	145,625	-
	2018	132,500	-	-	-	-	-	-	132,500	-
Nick Burrows Independent	2019	86,375	-	-	-	-	-	-	86,375	-
	2018	72,500	-	-	-	-	-	-	72,500	-
Marcus Stehr	2019	66,895	-	-	6,355	-	-	-	73,250	-
	2018	59,361	-	-	5,639	-	-	-	65,000	-
Raelene Murphy ⁽¹⁾ Independent	2019	74,375	-	-	-	-	-	-	74,375	-
	2018	-	-	-	-	-	-	-	-	-
Helen Sawczak ⁽¹⁾ Independent	2019	61,644	-	-	5,856	-	-	-	67,500	-
	2018	-	-	-	-	-	-	-	-	-
Paul Steere ⁽²⁾ Independent	2019	-	-	-	-	-	-	-	-	-
	2018	65,000	-	-	-	-	-	-	65,000	-
Hagen Stehr ⁽²⁾	2019	-	-	-	-	-	-	-	-	-
	2018	60,000	-	-	-	-	-	-	60,000	-
Paul Robinson ⁽²⁾ Alternate Director	2019	-	-	-	-	-	-	-	-	-
	2018	-	-	-	-	-	-	-	-	-
Other Key Management Personnel										
David Head Managing Director & CEO	2019	482,962	203,150	-	25,269	11,892	-	300,981	1,024,254	49%
	2018	435,632	155,905	-	25,529	4,329	-	349,979	971,374	52%
Rob Gratton - CFO & Joint Company Secretary ⁽³⁾	2019	90,000	-	-	6,923	272	-	-	97,195	0%
	2018	-	-	-	-	-	-	-	-	-
Wayne Materne - CFO & Company Secretary ⁽⁴⁾	2019	49,615	-	-	10,528	5,695	-	-	65,838	0%
	2018	212,576	61,210	-	25,595	5,248	-	46,709	351,338	31%
2019 Total	2019	1,057,491	203,150	-	54,931	17,859	-	300,981	1,634,412	31%
2018 Total	2018	1,037,569	217,115	-	56,763	9,577	-	396,688	1,717,712	36%

(1) Appointed Director on 1 July 2018.

(2) Retired on 30 June 2018.

(3) Commenced as a KMP on 19 March 2019.

(4) Ceased to be a KMP on the 19 September 2018.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration	At risk – STI	At risk – LTI
<i>Other Key Management Personnel</i>			
David Head	40%	20%	40%
Rob Gratton	N/A	N/A	N/A

c Service agreements

Remuneration and other terms of employment for the Other Key Management Personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary \$	Motor Vehicle / Allowance	Term of agreement	Notice period
David Head (CEO)	\$453,000	Yes	Ongoing	9 months
Rob Gratton (CFO)	\$325,000	No	Ongoing	3 months

d Bonuses included in remuneration

Details of the short-term incentive cash bonuses awarded as remuneration to each Key Management Personnel for FY19, the percentage of the available bonus that was awarded in the financial year and the percentage that was forfeited because the performance criteria were not achieved is set out below. No part of the bonus carries forward to future years. The awarded bonuses have been recognised in FY19 and will be paid in FY20.

	Included in remuneration (\$)	Percentage vested during the year	Percentage forfeited during the year
<i>Other Key Management Personnel</i>			
David Head	203,150	85%	15%
Rob Gratton	-	0%	0%

e Other information

Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2019 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out below:

Year ended 30 June 2019 – Ordinary Shares						
Personnel	Balance at start of year	Share consolidation 1:20 (3)	Granted as remuneration	Received on exercise	Other changes	Held at the end of reporting period
T O'Brien ⁽¹⁾	3,000,000	(2,850,000)	-	-	5,000	155,000
N Burrows	967,149	(918,791)	-	-	-	48,358
M Stehr	1,295,879	(1,231,085)	-	-	-	64,794
R Murphy ⁽²⁾	-	-	-	-	25,000	25,000
H Sawczak ⁽²⁾	-	-	-	-	5,000	5,000
D Head ⁽¹⁾	10,127,213	(9,620,852)	-	-	4,237	510,598
R Gratton ⁽²⁾	-	-	-	-	48,695	48,695
W Materne ⁽⁴⁾	-	-	-	-	-	-
Totals	15,390,241	(14,620,728)	-	-	87,932	857,445

(1) Changes are on market purchases

(2) Commenced as a KMP during FY19

(3) On 3 December 2018, the Group's shares were consolidated on a 1:20 basis.

(4) Ceased to be a KMP on the 19 September 2018.

None of the shares included in the table above are held nominally by Key Management Personnel. No options to acquire shares are held by Key Management Personnel.

Share Rights held by Key Management Personnel

Share rights granted under the LTI Equity Incentive Plan are set out below:

Year ended 30 June 2019 – Share Rights							
Personnel	Balance at start of year	Share consolidation 1:20 ⁽¹⁾	Other changes ⁽³⁾	Granted as remuneration	Exercised ⁽²⁾	Lapsed ⁽²⁾	Held at the end of reporting period
D Head	29,265,897	(27,802,603)	-	471,113	-	-	1,934,407
R Gratton	-	-	-	-	-	-	-
W Materne	4,764,137	(4,525,930)	(238,207)	-	-	-	-
Totals	34,030,034	(32,328,533)	(238,207)	471,113	-	-	1,934,407

(1) On 3 December 2018, the Group's shares were consolidated on a 1:20 basis.

(2) Subsequent to 30 June 2019, 678,898 Share Rights were exercised and 132,696 lapsed.

(3) Ceased to be a KMP on the 19 September 2018.

The share rights will vest if specified performance targets are achieved and the executive remains employed by the Company for three years including the year for which the share rights were granted, or in other circumstances agreed with the executive or at the discretion of the Board. Each share right on exercise converts to one ordinary share, subject to adjustment in specified circumstances. No amount is payable on vesting or exercise.

Other Transactions with Key Management Personnel

The Group's related parties comprise its key management and entities associated with key management.

A major shareholder in Clean Seas Seafood Limited is Australian Tuna Fisheries Pty Ltd (ATF). ATF and its associated entities controlled 7.1% of issued shares at 30 June 2019 (2018: 7.1%) and it is associated with Stehr Group Pty Ltd, H & A Stehr Superannuation Fund and Sanchez Tuna Pty Ltd.

All transactions with related parties are negotiated on a commercial arms-length basis. These transactions were as follows:

	2019 \$'000	2018 \$'000
Australian Tuna Fisheries Pty Ltd:		
• Receipts for ice, expenses, SBT quota lease and contract labour	5	9
• Payments for towing, contract labour, fish feed, marina and net shed rent and electricity	495	486
Stehr Group Pty Ltd		
• Payments for office rent	36	32
• Other payments	30	-
PSMMR Pty Ltd (associated with Paul Robinson – Alternate Director) ⁽¹⁾		
• Payments for consulting services and associated expenses	-	137

(1) Paul Robinson Retired as an Alternate Director and related party on 30 June 2018.

The following balances are outstanding as at the reporting date in relation to transactions with related parties:

	2019 \$'000	2018 \$'000
Current payables		
• Australian Tuna Fisheries Pty Ltd	22	21
• PSMR Pty Ltd ⁽¹⁾	-	18
Current receivables		
• Australian Tuna Fisheries Pty Ltd	-	17

(1) Paul Robinson Retired as an Alternate Director and related party on 30 June 2018.

End of audited Remuneration Report.

Environmental legislation

The Group's operations are subject to Commonwealth and State regulations governing marine and hatchery operations, processing, land tenure and use, environmental requirements including site specific environmental licences, permits and statutory authorisations, workplace health and safety and trade and export.

The Group's management regularly and routinely monitor compliance with the relevant environmental regulations and compliance is regularly reported to the Board.

The Group has well established procedures to monitor and manage compliance with existing environmental regulations and new regulations as they come into force.

The Directors believe that all regulations have been met during the period covered by this Annual Financial Report and are not aware of any significant environmental incidents arising from the operations of the consolidated entity during the financial year.

Further information in relation to specific regulated areas of the operation is as follows:

- The Arno Bay and Port Augusta Hatcheries are licensed to operate under an Aquaculture Land based Category C License issued by the South Australian Minister for Agriculture, Food and Fisheries under the Aquaculture Act 2001. The licensee is required to comply with the requirements of all statutes, regulations, by-laws, ordinances, rules, notices or orders lawfully given pursuant to the Aquaculture Act 2001, Aquaculture Regulations 2005, Environment Protection (Water Quality) Policy 2003 and the Livestock Act 1997. Clean Seas has not recorded any breaches of the license requirements.
- The Group operates 28 marine aquaculture licences issued by The South Australian Minister for Agriculture, Food and Fisheries under the Aquaculture Act 2001. The licensee is required to comply with the requirements of all statutes, regulations, by-laws, ordinances, rules, notices or orders lawfully given pursuant to the Aquaculture Act 2001, Aquaculture Regulations 2005, Environment Protection (Water Quality) Policy 2003 and the Livestock Act 1997. There have been no material recorded breaches of the license requirements.
- The Royal Park processing plant is licensed by the South Australian Environment Protection Authority under Part 6 of the Environment Protection Act 1993 to operate as a fish processing works. The Licensee must be aware of and comply with their obligations under the Environment Protection Act 1993, the Environment Protection Regulations 2009, the Environment Protection Policies made under the Environment Protection Act 1993 and the requirements of any National Environment Protection Measure which operates as an Environment Protection Policy under the Environment Protection Act 1993. Clean Seas has not recorded any breaches of the licence requirements.

Indemnities given to and insurance premiums paid for Directors and officers

Under rules 50 and 51 of the Company's Constitution, each of the Company's Directors, the Company Secretary and every other person who is an officer is indemnified to the extent permitted by law and Directors and Officers Liability Insurance has been implemented. The terms of the insurance contract prohibit the Company from disclosing the level of premium paid.

Each Director and the Company Secretary has entered into a Deed of Indemnity and Access which indemnifies a Director or officer against liabilities arising as a result of acting as a Director or officer subject to certain exclusions and provides for related legal costs to be paid by the Company. The Deed requires the Company to maintain an insurance policy against any liability incurred by a Director or officer in his or her capacity as a Director or officer during that person's term of office and seven years thereafter. It also provides a Director or officer with a right of access to Board papers and other documentation while in office and for seven years thereafter.

Non-audit services

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 24 to the Financial Statements.

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 25 of this financial report and forms part of this Directors' Report.

Proceedings of behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Rounding of amounts

Clean Seas is a type of Company referred to in ASIC Class Order 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable), or in certain cases, to the nearest dollar under the option permitted in the Class Order.

Signed in accordance with a resolution of the Directors.



Terry O'Brien
Chairman

30 August 2019

Auditor's Independence Declaration

To the Directors of Clean Seas Seafood Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Clean Seas Seafood Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 30 August 2019

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Clean Seas Seafood Limited and its Controlled Entity (‘the Group’) have adopted the third edition of the *Corporate Governance Principles and Recommendations* which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The Group’s Corporate Governance Statement for the financial year ending 30 June 2019 is dated as at 30 June 2019 and was approved by the Board on 30 August 2019. The Corporate Governance Statement is available on Clean Seas’ website at <http://www.cleanseas.com.au/investors/corporate-governance/>

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Revenue	6	46,149	41,650
Other income		287	86
Net gain arising from changes in fair value of biological assets	13	23,325	18,183
Fish husbandry expense		(30,194)	(24,210)
Employee benefits expense	20.1	(12,166)	(10,218)
Fish processing and selling expense		(12,136)	(10,959)
Cost of goods sold – frozen inventory		(8,553)	(5,977)
Depreciation and amortisation expense	14	(3,079)	(2,539)
Other expenses		(1,931)	(2,625)
Profit before finance items and tax		1,702	3,391
Finance costs	7	(262)	(75)
Finance income	7	6	64
Profit before tax		1,446	3,380
Income tax benefit / (expense)	8	-	-
Profit for the year after tax		1,446	3,380
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		1,446	3,380
Earnings per share from continuing operations:			
Basic earnings per share (cents per share)	22.1	1.73	4.33
Diluted earnings per share (cents per share)	22.1	1.69	4.22

Note: This statement should be read in conjunction with the notes to the financial statements.

Earnings per share for the period ended 30 June 2018 was restated in order for the calculation to incorporate the 20:1 share consolidation, which was completed on 3 December 2018.

Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Assets			
<i>Current</i>			
Cash and cash equivalents	9	1,004	5,534
Trade and other receivables	10	5,764	5,133
Inventories	12	9,465	5,484
Prepayments		1,047	581
Biological assets	13	56,585	45,229
Current assets		73,865	61,961
<i>Non-current</i>			
Property, plant and equipment	14	16,869	16,500
Biological assets	15	244	244
Intangible assets	16	2,957	2,957
Non-current assets		20,070	19,701
TOTAL ASSETS		93,935	81,662
Liabilities			
<i>Current</i>			
Trade and other payables	17	6,982	6,504
Bank overdraft	9	7,275	-
Borrowings	18	1,585	622
Provisions	19	977	862
Current liabilities		16,819	7,988
<i>Non-current</i>			
Borrowings	18	3,356	1,727
Provisions	19	218	178
Non-current liabilities		3,574	1,905
TOTAL LIABILITIES		20,393	9,893
NET ASSETS		73,542	71,769
Equity			
Equity attributable to owners of the Parent:			
• share capital	21	182,436	182,345
• share rights reserve	21	897	661
• accumulated losses		(109,791)	(111,237)
TOTAL EQUITY		73,542	71,769

Note: This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	Notes	Share capital \$'000	Share rights reserve \$'000	Accumulated Losses \$'000	Total equity \$'000
Balance at 1 July 2017		165,998	172	(114,617)	51,553
Profit for the year		-	-	3,380	3,380
Share purchase plan and placement	21.1	16,347	-	-	16,347
Share rights reserve movement	21.2	-	489	-	489
Balance at 30 June 2018		182,345	661	(111,237)	71,769
Profit for the year		-	-	1,446	1,446
Share issue	21.1	91	-	-	91
Share rights reserve movement	21.2	-	236	-	236
Balance at 30 June 2019		182,436	897	(109,791)	73,542

Note: This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Operating activities			
Receipts from customers		45,756	40,787
Payments to suppliers excluding feed		(23,645)	(22,172)
Payments for feed		(21,317)	(17,141)
Payments to employees		(10,136)	(8,318)
Government grants received		-	29
Net cash used in operating activities	23	(9,342)	(6,815)
Investing activities			
Purchase of property, plant and equipment		(3,226)	(4,917)
Interest received		6	63
Net cash used in investing activities		(3,220)	(4,854)
Financing activities			
Gross proceeds from issue of shares		-	17,656
Share issue expenses		-	(1,309)
Proceeds from borrowings		2,480	1,220
Repayment of borrowings		(1,474)	(818)
Interest paid		(249)	(70)
Net cash from financing activities		757	16,679
Net change in cash and cash equivalents		(11,805)	5,010
Cash and cash equivalents at beginning of year		5,534	524
Cash and cash equivalents at end of year	9	(6,271)	5,534

Note: This statement should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

1 Nature of operations

Clean Seas Seafood Limited and its subsidiaries ('the Group') principal activities include finfish sales and tuna operations. These activities comprise the following:

- **Finfish sales** – The propagation, growout and sale of Yellowtail Kingfish; and
- **Tuna operations** – Research and development activities relating to Southern Bluefin Tuna.

2 General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). Clean Seas Seafood Limited is a for-profit entity for the purpose of preparing the financial statements.

Clean Seas Seafood Limited is the Group's Ultimate Parent Company and is an ASX listed Public Company (ASX: CSS) incorporated and domiciled in Australia. The address of its registered office and its principal place of business is 7 Frederick Road, Royal Park, SA, Australia, 5014.

The consolidated financial statements for the year ended 30 June 2019 were approved and authorised for issue by the Board of Directors on 30 August 2019.

3 Changes in accounting policies

3.1 New and revised standards that are effective for these financial statements

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2018. Information on the more significant standard(s) is presented below.

The Group has adopted AASB 9 and AASB 15 at 1 July 2018. AASB 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time and over time. AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

There have been no significant changes to the Group's financial performance and position as a result of the adoption of the new and amended accounting standards and interpretations.

AASB 9 Financial Instruments (2014)

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement requirements. AASB 9 addresses the classification, measurement and derecognition of financial assets, financial liabilities and hedging and a new impairment model for financial assets. The Group adopted AASB 9 from 1 July 2018 and the standard has been applied retrospectively.

AASB 15 Revenue from Contracts with Customers.

AASB 15 provides new guidance for determining when the Group should recognise revenue. The new revenue recognition model is based on the principle that revenue is recognised when control of a good or service is transferred to a customer – either at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, or how much revenue is recognised.

The Group's revenue is largely comprised of contracts with customers for the sale of fresh and frozen fish products. The Group has concluded that revenue from the sale should be recognised at the point in time when a customer obtain control of goods. Revenue is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates and trade discounts.

There has been no impact on the Group's previously reported financial performance or financial position following the adoption of AASB 15.

3.2 Accounting Standards issued but not yet effective and not being adopted early by the Group

The accounting standards that have not been early adopted for the year ended 30 June 2019, but will be applicable to the Group in future reporting periods, are detailed below. Apart from these standards, other accounting standards that will be applicable in future periods have been reviewed, however they have been considered to be insignificant to the Group.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the group's financial statements is provided below.

AASB 16 Leases

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

Based on the entity's assessment, it is expected that the first-time adoption of AASB 16 for the year ending 30 June 2020 will have a material impact on the transactions and balances recognised in the financial statements, in particular:

- lease assets and financial liabilities on the balance sheet will increase by \$0.27 million and \$0.28 million respectively (based on the facts at the date of the assessment)
- there will be a reduction in the reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities
- EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses
- operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities.

4 Summary of accounting policies

4.1 Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

4.2 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and its subsidiaries as of 30 June 2019. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

4.3 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian Dollars ("AUD"), which is also the functional currency of the Parent Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

4.4 Segment reporting

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group's two operating segments are:

- **Finfish Sales:** All finfish grow out and sales other than propagated Southern Bluefin Tuna ("SBT"). Currently the segment includes Yellowtail Kingfish, Mulloway and some wild caught Tuna. All fish produced are aggregated as one reportable segment as the fish are similar in nature, they are grown and distributed to similar types of customers and they are subject to a similar regulatory environment.
- **Tuna Operations:** Propagated Southern Bluefin Tuna operations are treated as a separate segment. All costs associated with the breeding, grow out and sales of SBT are aggregated into one reportable segment. This segment is currently scaled back apart from some strategic research projects.

Each of these operating segments is managed separately as they require different technologies, resources and capabilities and are at a different stage of development. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under AASB 8 are the same as those used in its financial statements.

Corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4.5 Revenue

Revenue arises from the sale of goods and recognised at the point in time when a customer obtains control of goods (satisfaction of the performance obligation). Revenue is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates and trade discounts.

Interest income

Interest income and expenses are reported on an accrual basis using the effective interest method.

4.6 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs (see Note 7).

4.8 Intangible assets

Recognition of intangible assets

Acquired intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. Acquired fish quotas and water leases and licences are capitalised on the basis of costs incurred to acquire.

Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, where these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 4.11.

The following useful lives are applied:

- Primary Industries and Regions South Australia (PIRSA) water leases and licences: indefinite
- Southern Bluefin Tuna quota: indefinite

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

4.9 Property, plant and equipment

Land and buildings

Freehold land and buildings are recognised at their cost less accumulated depreciation and impairment losses.

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Plant and equipment

Plant and equipment is initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. Plant and equipment also includes leasehold property held under a finance lease (see Note 4.10). These assets are subsequently measured using the cost model, being cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, plant and equipment. The following depreciation rates are applied:

- buildings: 2.5% - 13%
- vessels: 5% – 7.5%
- cages and nets: 10% - 33%
- motor vehicles: 12.5% - 15%
- computers: 25% - 33%
- other plant and equipment: 5% - 33%

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

4.10 Leased assets

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

See Note 4.9 for the depreciation methods and useful lives for assets held under finance lease. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

4.11 Impairment testing of other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.12 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and most other receivables fall into this category. The change in classification has not impacted the carrying value of the Group's financial assets.

Impairment of financial assets

The Group uses a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. The Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group have assessed the impact of the impairment model and no adjustment was required in Group's financial statements.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

4.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

4.14 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office ('ATO') and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full. The Group does not currently recognise deferred tax assets and liabilities due to uncertainty regarding the utilisation of prior year losses in future years.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Clean Seas Seafood Limited and its wholly-owned Australian controlled entity have implemented the tax consolidation legislation from 1 July 2007. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

4.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.16 Equity and reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Share rights reserve represents, in accordance with AASB 2 *Share-based Payment*, the allocated fair value at grant date of share rights that have been granted and remain outstanding at the reporting date. The value determined is recognised evenly over the financial years in which services are provided as specified by the performance period for each grant of share rights, subject to subsequent revision of the number of share rights expected to vest and the number that ultimately vest. The recognised value of share rights that vest and are exercised is transferred to share capital on the issue of shares.

Retained earnings / accumulated losses include all current and prior period retained profits and losses.

All transactions with owners of the Parent are recorded separately within equity.

4.17 Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and annual leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Group's liabilities for long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Post-employment Benefit Plans

The Group provides post-employment benefits through various defined contribution plans.

Defined Contribution Plans

The Group pays fixed contributions into independent entities in relation to various plans for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

4.18 Share-based employee remuneration

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and earnings per share growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share rights reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share rights expected to vest.

Non-market vesting conditions are included in assumptions about the number of share rights that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share rights expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share rights ultimately exercised are different to that estimated on vesting.

Upon exercise of share rights, the proceeds received and the accumulated amount in the share rights reserve applicable to those share rights, net of any directly attributable transaction costs, are allocated to share capital.

4.19 Provisions, contingent liabilities and contingent assets

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

4.20 Biological assets

Biological assets comprise live fish held for sale and broodstock.

Live fish held for sale are valued at their fair value less costs to sell in accordance with *AASB141 Agriculture*. Estimated fair values are based on the number and size of fish held at the reporting date, actual selling prices achieved in the three weeks following the reporting date and other relevant factors, including allowance for future mortality, assessed as impacting fair value in accordance with *AASB141*.

Broodstock are valued at their fair value less costs to sell in accordance with *AASB141 Agriculture*. Estimated fair values take into account the valuation of live fish held for sale and estimated value as broodstock. As the tuna research program is currently scaled back, the Board has adopted a conservative approach by valuing southern bluefin tuna broodstock at estimated market value.

In the Directors' opinion, insurance cover is currently not available at commercially acceptable rates for the live Yellowtail Kingfish held for sale or the broodstock. The Directors have therefore chosen to actively manage the risks as the preferred alternative and review this on an annual basis.

4.21 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

4.22 Rounding of amounts

The Parent Entity has applied the relief available to it under ASIC Class Order 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest \$1,000, or in certain cases, the nearest dollar.

4.23 Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Fair value of live fish held for sale and broodstock

Management values live fish held for sale at their fair value less costs to sell in accordance with *AASB141 Agriculture*. Estimated fair values are based on the number and size of fish held at the reporting date, actual selling prices achieved in the three weeks following the reporting date and other relevant factors, including allowance for future mortality, assessed as impacting fair value in accordance with *AASB141*. These estimates may vary from net sale proceeds ultimately achieved.

Broodstock has been held at the same value as the prior year as Directors believe it is representative of its fair value as at the reporting date.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in relevant tax jurisdictions in relation to the value of accessible carried forward losses into future years (see Note 4.14).

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 4.11).

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and other forms of obsolescence.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by market-driven changes that may reduce future selling prices.

5 Operating Segments

Management currently identifies the Group's two segments as finfish sales and tuna operations as detailed in Note 1. These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results.

Segment information for the reporting period is as follows:

	Finfish Sales 2019 \$'000	Tuna Operations 2019 \$'000	Unallocated 2019 \$'000	Total 2019 \$'000
Revenue				
From external customers	46,149	-	-	46,149
Segment revenues	46,149	-	-	46,149
Other income	287	-	-	287
Net gain from changes in value of fish	23,325	-	-	23,325
Fish husbandry expense	(30,194)	-	-	(30,194)
Employee benefits expense	(12,166)	-	-	(12,166)
Fish processing and selling expense	(12,136)	-	-	(12,136)
Frozen Inventory COGS	(8,553)	-	-	(8,553)
Depreciation and amortisation	(3,045)	(34)	-	(3,079)
Other expenses	(1,656)	(275)	-	(1,931)
Finance costs and income	-	-	(256)	(256)
Segment operating profit / (loss) before tax	2,011	(309)	(256)	1,446
Segment assets 2019	92,476	455	1,004	93,935

	Finfish Sales 2018 \$'000	Tuna Operations 2018 \$'000	Unallocated 2018 \$'000	Total 2018 \$'000
Revenue				
From external customers	41,650	-	-	41,650
Segment revenues	41,650		-	41,650
Other income	86	-	-	86
Net gain from changes in value of fish	18,183	-	-	18,183
Fish husbandry expense	(24,210)	-	-	(24,210)
Employee benefits expense	(10,218)	-	-	(10,218)
Fish processing and selling expense	(10,959)	-	-	(10,959)
Frozen Inventory COGS	(5,977)	-	-	(5,977)
Depreciation and amortisation	(2,509)	(30)	-	(2,539)
Other expenses	(2,195)	(430)	-	(2,625)
Finance costs and income	-	-	(11)	(11)
Segment operating profit / (loss) before tax	3,851	(460)	(11)	3,380
Segment assets 2018	75,673	455	5,534	81,662

No segment liabilities are disclosed because there is no measure of segment liabilities regularly reported to the chief operating decision maker. Unallocated operating income and expense consists of net interest and unallocated assets consist of cash and cash equivalents.

Revenues from external customers in the Group's domicile, Australia, as well as its major other markets have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location.

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas:

	Revenue 2019 \$'000	Non-current assets 2019 \$'000	Revenue 2018 \$'000	Non-current assets 2018 \$'000
Australia	23,732	20,070	20,970	19,701
Other countries	22,417	-	20,680	-
Total	46,149	20,070	41,650	19,701

During 2019 \$5.7 million or 12% (2018: \$5.7 million or 14%) of the Group's revenues depended on a single customer in the finfish sales segment.

6 Revenue

Revenue for the reporting periods consist of the following:

	2019 \$'000	2018 \$'000
Sale of fresh fish products	37,124	33,619
Sale of frozen fish products	9,025	8,031
Other revenue	-	-
Total	46,149	41,650

7 Finance income and finance costs

Finance income for the reporting periods consist of the following:

	2019 \$'000	2018 \$'000
Interest income from cash and cash equivalents	6	64
Total	6	64

Finance costs for the reporting periods consist of the following:

	2019 \$'000	2018 \$'000
Interest expenses for borrowings at amortised cost:		
• finance leases	114	64
• other borrowings	148	11
Total	262	75

8 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of 27.5% (2018: 30%) and the reported tax expense in profit or loss are as follows:

	2019 \$'000	2018 \$'000
Profit / (Loss) before tax	1,446	3,380
Domestic tax rate for Clean Seas Seafood Limited	27.5% ¹	30%
Expected tax expense / (income)	398	1,014
Adjustment for R&D tax incentive refund – 30% corporate tax rate component	-	-
Current year tax expense added to / (offset against) prior year tax losses	(398)	(1,014)
Adjustment for tax-exempt income	-	-
Actual tax expense / (income)	-	-
Tax expense comprises:		
• R&D tax incentive refund – 30% corporate tax rate component	-	-
• Deferred tax expense	-	-
Tax expense / (income)	-	-

Note:

- Domestic tax rate reduced to 27.5% in FY19, as aggregated turnover is less than \$50 million.

Due to uncertainty regarding the utilisation of prior year tax losses in future years, the tax losses are not recognised as an asset. At 30 June 2019, carried forward tax losses are estimated to be \$60.3 million (2018: \$68.3 million) and non-refundable R&D tax offsets are estimated to be \$10 million (2018: \$7.4 million).

9 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2019 \$'000	2018 \$'000
Cash at bank	1,004	5,534
Cash and cash equivalents in the statement of financial position	1,004	5,534
Bank overdraft used for cash management purposes	(7,275)	-
Cash and cash equivalents in the statement of cash flow	(6,271)	5,534

In January 2019, the Group secured a \$2 million increase to the Trade Finance Facility with Commonwealth Bank of Australia, which increased the facility limit to \$12 million. This is an ongoing facility subject to annual review and is secured against all Group assets. At 30 June 2019 this facility was drawn down by \$7.28 million.

10 Trade and other receivables

Trade and other receivables consist of the following:

	2019 \$'000	2018 \$'000
Trade receivables, gross	5,260	4,939
Allowance for credit losses	(50)	(50)
Trade receivables	5,210	4,889
Other receivables	554	244
Total	5,764	5,133

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

The movement in the allowance for credit losses can be reconciled as follows:

Reconciliation of allowance for credit losses	2019 \$'000	2018 \$'000
Balance at 1 July	50	50
Amounts written off / (uncollectable)	(22)	(24)
Additional provision recognised	22	24
Impairment loss reversed	-	-
Balance 30 June	50	50

An analysis of unimpaired trade receivables that are past due is given in Note 30.3.

11 Financial assets and liabilities

11.1 Categories of financial assets and liabilities

Note 4.12 provides a description of each category of financial assets and financial liabilities and the related accounting policies.

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Notes	Assets at FVTOCI \$'000	Assets at FVTPL \$'000	Derivatives used for hedging \$'000	Financial assets at amortised cost \$'000	Total \$'000
30 June 2019						
Financial assets						
Cash and cash equivalents	9	-	-	-	1,004	1,004
Trade and other receivables	10	-	-	-	5,764	5,764
Totals		-	-	-	6,768	6,768

	Notes	*Derivatives used for hedging \$'000	*Designated at FVTPL \$'000	*Other liabilities at FVTPL \$'000	#Other liabilities \$'000	Total \$'000
30 June 2019						
Financial liabilities						
Trade and other payables	17	-	-	-	6,982	6,982
Bank overdraft	9	-	-	-	7,275	7,275
Borrowings	18	-	-	-	4,941	4,941
Totals		-	-	-	19,198	19,198

* Carried at fair value

Carried at amortised cost

	Notes	Assets at FVTOCI \$'000	Assets at FVTPL \$'000	Derivatives used for hedging \$'000	Financial assets at amortised cost \$'000	Total \$'000
30 June 2018						
Financial assets						
Cash and cash equivalents	9	-	-	-	5,534	5,534
Trade and other receivables	10	-	-	-	5,133	5,133
Totals		-	-	-	10,667	10,667

	Notes	*Derivatives used for hedging \$'000	*Designated at FVTPL \$'000	*Other liabilities at FVTPL \$'000	#Other liabilities \$'000	Total \$'000
30 June 2018						
Financial liabilities						
Trade and other payables	17	-	-	-	6,504	6,504
Borrowings	18	-	-	-	2,349	2,349
Totals		-	-	-	8,853	8,853

* Carried at fair value

Carried at amortised cost

A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 30.

11.2 Other financial assets and liabilities

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- cash and cash equivalents;
- trade and other receivables;
- trade and other payables; and
- borrowings.

12 Inventories

Inventories consist of the following:

	2019 \$'000	2018 \$'000
Frozen fish products	7,202	2,518
Fish feed	1,776	2,839
Other	487	127
Total	9,465	5,484

13 Biological assets - current

	2019 \$'000	2018 \$'000
Live Yellowtail Kingfish – Held for Sale		
Carrying amount at beginning of period	45,229	32,105
Adjusted for:		
Gain from physical changes at fair value less costs to sell	52,268	43,915
Decrease due to harvest for sale as fresh	(28,943)	(25,732)
Net gain recognised in profit and loss	23,325	18,183
Decrease due to harvest for processing to frozen inventory	(11,969)	(5,059)
Carrying amount at end of period	56,585	45,229

The closing biomass comprised 4,136 tonnes at an average weight of 2.57kg. This comprised 2,783 tonnes of 2018 year class (YC18) at an average weight of 4.3kg and 1,353 tonnes of YC19 at an average weight of 1.4 kg (2018: 3,606 tonnes at an average weight of 2.1kg comprising 2,133 tonnes of YC17 at 3.9kg and 1,473 tonnes of YC18 at 1.5 kg). During FY19 harvests totalled 3,010 tonnes (FY18: 2,454 tonnes).

There is inherent uncertainty in the biomass estimate and resultant live fish valuation. This is common to all such valuations and best practice methodology is used to facilitate reliable estimates. Biomass is estimated using a model that simulates fish growth. Actual growth will invariably differ to some extent, which is monitored and stock records adjusted via harvest counts and weights, periodic sample weight checks, physical counts on transfer to sea cages and subsequent splitting of cages, mortality counts and reconciliation of the perpetual records after physical counts and on cage closeout.

14 Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

	Land & Buildings \$'000	Plant & Equipment \$'000	Total \$'000
Gross carrying amount			
Balance 1 July 2018	4,028	33,546	37,574
Additions	158	3,290	3,448
Disposals	-	-	-
Balance 30 June 2019	4,186	36,836	41,022
Depreciation and impairment			
Balance 1 July 2018	(1,403)	(19,671)	(21,074)
Disposals	-	-	-
Depreciation	(101)	(2,978)	(3,079)
Balance 30 June 2019	(1,504)	(22,649)	(24,153)
Carrying amount 30 June 2019	2,682	14,187	16,869

	Land & Buildings \$'000	Plant & Equipment \$'000	Total \$'000
Gross carrying amount			
Balance 1 July 2017	3,913	28,607	32,520
Additions	115	4,939	5,054
Disposals	-	-	-
Balance 30 June 2018	4,028	33,546	37,574
Depreciation and impairment			
Balance 1 July 2017	(1,313)	(17,222)	(18,535)
Disposals	-	-	-
Depreciation	(90)	(2,449)	(2,539)
Balance 30 June 2018	(1,403)	(19,671)	(21,074)
Carrying amount 30 June 2018	2,625	13,875	16,500

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

The Property, Plant and Equipment has been pledged as security for the Group's bank borrowings (see Note 9 and 18).

15 Biological assets – non-current

	2019 \$'000	2018 \$'000
Finfish Broodstock		
Carrying amount at beginning of period	244	244
Purchases	-	-
Sales	-	-
Carrying amount at end of period	244	244

16 Intangible assets

Details of the Group's intangible assets and their carrying amounts are as follows:

	PIRSA Leases and Licences \$'000	Southern Bluefin Tuna Quota \$'000	Total \$'000
Net carrying amount			
Balance at 1 July 2018	2,827	130	2,957
Amortisation and impairment	-	-	-
Net carrying amount 30 June 2019	2,827	130	2,957
Balance at 1 July 2017	2,827	200	3,027
Amortisation and impairment	-	(70)	(70)
Net carrying amount 30 June 2018	2,827	130	2,957

At each reporting date the Directors review intangible assets for impairment. No impairment was necessary in 2019 (2018: \$70,000).

17 Trade and other payables

Trade and other payables consist of the following:

	2019 \$'000	2018 \$'000
Current:		
• trade payables	5,407	4,243
• related party payables	22	40
• other payables	1,553	2,221
Total trade and other payables	6,982	6,504

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

18 Borrowings

Borrowings consist of the following:

	2019 \$'000	2018 \$'000
Current:		
• Finance lease (note 29)	1,018	475
• Other – insurance premium funding	567	147
Total borrowings – current	1,585	622
Non-current:		
• Finance lease (note 29)	3,356	1,727
Total borrowings – non-current	3,356	1,727

The Group also has a \$6.0m secured Lease Finance Facility with Commonwealth Bank of Australia, of which \$4.3m was utilised at 30 June 2019.

19 Provisions

The carrying amounts and movements in the provisions account are as follows:

	Annual Leave \$'000	Long Service Leave \$'000	Total \$'000
Carrying amount 1 July 2018	634	406	1,040
Additional provisions	525	95	620
Amount utilised	(439)	(26)	(465)
Carrying amount 30 June 2019	720	475	1,195
Current employee benefit provision	720	257	977
Non-current employee benefit provision	-	218	218

20 Employee remuneration

20.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2019 \$'000	2018 \$'000
Salaries and wages	8,997	7,354
Superannuation – Defined contribution plans	781	632
Leave entitlement accrual adjustment	720	639
Short term incentive	412	315
Long term incentive – Share rights	327	489
Other on-costs	929	789
Total	12,166	10,218

20.2 Share-based employee remuneration

The Company granted a total of 684,099 FY19 LTI Share Rights to senior executives during the year (2018: 1,172,559). The share rights will vest if specified performance targets are achieved and the executive remains employed by the Company for three years including the year for which the share rights were granted, or in other circumstances agreed with the executive or at the discretion of the Board. Each share right on exercise converts to one ordinary share, subject to adjustment in specified circumstances. On exercise of share rights, a dividend equivalent issue of additional shares replicates the benefit of any dividends paid on ordinary shares during the performance period. No amount is payable on vesting or exercise. During FY19 130,766 fully paid ordinary shares were issued on the exercise of vested Share Rights and 243,192 Share Rights lapsed.

The FY19 LTI Share Rights were valued by the Directors on a basis consistent with the FY18 and FY17 LTI Share Rights, which were independently valued by Value Adviser Associates Pty Ltd on 16 August 2017. One-third of the valuation at the end of the first year is expensed in the first year. Two-thirds of the valuation in the second year, less the amount expensed in the first year, is expensed in the second year. The final valuation at the end of the third year, less amounts expensed in the previous two years, is expensed or written back in the third year. Each year is subject to further review of the number of Share Rights expected to vest, in accordance with AASB 2 *Share Based Payment*.

The Share Rights valuation is based on the fair value at grant date of the equity instruments granted. For the FY19 LTI Share Rights this includes the Clean Seas share price on 29 June 2018 being 5.0 cents and on 13 November 2018 (AGM date) being 5.6 cents with no adjustment being required for future dividends, achievement of one of the three performance targets in FY19 and assessment of the probability of achievement of the second and third (NPAT) performance targets in FY20 and FY21.

21 Equity

21.1 Share capital

The share capital of Clean Seas Seafood Limited consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at a shareholders' meeting.

	2019 Shares	2018 Shares	2019 \$'000	2018 \$'000
Shares issued and fully paid:				
• at beginning of the year	1,667,314,190	1,373,043,448	182,345	165,998
• consolidation of share capital (1:20)(i)	(1,584,012,279)	-	-	-
• share issue (ii)	130,766	294,270,742	91	16,347
Total contributed equity at 30 June	83,432,677	1,667,314,190	182,436	182,345

Notes:

- (i) On 3 December 2018, the Group's shares were consolidated on a 1:20 basis.
- (ii) On 21 December 2018, the Group issued 130,766 fully paid ordinary shares on the exercise of vested Share Rights.

21.2 Share rights reserve

The Company has granted share rights to certain executives as part of their remuneration arrangements as a Long Term Incentive (LTI). Share rights outstanding are as follows:

	2019 Share rights	2018 Share rights	2019 \$'000	2018 \$'000
Share rights outstanding:				
• at beginning of the year	42,298,373	18,847,188	661	172
• consolidation of share capital (1:20)(i)	(40,183,453)	-	-	-
• granted during the year	684,099	23,451,185	373	489
• exercised during the year	(130,766)	-	(91)	-
• lapsed during the year	(243,192)	-	(46)	-
Total share rights at 30 June	2,425,061	42,298,373	897	661

Notes:

(i) On 3 December 2018, the Group's shares were consolidated on a 1:20 basis.

Details of these Share Rights are provided at note 20.2.

22 Earnings per share and dividends

22.1 Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of Clean Seas Seafood Limited as the numerator (i.e. no adjustments to profit were necessary in 2019 or 2018).

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	2019 '000	2018 '000
Amounts in thousand shares:		
• weighted average number of shares used in basic earnings per share	83,370	78,020
• shares deemed to be issued for no consideration in respect of share based payments	2,426	1,848
Weighted average number of shares used in diluted earnings per share	85,796	79,868

The weighted average number of shares used in basic and diluted earnings for the period ended 30 June 2018 has been restated in order for the calculation to incorporate the 20:1 share consolidation, which was completed on the 3 December 2018.

22.2 Dividends

Dividends Paid and Proposed

	2019 \$'000	2018 \$'000
Dividends declared during the year	-	-

22.3 Franking credits

	Parent	
	2019 \$'000	2018 \$'000
The amount of the franking credits available for subsequent reporting periods are:		
• balance at the end of the reporting period	-	-
• franking credits that will arise from the payment of the amount of provision for income tax	-	-
• franking debits that will arise from the payment of dividends recognised as a liability at the end of the reporting period	-	-
• franking credits that will arise from the receipt of dividends recognised as receivables at the end of reporting period	-	-
	-	-

23 Reconciliation of cash flows from operating activities

	2019 \$'000	2018 \$'000
Profit for the year	1,446	3,380
Adjustments for:		
• Depreciation and amortisation	3,079	2,539
• LTI share rights expense	327	489
• net interest expense included in investing and financing	256	11
• impairment of non-current assets	-	70
• write back of non-cash provision	667	-
Net changes in working capital:		
• change in inventories	(3,981)	(1,963)
• change in trade and other receivables	(631)	(1,301)
• change in prepayments	(466)	(162)
• change in biological assets	(11,356)	(13,124)
• change in trade and other payables	478	2,421
• change in other employee obligations	155	182
• changes offset in investing	684	643
Net cash used in operating activities	(9,342)	(6,815)

24 Auditor remuneration

	2019 \$	2018 \$
Audit and review of financial statements	96,679	97,131
Other services		
• taxation compliance	11,900	9,500
• other tax services	15,004	20,750
Total other service remuneration	26,904	30,250
Total auditor's remuneration	123,583	127,381

25 Related party transactions and key management personnel disclosures

The Group's related parties comprise its key management and entities associated with key management. The Remuneration Report in the Directors' Report sets out the remuneration of directors and specified executives.

A major shareholder in Clean Seas Seafood Limited is Australian Tuna Fisheries Pty Ltd (ATF). ATF and its associated entities controlled 7.1% of issued shares at 30 June 2019 (2018: 7.1%) and it is associated with Stehr Group Pty Ltd, H & A Stehr Superannuation Fund and Sanchez Tuna Pty Ltd.

All transactions with related parties are negotiated on a commercial arms-length basis. These transactions were as follows:

	2019 \$'000	2018 \$'000
Australian Tuna Fisheries Pty Ltd:		
• Receipts for ice, expenses, SBT quota lease and contract labour	5	9
• Payments for towing, contract labour, fish feed, marina and net shed rent and electricity	495	486
Stehr Group Pty Ltd		
• Payments for office rent	36	32
• Other payments	30	-
PSMMR Pty Ltd (associated with Paul Robinson – Alternate Director) ⁽¹⁾		
• Payments for consulting services and associated expenses	-	137

(1) Paul Robinson Retired as an Alternate Director and related party on 30 June 2018.

The following balances are outstanding as at the reporting date in relation to transactions with related parties:

	2019 \$'000	2018 \$'000
Current payables		
• Australian Tuna Fisheries Pty Ltd	22	21
• PSMMR Pty Ltd (1)	-	18
Current receivables		
• Australian Tuna Fisheries Pty Ltd	-	17

(1) Paul Robinson Retired as an Alternate Director and related party on 30 June 2018.

The totals of remuneration paid or payable to the key management personnel of the Group during the year are as follows:

	2019 \$	2018 \$
Short-term employee benefits	1,260,641	1,254,684
Post-employment benefits	54,931	56,763
Long-term benefits	318,840	406,265
Termination benefits	-	-
Total Remuneration	1,634,412	1,717,712

The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2019.

26 Contingent assets and liabilities

The Company's legal action against Gibson's Ltd in the Supreme Court of South Australia, in respect of what the Company maintains were defective feeds supplied to the Company and the Company's Yellowtail Kingfish between December 2008 and July 2012, continues. Gibson's Ltd, trading as Skretting Australia, is defending the proceedings and has denied all liability to the Group. In its 21st August 2019 announcement to the ASX, the Company made reference to an application by the Company in the proceedings to amend the Company's claim and the potential for the trial to be deferred.

On Friday 23 August 2019, the Supreme Court of South Australia granted the Company leave to file an amended claim in light of documents recently disclosed in the litigation by Gibson's Ltd. By that amended claim the Company now alleges that Gibson's Ltd substituted a proportion of the Prime Fish Meal required to be included in the feed, and by reference to which the feed prices were calculated, with a cheaper Tuna by-product meal which the Company alleges further prejudiced the Taurine content of the feeds. Gibson's Ltd have until 13 September 2019 to respond to the amended claim. The commencement of the trial has been deferred from 30 September 2019 to 24 February 2020.

The Group also has unrecognised carry forward tax losses. This contingent asset is discussed in Note 8.

There are no other material contingent assets or liabilities.

27 Capital commitments

	2019 \$'000	2018 \$'000
Property, plant and equipment	262	56

Capital commitments relate to items of plant and equipment and site works where funds have been committed but the assets not yet received

28 Interests in subsidiaries

28.1 Composition of the Group

Set out below are details of the subsidiary held directly by the Group:

Name of the Subsidiary	Country of incorporation and principal place of business	Principal activity	Group proportion of ownership interests	
			30 June 2019	30 June 2018
Clean Seas Aquaculture Growout Pty Ltd	Australia	Growout and sale of Yellowtail Kingfish	100%	100%
Clean Seas Seafood International Pty Ltd	Australia	Sale of Yellowtail Kingfish	100%	-

Clean Seas Seafood International Pty Ltd was incorporated on 15th of May 2019.

28.2 Interests in unconsolidated structured entities

The Group has no interests in unconsolidated structured entities.

29 Leases

29.1 Finance leases as lessee

The Group holds a number of motor vehicles and plant & equipment under finance lease arrangements. The net carrying amount of these assets is \$4,479k (2018: \$2,296k).

The Group's finance lease liabilities, which are secured by the related assets held under finance leases, are classified as follows:

Finance lease liabilities	2019 \$'000	2018 \$'000
Current:		
• finance lease liabilities	1,018	475
Non-current:		
• finance lease liabilities	3,356	1,727

Future minimum finance lease payments at the end of each reporting period under review were as follows:

	Minimum lease payments due			
	Within 1 year \$'000	1-5 years \$'000	After 5 years \$'000	Total \$'000
30 June 2019				
Lease payments	1,212	3,612	-	4,824
Finance charges	(194)	(256)	-	(450)
Net present values	1,018	3,356	-	4,374
30 June 2018				
Lease payments	581	1,896	-	2,477
Finance charges	(106)	(169)	-	(275)
Net present values	475	1,727	-	2,202

29.2 Operating leases as lessee

The Group leases a number of sites under operating lease arrangements. Future minimum lease payments are as follows:

	Minimum lease payments due			
	Within 1 year \$'000	1-5 years \$'000	After 5 years \$'000	Total \$'000
Minimum lease payments – 30 June 2019	299	285	-	584
Minimum lease payments – 30 June 2018	255	482	-	737

The operating lease expense in 2019 was \$295k (2018: \$315k).

The main leased site is the Royal Park processing plant in Adelaide, South Australia. This lease has a minimum term of 4 years to March 2021 with subsequent renewal options of 2 years, 3 years and 3 years and includes a right of first refusal to purchase.

30 Financial instrument risk

30.1 Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 11.1. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its head office, in close cooperation with the Board of Directors, and focuses on actively managing those risks to secure the Group's short to medium-term cash flows.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

30.2 Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Foreign currency sensitivity

Most of the Group's transactions are carried out in Australian dollars (AUD). Exposures to currency exchange rates mainly arise from the Group's overseas sales, which are currently primarily denominated in Euro (EUR).

To mitigate the Group's exposure to foreign currency risk, non-AUD cash flows are monitored, customer payments are credited to foreign currency bank accounts and converted to AUD on a managed basis and forward exchange contracts may be entered into in accordance with the Group's risk management policies. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into AUD at the closing rate:

	Short term exposure			Long term exposure		
	EUR A\$'000	USD A\$'000	Other A\$'000	EUR A\$'000	USD A\$'000	Other A\$'000
30 June 2019						
• financial assets	2,997	29	14	-	-	-
• financial liabilities	(1,435)	(18)	(51)	-	-	-
Total exposure	1,562	11	(37)	-	-	-
30 June 2018						
• financial assets	1,803	172	2	-	-	-
• financial liabilities	(614)	(49)	(105)	-	-	-
Total exposure	1,189	123	(103)	-	-	-

The following table illustrates the sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities and the AUD / EUR exchange rate 'all other things being equal'. It assumes a +/- 5% change in this exchange rate for the year ended at 30 June 2019 (2018: +/- 5%). The sensitivity analysis is based on the impact on the Group's valuation of live fish held for sale.

Profit and Equity Increase / (Decrease)	Increase 5%	Decrease 5%
	A\$'000	A\$'000
30 June 2019	(1,171)	1,294
30 June 2018	(1,250)	1,380

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing.

30.3 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting trade credit to customers and investing surplus funds. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2019 \$'000	2018 \$'000
Classes of financial assets		
Carrying amounts:		
• cash and cash equivalents	1,004	5,534
• trade and other receivables	5,764	5,133
Total	6,768	10,667

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 30 June reporting dates under review are of good credit quality.

At 30 June, the Group has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The amounts at 30 June analysed by the length of time past due, are:

	2019 \$'000	2018 \$'000
Not more three (3) months	1,786	1,082
More than three (3) months but not more than six (6) months	77	92
More than six (6) months but not more than one (1) year	25	51
More than one (1) year	150	80
Total	2,038	1,305

The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 24 months before 30 June 2019 and 1 July respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

The Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

On the above basis the expected credit loss for trade receivables as at 30 June 2019 and recognised a provision for \$50k.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

30.4 Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling monthly projection. Net cash requirements are compared to available cash and borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

As at 30 June 2019, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non-current	
	Within 6 months \$'000	6 - 12 months \$'000	1 - 5 years \$'000	5+ years \$'000
30 June 2019				
Trade and other payables	6,982	-	-	-
Finance lease obligations	524	494	3,356	-
Bank overdraft	7,275	-	-	-
Other borrowings	567	-	-	-
Total	15,348	494	3,356	-

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

	Current		Non-current	
	Within 6 months \$'000	6 - 12 months \$'000	1 - 5 years \$'000	5+ years \$'000
30 June 2018				
Trade and other payables	6,504	-	-	-
Finance lease obligations	242	233	1,727	-
Other borrowings	147	-	-	-
Total	6,893	233	1,727	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

31 Fair value measurement

31.1 Fair value measurement of non-financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included within **Level 1** that are observable for the asset or liability, either directly or indirectly
- **Level 3:** unobservable inputs for the asset or liability

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 30 June 2019:

30 June 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Biological assets - current	-	56,585	-	56,585
Biological assets – non-current	-	244	-	244
Southern bluefin tuna quota	-	130	-	130
Total	-	56,959	-	56,959

30 June 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Biological assets - current	-	45,229	-	45,229
Biological assets – non-current	-	244	-	244
Southern bluefin tuna quota	-	130	-	130
Total	-	45,603	-	45,603

The fair values of the biological assets are determined in accordance with Note 4.20.

32 Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group considers the issue of new shares, dividends, return of capital to shareholders and sale of assets to reduce debt.

The Group has satisfied its covenant obligations for the Commonwealth Bank of Australia \$12m Trade Finance Facility at 30 June 2019.

33 Parent entity information

Information relating to Clean Seas Seafood Limited ('the Parent Entity'):

	2019 \$'000	2018 \$'000
Statement of financial position		
Current assets	610	5,591
Total assets	57,968	53,824
Current liabilities	10,438	1,749
Total liabilities	13,842	3,531
Net assets	44,126	50,293
Issued capital	182,437	182,345
Share rights reserve	897	661
Accumulated losses	(139,208)	(132,713)
Total equity	44,126	50,293
Statement of profit or loss and other comprehensive income		
Loss for the year	(6,495)	(5,421)
Other comprehensive income	-	-
Total comprehensive income	(6,495)	(5,421)

The Parent Entity has no capital commitments to purchase plant and equipment (2018: Nil). Refer Note 27 for further details of the commitment.

The Parent Entity has not entered into a Deed of Cross Guarantee. Refer Note 26 in relation to contingent assets and liabilities.

34 Post-reporting date events

On 21st August 2019, the Company announced a two-stage funding program deliver sufficient funding to fully implement its “Vision 2025” Strategic Plan. Details of the strategic plan, which is in the final stages of completion, will be announced as part of an Investor Roadshow in September 2019. The key elements of the funding encompass:

- The Company’s major shareholder, Bonafide and its related entities took up a placement of shares (“Placement”) which increased its combined shareholding from 9.5% to 17.7%. Under the Placement announced on 21 August 2019, Clean Seas issued 8,241,506 shares at \$0.8008 per share raising \$6.6 million, with all shares issued under the Company’s existing placement capacity pursuant to ASX Listing Rule 7.1
- The Company will undertake a non-renounceable entitlement offer of Convertible Notes to be made to existing shareholders to raise up to approximately \$15.3 million (“Entitlement Offer”). The convertible notes will be offered on a pro-rata basis to all qualifying shareholders, with key terms including interest payable at an annual rate of 8%, an 8% conversion discount and three-year term to maturity (“Convertible Notes”).

The full details of the Entitlement Offer (including terms and conditions of the Convertible Notes) will be disclosed in a prospectus for the offer. The Company is targeting lodgement in September 2019 with offer closure expected by the end of October 2019. The actual timetable will be set out in the prospectus and is subject to ASX approval.

Following Board approval, on the 30 August 2019, 678,898 Share Rights vested and 132,696 lapsed.

There are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the entity’s operations in future financial years;
- the results of those operations in future financial years; or
- the entity’s state of affairs in future financial years.

Directors' Declaration

In the opinion of the Directors of Clean Seas Seafood Limited:

- The consolidated financial statements and notes of Clean Seas Seafood Limited are in accordance with the *Corporations Act 2001*, including:
 - Giving a true and fair view of its financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
 - Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- There are reasonable grounds to believe that Clean Seas Seafood Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2019.

Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Terry O'Brien
Chairman

Dated the 30th day of August 2019

Independent Auditor's Report

To the Members of Clean Seas Seafood Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Clean Seas Seafood Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of 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.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition Note 4.5 & 6	
<p>Revenue is the key driver of the Group.</p> <p>The Group focuses on revenue as a key performance measure and revenue is also a key driver by which the performance of the Group is measured.</p> <p>This area is a key audit matter due to the volume of transactions and the total balance of revenue.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Documenting the processes and assessing the internal controls relating to revenue processing and recognition; • Reviewing the revenue recognition policy to ensure it is in line with AASB 15 Revenue from Contracts with Customers; • Performing analytical procedures to understand the movements and trends in revenue for comparison against audit expectations; • Tracing a sample revenue transactions to supporting documentation to ensure revenue is being recognised in line with the revenue recognition policy and accounting standards; • Performing cut-off testing to ensure that revenue transactions at or around year end have been recorded in the correct period; and • Assessing the adequacy of the related disclosures within the financial statements.
Biological asset existence and valuation Note 4.20, 13 & 15	
<p>The Group's biological assets include Kingfish, which is measured at fair value less costs to disposal.</p> <p>Estimating the fair value is a complex process involving a number of judgements and estimates regarding various inputs. Due to the nature of the asset, the valuation technique includes a model that uses a number of inputs from internal sources.</p> <p>This area is a key audit matter due to the complex nature involving a number of judgements and estimates.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Documenting the processes and assessing the internal controls relating to the valuation methodology applied to biological assets; • Reviewing the inputs used in the valuation model by comparing to actual performance subsequent to reporting date and comparing with historical performance of the Group; • Attending a physical fin fish count and grading; • Reviewing the historical accuracy of the Group's assessment of the fair value of Kingfish by comparing to actual outcomes; and • Assessing the adequacy of the related disclosures within the financial statements.

Information other than the financial report and auditor's report thereon

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 2019, 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 Group's ability 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 have 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2019.

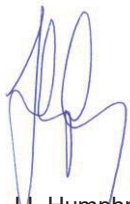
In our opinion, the Remuneration Report of Clean Seas Seafood Limited, for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J.L. Humphrey
Partner – Audit & Assurance

Adelaide, 30 August 2019

ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 26 August 2019.

Ordinary share capital (quoted)

91,739,566 fully paid ordinary shares are held by 6,528 shareholders.

Substantial shareholders

The number of shares held by substantial shareholders and their associates, as stated on their most recent Substantial Shareholder notice, are set out below:

Shareholder	Number of Shares
Bonafide Wealth Management AG (1)	16,200,139
Australian Tuna Fisheries Pty Ltd (2)	5,940,624

(1) Notice released to ASX on 26 August 2019.

(2) Notice released to ASX on 28 November 2016.

Voting Rights

Ordinary Shares: On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each fully paid share shall have one vote.

Distribution of equity security holders – Ordinary shares	
Holding	Number of holders
1 - 1,000	2,276
1,001 - 5,000	2,559
5,001 - 10,000	675
10,001 - 100,000	927
100,001+	91
Total	6,528

Twenty (20) largest shareholders	Ordinary shares	
	Number of shares held	Percentage of issued shares
J P Morgan Nominees Australia Pty Limited	22,021,214	24.00%
Australian Tuna Fisheries Pty Ltd	5,162,837	5.63%
HSBC Custody Nominees (Australia) Limited	1,750,041	1.91%
Citicorp Nominees Pty Limited	1,519,449	1.66%
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	1,253,653	1.37%
Neweconomy Com AU Nominees Pty Limited <900 Account>	1,127,675	1.23%
UBS Nominees Pty Ltd	1,126,054	1.23%
3rd Wave Investors Ltd	1,000,005	1.09%
Mr Hagen Heinz Stehr & Mrs Anna Stehr <H & A Stehr Super Fund A/C>	699,573	0.76%
Demeta Pty Ltd	655,000	0.71%
Fernbow Pty Ltd <The Holland Super Account>	538,880	0.59%
Lidova Pty Ltd <T J A Dickson S/F A/C>	530,000	0.58%
BNP Paribas Noms PTY LTD <DRP>	525,775	0.57%
Morgan Stanley Australia Securities (Nominee) Pty Ltd <No 1 Account>	485,621	0.53%
DHC International Pty Limited <Donvale Super A/C>	461,344	0.50%
Mr Michael John O'Neill & Mrs Rebecca Joan O'Neill <Protea Software STF S/F A/C>	440,000	0.48%
Mr Ermanno Feliciani	361,361	0.39%
DMSF Pty Ltd <Dino Mazzocato super A/C>	347,005	0.38%
Rdlk Pty Ltd <Red Lake S/F A/C>	323,389	0.35%
Hans and Delwyn Pty Limited	317,474	0.35%
Total Securities of Top 20 Holdings	40,646,350	44.31%

Securities Exchange

The Company is listed on the Australian Securities Exchange.

On Market Buy Back

There is no current on market buy back.



CLEAN SEAS SEAFOOD LIMITED

ABN 61 094 380 435

APPENDIX 4E STATEMENT - FULL YEAR REPORT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

FULL-YEAR ENDED 30 JUNE 2020

(Comparative figures being the full-year ended 30 June 2019)

	Full-Year ended 30 June 2020	Full-Year ended 30 June 2019	Period Movement up/(down)	Period Movement up/(down)
	\$ '000	\$ '000	\$ '000	%
Revenue from ordinary activities	40,313	46,149	(5,836)	(13)
EBITDA	(9,635)	4,781	(14,416)	(302)
EBIT	(13,076)	1,702	(14,778)	(868)
(Loss) / Profit from ordinary activities before tax	(14,454)	1,446	(15,900)	(1,100)
Income tax credit / (expense)	0	0	0	0
(Loss) / Profit from ordinary activities after tax attributable to members	(14,454)	1,446	(15,900)	(1,100)
Net tangible asset backing per ordinary share	65.6	84.5	(19.0)	(22.4)

	Amount per security
Dividends (Ordinary Shares)	
Final dividend	cents/share Nil
Interim dividend	cents/share Nil

Record date for determining entitlements to dividends.

No dividend declared

Details of the Group's performance for the twelve months of FY 2020 are attached to this notice.

This report is all the full year information provided to the Australian Securities Exchange under listing rule 4.3A. The report also satisfies the full-year reporting requirements of the Corporations Act 2001.



Clean Seas Seafood Limited
Consolidated Financial Statements
For the year ended 30 June 2020
ABN 61 094 380 435

Contents

	Page
Directors' Report	4
Auditor's Independence Declaration	25
Corporate Governance Statement	26
Consolidated Statement of Profit or Loss and Other Comprehensive Income	27
Consolidated Statement of Financial Position	28
Consolidated Statement of Changes in Equity	29
Consolidated Statement of Cash Flows	30
Notes to the Consolidated Financial Statements	31
1 Nature of operations	31
2 General information and statement of compliance	31
3 Changes in accounting policies	33
4 Summary of accounting policies	35
5 Operating Segments	47
6 Revenue	48
7 Other income	49
8 Finance income and finance costs	49
9 Income tax expense	50
10 Cash and cash equivalents	50
11 Trade and other receivables	51
12 Financial assets and liabilities	52
13 Inventories	53
14 Biological assets - current	53
15 Property, plant and equipment	54
16 Biological assets – non-current	54
17 Intangible assets	55
18 Right-of-use assets	56
19 Trade and other payables	56
20 Borrowings	57
21 Convertible notes	58
22 Provisions	58
23 Employee remuneration	58
24 Equity	59
25 Earnings per share and dividends	60
26 Reconciliation of cash flows from operating activities	61
27 Auditor remuneration	61
28 Related party transactions and key management personnel disclosures	62
29 Contingent assets and liabilities	62

30	Capital commitments	63
31	Interests in subsidiaries	63
32	Leases	63
33	Financial instrument risk	64
34	Fair value measurement	68
35	Capital management policies and procedures	68
36	Parent entity information	69
37	Post-reporting date events	69
	Directors' Declaration	71
	Independent Auditor's Report	72
	ASX Additional Information	76

Directors' Report

The Directors of Clean Seas Seafood Limited ('Clean Seas') present their Report together with the financial statements of the Consolidated Entity, being Clean Seas Seafood Limited ('the Company') and its Controlled Entities ('the Group') for the for the year ended 30 June 2020.

Directors

The following persons held office as Directors of Clean Seas during and since the end of the financial year:

- Mr Terry O'Brien - Chairman;
- Mr Nick Burrows;
- Mr Marcus Stehr;
- Ms Raelene Murphy;
- Mr Gilbert Vergères (Appointed 3 March 2020);
- Ms Helen Sawczak (Resigned 22 June 2020); and
- Mr David Head* (Managing Director & CEO).

(* On the 27th August 2020, the Company announced that the Managing Director & CEO will be retiring from his full time role with the Company in October 2020. Refer "Events arising since the end of the reporting period" for further commentary.)

Company Secretary

The following persons were Company Secretary of Clean Seas during and since the end of the financial year:

- Rob Gratton (Joint Company Secretary); and
- David Brown (Joint Company Secretary).

Principal activities

The principal activities of the consolidated Group during the financial year were:

- The propagation of Spencer Gulf Hiramasa Yellowtail Kingfish, producing fingerlings for sale and growout;
- The growout of Spencer Gulf Hiramasa Yellowtail Kingfish for harvest and sale; and
- Research and development activities for the future aquaculture production of Southern Bluefin Tuna.

The Group continues to enhance its operations through new research and the application of world's best practice techniques to deliver Spencer Gulf Hiramasa Kingfish of premium quality.

There have been no significant changes in the nature of these activities during the year.

Review of operations and financial results

The Board and Management of Clean Seas report a statutory loss after tax for the year of \$14.454 million, which compares to a statutory profit after tax of \$1.446 million in FY19. Underlying operating earnings before interest, tax, depreciation and amortisation (EBITDA) was a loss of \$7.164 million, which compared to a loss of \$1.032 million in FY19.

Clean Seas' Vision 2025 Strategic Plan was on track entering Q3 FY20 with growing sales revenues (+14% vs H1 FY19), a strong increase in Operating EBITDA (+220% vs H1 FY19) and positive cash flow from operations (+\$3.2million H1 FY20). The worldwide government lockdowns in response to COVID-19 effectively closed in-restaurant dining in most markets globally from the latter part of Q3 FY20 and during most of Q4 FY20.

Total sales volumes in FY20 were 2,424 tonnes. After tracking 14% ahead of FY19 going into Q3 FY20, the impact of COVID-19 resulted in lost sales during H2 FY20 and full year sales volumes 10% lower than FY19.

When in-restaurant dining closed worldwide in late Q3 FY20 Clean Seas sales declined to around 20% of prior year. In Australia, and in response, the Company focused on growing sales in non-restaurant channels (historically less than 20% of sales) particularly with smaller (1-2kg) fish through Seafood retailers and small supermarkets. This initiative helped improve sales in Australia to 49% of prior year in May and with restaurants starting to re-open in June (albeit at limited capacity) sales returned to 105% of prior year.

Globally, June FY20 sales were back to 77% of June FY19, and have further recovered in July to circa 92% of the prior year. Ongoing disruptions due to COVID-19 are likely to continue to affect Clean Seas sales for the foreseeable future.

In addition to the lost sales in H2 FY20, the Company expects FY21 sales will also be lower than previously planned – although this will depend upon the rate of recovery in each market and the impact on international air freight services.

Sales volume (by market)					
Tonnes (WWE)	Q1 FY20 v Q1 FY19	Q2 FY20 v Q2 FY19	Q3 FY20 v Q3 FY19	Q4 FY20 v Q4 FY19	YTD FY20 v YTD FY19
Australia	16%	10%	(9%)	(43%)	(7%)
Europe	21%	(5%)	(16%)	(69%)	(20%)
North America	42%	44%	8%	237%	93%
Asia/China	(38%)	31%	(83%)	(97%)	(56%)
Total	17%	7%	(15%)	(43%)	(10%)

As a result of the sales volume decline, FY20 revenue reduced 13% to \$40.3 million, and resulted in a reduced harvest and additional processing and freezing of Kingfish in FY20. These increased production and processing costs led to a decline in underlying operating EBITDA of \$6.1 million versus FY19.

In December 2019, the Company's legal action against Gibson's Ltd in the Supreme Court of South Australia was settled and accordingly did not proceed to the scheduled trial. The parties agreed to a final settlement of the action on the basis of a payment to the Company of \$15 million which was received by the Company in January 2020. Gibson's Ltd and the Company also agreed commercial terms for a Supply Contract for the manufacture of Clean Seas' feeds to the Company's own established formulation.

The expected clearance of inventory not sold during COVID-19 shutdown, lower selling prices to support market entry into new retail sales channels and lower farm gates from increases in air freight costs led to an impairment of \$15.8 million of Clean Seas Live Fish and Frozen Inventory.

With higher operating costs and the implementation of cash saving initiatives, *AASB 141 Biological Asset* entries were negative \$0.665 in FY20, versus a positive \$6.995 million in FY19.

Financial Performance (\$'000)	FY20	FY19	Change
Revenue	40,313	46,149	-13%
Volume (t)	2,424	2,698	-10%
Revenue/kg	16.63	17.10	-0.47
Operating Results¹			
Underlying Operating EBITDA	(7,164)	(1,032)	-6,132
Operating EBITDA/kg	(2.96)	(0.38)	-2.57
Gross Profit	3,866	8,674	-4,808
Gross Profit %	10%	19%	-49%
Statutory Results			
Underlying Operating Adjustments			
Impairment	(15,813)	-	
Litigation Settlement & Expense	14,007	(535)	
Whyalla establishment	-	(607)	
AASB 141 SGARA and cost allocation	(665)	6,955	
Statutory EBITDA	(9,635)	4,781	-14,416
Statutory NPAT	(14,454)	1,446	-15,900
Cash Flow			
Receipts	42,657	45,756	-7%
Investment in Future Biomass	12,114	11,391	+6%
Operating Cash Flow¹	(1,919)	3,191	-5,110

1. Operating earnings in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by the Company's external auditors.

In July 2020, Clean Seas reduced its Executive team from 6 to 4 and following the retirement of Helen Sawczak as a Non-Executive Director, the Board elected not to find a replacement, which reduced the number of Non-Executive Directors from 6 to 5. Additionally the Directors have agreed to a 20% reduction in their fees, effective from 1st August 2020 until further notice. Savings in Corporate, Sales and Marketing costs and feed optimisation on the farm will result in operating costs savings in excess of \$5 million in FY21.

The Company's focus on cost reduction and timely collection of debtors during the COVID-19 period (with no material write-off of receivables required) has led to better than expected cash conservation through this period. With the settlement of the long standing litigation in January 2020 and capital raising initiatives, as at 30 June 2020 Clean Seas retains Cash and Undrawn Facilities of \$42.4m (including \$22.2m in cash). This represents a significant increase from Cash and Undrawn Facilities at 30 June 2019 of \$7.4m.

Current cash and undrawn facilities (\$m)	Jun-20	Jun-19
Cash at bank	22.2	1.0
Undrawn working capital facility	3.5	4.7
Undrawn senior debt facility	14.0	-
Undrawn asset finance facility	2.7	1.7
Total cash and undrawn facilities	42.4	7.4

As a result of the loss of sales revenue in the COVID-19 affected second half, full year FY20 Cash Flow from Operations declined by \$5.1 million versus FY19. Statutory net cash from operating activities for FY20 was close to break-even, and includes the Litigation Settlement of \$14m (net of expenses) and an investment in Biomass Expansion of \$12.1m.

Operating cash flows reconciliation	FY20	FY19
Statutory cash used in operating activities	(26)	(9,342)
Less:		
Investment in Biomass Expansion	12,114	11,391
Cash flows from settlement (net of expenses)	(14,007)	1,142
Operating Cash Flow¹	(1,919)	3,191

1. Operating cash flow in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by the Company's external auditors.

Despite reduced live fish biomass growth in H2 FY20, the Company expects the impact of lower sales in Q4 FY20 and FY21 (as global markets continue to be impacted by COVID-19) will lead to circa 1,600 tonnes of excess Live Fish and Frozen Inventory. The Company's Liquid Nitrogen Freezing technology will be used to process and freeze a large proportion of this inventory into various products including formats that can be further processed or value added in-market in Europe, North America and Asia.

Clean Seas has a strategic opportunity to use the sale of surplus inventory to drive trials and target long-term growth via new channels and under developed foodservice markets, particularly in North America and Asia. A key focus will be establishing market entry into the circa 13,000t per annum North American frozen Kingfish market which is currently exclusively supplied by traditionally frozen Japanese imports. The impairment of inventory will provide a unique opportunity to target this market at a very competitive price point.

A similar strategy was successfully used by Clean Seas in FY16 to clear excess inventory in order to develop the Italian market. Sales volumes grew four fold (from 100t to 426t) at lower farm gate prices, but after establishing the market, Clean Seas successfully increased prices over the next 3 years by circa +40% without loss of volume. This demonstrates the uniquely high price elasticity and customer conversion once Clean Seas' superior product is trialled.

Clean Seas continues to progress the development of new retail products, which it aims to launch in Q2 FY21. Also, discussions with the Hofseth Group progressed over the last quarter of FY20. Clean Seas remains confident that Hofseth can assist the Company in identifying new sales opportunities, although potential distribution arrangements are yet to be finalised.

As at 30 June 2020, Clean Seas has circa \$58.4 million in Live Fish and Frozen Inventory. The Company's focus for the next 12-24 months will be to maximise conversion of excess inventory into cash, which will support operating cash flow until markets return to normal. The strategic targeting of excess inventory to support the Company's entry into new retail channels is expected to help build a larger and more diverse revenue base from which to resume its Vision 2025 strategy once global markets normalise post COVID-19.

As part of its FY20 strategic plan the Company identified a number of projects to reduce farm and processing costs of production. These programs include automation of farm feeding systems, further automation of the Royal Park processing operations and investment in new, upgraded farm assets including a new heavy works vessel.

These projects, combined with increased scale from planned sales growth are expected to reduce costs of production by circa \$2-\$3 per kg over the next 3-4 years and are expected to be funded by the Senior Debt Facility established to fund long term assets as part of the new banking facilities put in place with the CBA in February 2020.

Fish health remains excellent with Live Fish Biomass at 30 June 2020 of 4,435 tonnes, 9% higher than 12 months earlier, reflecting the Company's expectations (pre COVID-19) of strong sales growth across FY20 and FY21. The current Biomass positions the Company well for future sales growth in both retail and food service channels as lockdowns ease and global markets recover.

It is the Company's view that whilst the ongoing COVID-19 disruptions may reshape the timing of achieving its growth strategy, the planned entry into retail product distribution is expected to deliver long-term growth from new channels that will complement Clean Seas' existing restaurant and premium food service business.

The Company has the advantage of an exceptional product and importantly enters FY21 with balance sheet strength and the capacity to leverage inventory for both strategic growth and as a source of funding during this period of uncertainty.

Significant changes in the state of affairs

Mr. Gilbert Vergères was appointed as a Non-Executive Director with effect from 3 March 2020 and Ms Helen Sawczak resigned as an Independent Non-Executive Director on the 22 June 2020. Further details are provided later in this report.

Events arising since the end of the reporting period

Retirement of Managing Director and CEO:

On 27th August 2020, the Company announced to the market that the Managing Director & CEO Mr David Head will retire from his full time role with the Company in October 2020, to seek a portfolio of Non-Executive Directorship roles. Mr Head flagged retirement options with the Board earlier this year, but at the time had not settled on timing. The business impact of COVID-19 and subsequent change in market focus for FY21 and FY22 led to discussions and subsequent agreement with the Board to bring forward retirement plans to October 2020.

Consequent Key Management Personnel Changes:

The Company's Chief Financial Officer and Joint Company Secretary, Mr Robert Gratton has been appointed Acting CEO, in the interim. Mr David Brown the Company's Group Financial Controller and Joint Company Secretary will assume the role of Acting CFO, a role he has previously held.

Other matters:

The Group is subject to financial covenants, including operating cash flows, EBITDA and current ratio, which are reviewed quarterly. The Group was compliant with all its covenants as at 30 June 2020, however, the Bank has agreed to waive the testing of all covenants for the period ending 30 September 2020 with the intent to reach agreement on revised covenants for the period ending 31 December 2020.

The Bank has confirmed that no event of default is subsisting and the Group can continue to utilise each Facility as per the terms outlined in the Facility Agreement. This will provide the Group with sufficient funding to navigate through the potential uncertainty associated with the ongoing impact of COVID-19 pandemic.

Subsequent to 30 June 2020 a further 1,456,365 convertible notes were converted to 2,913,321 shares.

There are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the entity's operations in future financial years;
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

Likely developments, business strategies and prospects

The Company is continuing to implement its strategic plan, while working to diversify its markets and channels through the ongoing disruption caused by COVID-19. Key initiatives include:

- Use the sale of surplus inventory to drive trials and target long-term growth via new channels and under developed foodservice markets;
- Continue to progress the development of new retail products;
- Maximise conversion of excess inventory into cash;
- Progress projects to reduce farm and processing costs of production and
- Maintain focus on tight cost controls throughout all aspects of the business.

Information on Directors and Key Management

Mr Terrence (Terry) O'Brien – Chairman, Independent Non-Executive Director

Mr O'Brien was appointed to the Company Board on 3 February 2017 and was elected Chairman by the Board on 10 May 2017. He is also Chairman of the Remuneration and Nominations Committee and a member of the Audit and Risk Committee.

Mr O'Brien was, from 2001 until 2017, the Managing Director of Simplot Australia Pty Limited, the US owned, but Australian centric, food processor and marketer. Amongst Simplot's stable of brands are John West, Birdseye, Leggo's, Edgell and Lean Cuisine. He was also the Chairman of the Australian Food and Grocery Council for five years to August 2017.

An accountant by training, Mr O'Brien was active in finance and management roles in the textile industry for ten years and in the food industry for over thirty years having spent approximately nine years at Cadbury Schweppes and twenty-four years at Simplot. At Simplot he was responsible for a number of divestments and acquisitions, which alongside organic growth saw Simplot sales increase nearly threefold during his tenure as Managing Director to become approximately 25% of the global JR Simplot agribusiness company.

Mr O'Brien also holds the following positions;

- Chairman of Bundaberg Brewed Drinks Pty Ltd
- Chairman of Kookaburra Sport Pty Ltd
- Non-Executive Director of Bega Cheese Ltd (ASX: BGA)
- Non-Executive Director of Foodbank Australia
- Member of East Asia Review Commission (Advisory Board) of Societe d'Oxygene et d'Acetylene d'Extreme-Orient, a member of the Air Liquide Group

Mr O'Brien is a Fellow of CPA Australia and a Fellow of the Australian Institute of Company Directors.

Mr Nick Burrows – Independent Non-Executive Director

Mr Burrows was appointed to the Company Board on 18 April 2012. He is also Chairman of the Audit and Risk Committee and a member of the Remuneration and Nominations Committee.

Mr Burrows is a respective Fellow of the Taxation Institute of Australia, Australian Institute of Company Directors, Chartered Accountants Australia and New Zealand, Governance Institute of Australia Ltd and the Financial Services Institute of Australasia and is a Chartered Accountant and Registered Company Auditor.

Mr Burrows was Chief Financial Officer and Company Secretary of Tassal Group Limited for 21 years from 1988 to 2009 and accordingly brings to the Board the benefits of an extensive and contemporary senior executive ASX200 aquaculture listed entity background.

Mr Burrows' Directorship background encompasses a multi-sector portfolio of Chair, Non-Executive Directorship, Board Committee and Advisory Board positions spanning local and state government, not-for-profit and major private companies. He currently is:

- Non-Executive Director of Genetic Technologies Ltd (ASX:GTG & NASDAQ: GENE);
- Non-Executive Director of Tasmanian Water & Sewerage Corporation Pty Ltd;
- Non-Executive Director of Australian Seafood Industries Pty Ltd; and
- Non-Executive Director of PFG Group Pty Ltd & and MIC Pty Ltd.

He also has significant experience as an Audit and Risk Committee Chair across his multi-sector Board portfolio.

Mr Burrows has had a long involvement with Governance Institute of Australia including serving as National President and serving on the Tasmanian Branch Council.

Mr Marcus Stehr - Non-Executive Director

Mr Stehr was appointed to the Company Board on incorporation in September 2000. He is also a member of the Remuneration and Nominations Committee.

Mr Stehr's technical qualifications include Master Class 4 Fishing/Trading Skippers certificates, MED 1 and Dive Master certificates. Commercial qualifications include business management courses spanning post graduate studies in Business and completion of the Company Director's Course. He is a Fellow of the Australian Institute of Company Directors.

Mr. Stehr has more than 25 years hands on experience in marine finfish aquaculture operations encompassing Tuna, Kingfish and Mulloway.

In addition to being Managing Director of Australian Tuna Fisheries Pty Ltd (a major shareholder in Clean Seas), Stehr Group Pty Ltd and Sanchez Tuna Pty Ltd, Mr Stehr makes a strong contribution to the Australian fishing and aquaculture industries as:

- Board member of the Australian Southern Bluefin Tuna Industry Association Ltd;
- Director of the Australian Maritime and Fisheries Academy (Australian Fisheries Academy Ltd);
- Industry member of Southern Bluefin Tuna Fishery Management Advisory Committee;
- Industry representative on the Southern Bluefin Tuna Management Advisory Committee; and
- Director of Seafood Industry Australia

Ms Raelene Murphy – Independent Non-Executive Director

Ms Murphy was appointed to the Company Board on 1 July 2018. She is also a member of the Audit and Risk Committee from 1 July 2018.

Ms Murphy has over 35 years' experience in strategic, financial and operational leadership in both industry and professional advisory. Raelene specialised in operational and financial restructuring including merger and acquisition integration and was formerly a Managing Director at KordaMentha and a Partner in a national accounting firm. Her industry experience includes CEO of the Delta Group and senior executive roles in the Mars Group.

Ms Murphy is currently a Non-Executive Director of:

- Altium Limited (ASX: ALU)
- Bega Cheese Limited (ASX: BGA)
- Integral Diagnostics Limited (ASX: IDX); and
- Ross House Investments Pty Ltd (Stillwell Motor Group).

She was previously a Non-Executive Director of Tassal Group Limited (ASX: TGR) and Service Stream Limited (ASX: SSM).

Ms Murphy is a Fellow of Chartered Accountants Australia and New Zealand and a graduate of the Australian Institute of Company Directors.

Mr Gilbert Vergères – Non-Executive Director

Mr Vergères was appointed to the Company Board on 3 March 2020.

Mr Vergères is one of three Partners of Bonafide Wealth Management AG, who, through their Global Fish Fund is Clean Seas' largest shareholder. Based in Liechtenstein, Bonafide Wealth Management AG was established in 2008 to focus exclusively in the Fish & Seafood Sector and is today considered one of the pre-eminent global investors in aquaculture.

Mr Vergères had a long career in Finance in Switzerland, where he worked at several Swiss private banks. In 1998, he started his own business operations and has been Managing Director and member of the Board of Directors at an asset management company until 2013 before establishing the Bonafide Global Fish Fund with his two partners in 2012. Mr Vergères is located in Asia reflecting the Bonafide Funds focus on aquaculture investments in the Asia Pacific region.

Mr David Head – Managing Director and Chief Executive Officer

Mr Head was appointed as Managing Director and Chief Executive Officer on 28 January 2016. On the 27th August 2020, the Company announced that the Managing Director & CEO will be retiring from his full time role with the Company in October 2020.

Mr Head has over 30 years' experience as a CEO, Non-Executive Director and Corporate Advisor in a wide range of industry sectors in Australia, New Zealand, Asia and Europe in public and privately owned companies. This includes Chief Executive roles at Pepsi, Lion Nathan, Calum Textile Group and Leigh Mardon Group.

Mr Head has extensive Board experience as both Non-Executive and Executive Director including previously as Non-Executive Director of ASX listed Snack Brands Limited. He is currently a Director of Fairtrade Australia and New Zealand Limited.

Mr Rob Gratton – Chief Financial Officer and Joint Company Secretary

Mr Gratton was appointed as Chief Financial Officer on 19 March 2019 and Joint Company Secretary on 4 June 2019. He has over 20 years' experience in Banking, Corporate Finance and Accounting roles in Australia, the United Kingdom and United States. Mr Gratton was CFO and Company Secretary at Jurlique and kikki.K, and has also held senior positions at JP Morgan Investment Bank in London and New York, after starting his career at Westpac in Australia.

Mr David Brown – Group Financial Controller and Joint Company Secretary

Mr Brown was appointed as Group Financial Controller on 9 January 2018 and Joint Company Secretary on 4 June 2019. He has over 10 years' experience in Corporate Finance and Accounting roles across breadth of industries and is a Chartered Accountant. Prior to commencing with Clean Seas, Mr Brown held senior positions at KPMG and Grant Thornton specialising in Corporate Finance.

Retired Director

Ms Helen Sawczak – Independent Non-Executive Director

Ms Sawczak resigned as a Director of the Company Board on 22 June 2020.

Ms Sawczak is the National CEO of the Australia China Business Council and an Advisory Board member of both the Monash Migration and Inclusion Centre, and the University of Melbourne Centre for Contemporary Chinese Studies.

Ms Sawczak has over 25 years' experience in international commercial law. Ms Sawczak started her career as a corporate lawyer at international law firms both in Australia and overseas. In Australia, Ms Sawczak worked in the China practice of MinterEllison and then moved to Moscow and Kazakhstan to work for Clifford Chance acting for US and European clients investing in the privatisation of former Soviet industries. After returning to Australia, Ms Sawczak worked as in-house counsel with Alcoa and Telstra and then moved into senior management roles at Australia Post and ANZ Bank.

Directors' meetings

The number of Board meetings and meetings of Board Committees held during the year, and the number of meetings attended by each Director is as follows:

Director's name	Board Meetings		Audit and Risk Committee		Remuneration and Nominations Committee	
	A	B	A	B	A	B
Terry O'Brien	26	25	11	10	3	3
Nick Burrows	26	26	11	11	3	3
Marcus Stehr	26	23	-	4	3	3
Raelene Murphy	26	25	11	11	-	3
Gilbert Vergères	13	13	-	1	-	-
Helen Sawczak	26	24	-	3	-	2
David Head	26	26	-	11	-	3

Where:

column A is the number of meetings the Director was entitled to attend as a member

column B is the number of meetings the Director attended (all Directors are entitled to attend Committee meetings)

Unissued shares under option

There are no share options issued at the date of this report.

The Company issued 1,037,521 share rights during the financial year as part of the FY20 LTI Equity Incentive Plan. The Company had 2,650,988 share rights, which remain outstanding at 30 June 2020. Further details are provided in the Remuneration Report. None of these share rights have vested as at the date of this report.

Shares issued during or since the end of the year as a result of exercise

The Company issued 678,899 shares during or since the end of the financial year as a result of the exercise of options or share rights.

Remuneration Report (audited)

The Directors of Clean Seas Seafood Limited ('the Group') present the Remuneration Report for Non-Executive Directors and other Key Management Personnel, prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

The Remuneration Report is set out under the following main headings:

- a Principles used to determine the nature and amount of remuneration
- b Details of remuneration
- c Service agreements
- d Bonuses included in remuneration; and
- e Other information.

- a Principles used to determine the nature and amount of remuneration

The principles of the Group's executive remuneration strategy and supporting incentive programs and frameworks are:

- to attract and retain high calibre senior executives;
- to align rewards to business outcomes that deliver value to shareholders;
- to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- to ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

The Board has established a Remuneration and Nominations Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Directors and the Executive Team.

Non-Executive Director Remuneration

In accordance with best practice corporate governance, the remuneration of Non-Executive Directors is structured separately from that of Executive Directors and Senior Executives.

The Company's Non-Executive Directors receive only fees (including statutory superannuation where applicable) for their services and the reimbursement of reasonable expenses. The Board reviews its fees to ensure the Company's Non-Executive Directors are fairly remunerated for their services, recognising the level of skill and experience required to conduct the role and to have in place a fee scale which enables the Company to attract and retain talented Non-Executive Directors.

The advice of independent remuneration consultants is taken from time to time so as to establish that Directors' fees are in line with market standards.

Non-Executive Directors do not receive any shares, options or other securities in addition to their remuneration and are not eligible to participate in any Company share plans or any other incentive plans that may be in operation. They do not receive any retirement benefits other than compulsory superannuation where applicable.

Following Helen Sawczak retirement as a Non-Executive Director in June 2020, the Board elected not to find a replacement, which reduced the number of Non-Executive Directors from 6 to 5. Additionally the Directors agreed to a 20% reduction in their fees, effective from 1st August 2020 until further notice.

The aggregate remuneration paid to all the Non-Executive Directors (inclusive of statutory superannuation) may not exceed the current "fee pool" limit of \$600,000, which was set at the 2018 AGM on 13 November 2018. This 'fee pool' is only available to Non-Executive Directors, as Board membership is taken into account in determining the remuneration paid to Executive Directors as part of their normal employment conditions.

The fees payable to Non-Executive Director and Committee fees are summarised below:

Changes in Non-Executive Directors and Committee fees			
	2020⁽¹⁾	2019	Change
Chairman	\$150,000 ⁽²⁾	\$150,000	-
Non-Executive Director	\$70,000	\$70,000	-
Audit and Risk Committee Chair	\$15,000	\$15,000	-
Audit and Risk Committee member	\$7,500	\$7,500	-
Remuneration & Nomination Committee Chair	\$12,000	\$12,000	-
Remuneration & Nomination Committee member	\$6,000	\$6,000	-

1. The above table reflects Non-Executive Director and Committee fees prior to the 20% reduction, effective 1st August 2020
2. Chairman's fees are inclusive of all committee fees.

Executive Remuneration

The remuneration structure adopted by the Group for FY20 consists of the following components:

- fixed remuneration being annual salary and benefits;
- short term incentives, being cash bonuses; and
- long term incentives, being share based remuneration, in the case of the Managing Director & CEO and senior Executives.

The Remuneration and Nominations Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Executive Team.

The payment of bonuses is reviewed by the Remuneration and Nominations Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses must be linked to pre-determined performance criteria.

Short Term Incentive (STI)

The Group's performance measures involve the use of annual performance objectives, metrics and performance appraisals. Financial targets are based on net profit after tax (NPAT). Non-financial targets are based on strategic goals set in relation to the main priorities for the position.

The performance measures are set annually after consultation with the Directors and executives and are specifically tailored to the areas where each executive has a level of control. The measures target areas the Board believes hold the greatest potential for business improvement, expansion and profit and cover financial and non-financial measures.

The Key Performance Indicators ('KPI's') for the Executive Team in FY20 are summarised as follows:

- Managing Director and CEO: NPAT in FY20, Workplace Health and Safety, Leadership & Culture, Funding and Biomass Capacity; and
- CFO: NPAT in FY20, Funding, Cost of Production, and Capital Projects.

Due to the ongoing uncertainty associated with the impact of COVID-19 consideration of activating the Company's STI scheme for FY21 has been deferred until December 2020.

Long Term Incentive (LTI)

A share based LTI Equity Incentive Plan for the Managing Director and CEO (Mr David Head) was submitted to and approved by shareholders at the 2018 Annual General Meeting. Details. The LTI is based on share rights being granted and further details are provided in section (e) of this Remuneration Report.

The Company's LTI Plan for the Managing Director and CEO has primarily been linked to Net Farmgate Revenue delivery over a two year performance period and is underpinned by the Company's longer term vision. Given the significant targeted growth trajectory and in recognition of the volatility and inherent operational risks in aquaculture and their impact on future results, the Company has elected to include annual vesting assessments. The annual vesting is weighted towards the delivery of Net Farmgate Revenue in each year. If Net Farmgate Revenue target is not achieved, vesting for that year lapses unless the target for the following year is achieved.

Due to the ongoing uncertainty associated with the impact of COVID-19, the Company has suspended its LTI scheme until FY21.

Performance Reviews

Management have regular annual performance reviews in accordance with established procedures.

Pursuant to the Board's and Board Committee's respective Charters, the Board conducts annual evaluations of its performance, the performance of its Committees, the Chairman, individual Directors and the key governance processes that support the Board's work. The respective Board Committee Charters also require the Committees to evaluate their performance and composition at least annually to determine whether they are functioning effectively by reference to current best practice. This evaluation is presented to the Board for review.

Voting and comments made at the Company's last Annual General Meeting

At the 2018 Annual General Meeting (AGM), the majority of shareholder votes cast (74.1%) were in favour of adopting the 2018 Remuneration Report. However, 25.9% of the total votes received were against the remuneration report, constituting a 'first strike' under the Corporations Act 2001.

At the 2019 AGM, the majority of shareholder votes cast (71.1%) were in favour of adopting the 2019 Remuneration Report. However, 28.9% of the total votes received were against the remuneration report, constituting a 'second strike' under the Corporations Act 2001.

As a result of the 'second strike' a conditional spill resolution was then put to shareholders at the 2019 AGM. This resolution was not carried, with 80.5% of shareholder votes cast against.

The Board continues to be mindful of shareholder feedback with regard to remuneration, and has adopted a number of initiatives to further improve the alignment of remuneration with the creation of value for shareholders, particularly in the context of ongoing COVID-19 disruptions and the impact on Company performance. These initiatives include:

- Following Helen Sawczak retirement as a Non-Executive Director, the Board elected not to find a replacement, which reduced the number of Board members from 6 to 5;
- Reducing Board fees by 20% until further notice;
- Restructuring and reducing the Executive Team;
- Implementing salary freezes for the Executive Team;
- Granting shares instead of cash payments for certain Executive Team entitlements to preserve cash;
- Suspending the Company's LTI scheme until FY21; and
- Deferring consideration of activating the Company's STI scheme for FY21 until December 2020.

The Directors consider that the relevant remuneration packages of the Board and Senior Executives are appropriate.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following measures in respect of the current financial year and the previous five financial years:

Item	2020	2019	2018 ⁽¹⁾	2017	2016	2015
Basic EPS (cents)	(15.57)	1.73	4.33	0.02	(0.81)	0.37
Profit / (loss) before tax (\$'000)	(14,454)	1,446	3,380	202	(9,928)	1,033
Profit / (loss) after tax (\$'000)	(14,454)	1,446	3,380	202	(8,982)	4,108
Net Assets (\$'000)	72,458	73,542	71,769	51,553	42,917	51,899
Share price at 30 June (cents)	55.5	90.5	5.0	4.6	3.4	5.9

⁽¹⁾ Earnings per share for the period ended 30 June 2018 was restated in order for the calculation to incorporate the 20:1 share consolidation, which was completed on 3 December 2018

b Details of remuneration

Details of the nature and amount of each element of the remuneration of each Key Management Personnel (“KMP”) of the Group are shown in the table below:

Director and other Key Management Personnel remuneration (\$)										
Employee	Year	Short term employee benefits			Post-employment benefits	Long-term benefits	Termination benefits	Share-based payments	Total	Performance based percentage of remuneration
		Cash salary and fees	Bonus	Non-monetary benefits	Superannuation	Long service leave	Termination payments	Share rights		
Non-Executive Directors										
Terry O'Brien ⁽⁶⁾ Chairman, Independent	2020	150,000	-	-	-	-	-	-	150,000	0%
	2019	145,625	-	-	-	-	-	-	145,625	0%
Nick Burrows Independent	2020	91,000	-	-	-	-	-	-	91,000	0%
	2019	86,375	-	-	-	-	-	-	86,375	0%
Marcus Stehr	2020	69,406	-	-	6,594	-	-	-	76,000	0%
	2019	66,895	-	-	6,355	-	-	-	73,250	0%
Raelene Murphy Independent	2020	77,500	-	-	-	-	-	-	77,500	0%
	2019	74,375	-	-	-	-	-	-	74,375	0%
Helen Sawczak ⁽¹⁾ Independent	2020	62,507	-	-	5,938	-	-	-	68,445	0%
	2019	61,644	-	-	5,856	-	-	-	67,500	0%
Gilbert Vergeres ⁽²⁾	2020	23,333	-	-	-	-	-	-	23,333	0%
	2019	-	-	-	-	-	-	-	-	0%
Other Key Management Personnel										
David Head Managing Director & CEO	2020	506,171	90,938	-	25,000	19,187	-	194,151	835,447	34%
	2019	482,962	203,150	-	25,269	11,892	-	300,981	1,024,254	49%
Rob Gratton - CFO & Joint Company Secretary ⁽³⁾	2020	326,915	31,943 ⁽⁵⁾	-	25,000	1,710	-	-	385,568	8%
	2019	90,000	-	-	6,923	272	-	-	97,195	0%
Wayne Materne - CFO & Company Secretary ⁽⁴⁾	2020	-	-	-	-	-	-	-	-	-
	2019	49,615	-	-	10,528	5,695	-	-	65,838	0%
2020 Total	2020	1,306,832	122,881	-	62,532	20,897	-	194,151	1,707,293	19%
2019 Total	2019	1,057,491	203,150	-	54,931	17,859	-	300,981	1,634,412	31%

(1) Retired on 22 June 2020.

(2) Appointed on 3 March 2020.

(3) Commenced as a KMP on 19 March 2019.

(4) Ceased to be a KMP on the 19 September 2018.

(5) Short term bonus is intended to be paid through the issuance of shares for some Executives. The quantum of shares proposed to be issued will be 58,079 to Rob Gratton at a share price of \$0.55 per share valued on the 10 August 2020.

(6) Chairman's fees are inclusive of all committee fees.

c Service agreements

Remuneration and other terms of employment for the Key Management Personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary \$	Motor Vehicle / Allowance	Term of agreement	Notice period
David Head (CEO)	\$460,000	Yes	Ongoing	9 months
Rob Gratton (CFO)	\$327,620	No	Ongoing	3 months

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration	Maximum At risk – STI	Maximum At risk – LTI
<i>Other Key Management Personnel</i>			
David Head	42%	19%	39%
Rob Gratton	61%	17%	22%

d Bonuses included in remuneration

Details of the short-term incentive cash bonuses awarded as remuneration to each Key Management Personnel for FY20, the percentage of the available bonus that was awarded in the financial year and the percentage that was forfeited because the performance criteria were not achieved is set out below. No part of the bonus carries forward to future years. The awarded bonuses have been recognised in FY20 and it is proposed that the payment to some Executives will be settled by the issuance of shares. The quantum of shares to be issued will be 58,079 to Rob Gratton at a strike price of \$0.55 being the price on the date the bonus was approved.

	Included in remuneration (\$)	Percentage vested during the year	Percentage forfeited during the year
<i>Other Key Management Personnel</i>			
David Head	90,938	37.5%	62.5%
Rob Gratton	31,943	32.5%	67.5%

e Other information

Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2020 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out below:

Year ended 30 June 2020 – Ordinary Shares					
Personnel	Balance at start of year	Granted as remuneration	Received on exercise	Other changes	Held at the end of reporting period
T O'Brien	155,000	-	-	75,781 ⁽¹⁾	230,781
N Burrows	48,358	-	-	-	48,358
M Stehr	64,794	-	-	-	64,794
R Murphy	25,000	-	-	-	25,000
H Sawczak	5,000	-	-	(5,000) ⁽²⁾	-
G Vergeres ⁽³⁾	-	-	-	-	-
D Head	510,598	-	678,899	-	1,189,497
R Gratton	48,695	-	-	61,552 ⁽¹⁾	110,247
Totals	857,445	-	678,899	132,333	1,668,677

(1) Changes are on market purchases and conversion of Convertible Notes.

(2) Ceased to be a KMP during FY20

(3) Commenced as a KMP during FY20

None of the shares included in the table above are held nominally by Key Management Personnel. No options to acquire shares are held by Key Management Personnel.

Convertible notes held by Key Management Personnel

The number of convertible notes in the Company during the 2020 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out below:

Year ended 30 June 2020 – Convertible notes					
Personnel	Balance at start of year	Issue of convertible notes	Converted to equity	Other changes	Held at the end of reporting period
T O'Brien	-	25,834	(25,834)	-	-
N Burrows	-	8,060	-	-	8,060
M Stehr	-	10,213	-	-	10,213
R Murphy	-	4,167	-	-	4,167
H Sawczak	-	834	-	(834) ⁽¹⁾	-
G Vergeres ⁽²⁾	-	-	-	-	-
D Head	-	136,574	-	-	136,574
R Gratton	-	100,000	-	-	100,000
Totals	-	285,682	(25,834)	(834)	259,014

(1) Ceased to be a KMP during FY20

(2) Commenced as a KMP during FY20

Share Rights held by Key Management Personnel

Share rights granted under the LTI Equity Incentive Plan are set out below:

Year ended 30 June 2020 – Share Rights						
Personnel	Balance at start of year	Other changes	Granted as remuneration	Exercised	Lapsed	Held at the end of reporting period
D Head	1,934,407	-	518,120	(678,899)	(132,695)	1,640,933
R Gratton	-	-	138,877	-	-	138,877
Totals	1,934,407	-	656,997	(678,899)	(132,695)	1,779,810

The share rights will vest if specified performance targets are achieved and the executive remains employed by the Company for three years including the year for which the share rights were granted, or in other circumstances agreed with the executive or at the discretion of the Board. Each share right on exercise converts to one ordinary share, subject to adjustment in specified circumstances. No amount is payable on vesting or exercise.

Other Transactions with Key Management Personnel

The Group's related parties comprise its key management and entities associated with key management.

A major shareholder in Clean Seas Seafood Limited is Australian Tuna Fisheries Pty Ltd (ATF). ATF and its associated entities controlled 6.15% of issued shares at 30 June 2020 (2019: 7.1%) and it is associated with Stehr Group Pty Ltd, H & A Stehr Superannuation Fund and Sanchez Tuna Pty Ltd. These transactions were as follows:

	2020 \$'000	2019 \$'000
Australian Tuna Fisheries Pty Ltd:		
• Receipts for ice, expenses, SBT quota lease and contract labour	33	5
• Payments for towing, contract labour, fish feed, marina and net shed rent and electricity	389	495
Stehr Group Pty Ltd		
• Payments for office rent	35	36
• Other payments	-	30

The following balances are outstanding as at the reporting date in relation to transactions with related parties:

	2020 \$'000	2019 \$'000
Current payables		
• Australian Tuna Fisheries Pty Ltd	61	22
• Stehr Group Pty Ltd	2	-
Current receivables		
• Australian Tuna Fisheries Pty Ltd	-	22

End of audited Remuneration Report.

Sustainability & Safety

Clean Seas' vision is to be a global leader in sustainable and profitable Yellowtail Kingfish production. In FY20 the Company progressed its Integrated Management Systems approach working under its four core umbrella policies - WHS, Environment, Quality, and Risk Management - which have been framed against ISO requirements.

This systematic approach, including a continuous improvement plan, has enabled the Company to maintain certification compliance with the independent auditing bodies of Aquaculture Stewardship Council (ASC), Friends of the Sea (FoS) and HACCP (SGS).

As part of the commitment to achieving these goals the Company has again actively strived to meet its moral and legal regulatory responsibilities.

Lost Time Injury Frequency (LTIF) measures the number of lost-time injuries per million hours worked, and is a widely accepted proxy for safety performance. Clean Seas safety performance in FY20 recorded a 20% improvement in total LTIF, with 9.9 in FY20 compared to 12.4 in FY19. A total of 12 days were lost in FY20 due to two medically treated injuries.

Year Ended 30 th June	2020	2019
Lost Time Injury Frequency (LTIF)	9.9	12.4

Clean Seas workplace health risks in the past year have primarily been attributed to slips, trips and falls, crushing, cuts, musculoskeletal stressors and mental health impacts.

Focus from within the Company, however, continues to be on 'high energy transfer' controlling risks associated with plant and chemical operations. This has resulted in Clean Seas adopting best practice standards for work in these areas performed. For example: Crane Work – high risk work, both on land and sea can only be performed by personnel holding the appropriate high-risk licences of dogging and CV crane tickets.

To strengthen our safety leadership and culture, we have educated our employees in early mental health management, encouraging them to ask the question 'R U OK?'. This initiative has already assisted several employees seek out appropriate counselling and medical help.

Working with customers, suppliers and the community was a feature in FY20 whereby Clean Seas promoted mental health awareness within the community through the sponsoring and support of a Tunarama entrant.

Since March 2020, Clean Seas has taken a proactive approach to the management of the Coronavirus pandemic in line with State and Federal Government direction. To ensure our workforce continues to operate safely, strict rules and social distancing measures have been applied. Separation of shift teams and administration staff, and regular targeted cleaning programs have been designed to ensure employee safety and to avoid disruption to the Company's supply chain.

Environmental legislation

The Group's operations are subject to Commonwealth and State regulations governing marine and hatchery operations, processing, land tenure and use, environmental requirements including site specific environmental licences, permits and statutory authorisations, workplace health and safety and trade and export.

The Group's management regularly and routinely monitor compliance with the relevant environmental regulations and compliance is regularly reported to the Board.

The Group has well established procedures to monitor and manage compliance with existing environmental regulations and new regulations as they come into force.

The Directors believe that all regulations have been met during the period covered by this Annual Financial Report and are not aware of any significant environmental incidents arising from the operations of the consolidated entity during the financial year.

Further information in relation to specific regulated areas of the operation is as follows:

- The Arno Bay and Port Augusta Hatcheries are licensed to operate under an Aquaculture Land based Category C License issued by the South Australian Minister for Agriculture, Food and Fisheries under the Aquaculture Act 2001. The licensee is required to comply with the requirements of all statutes, regulations, by-laws, ordinances, rules, notices or orders lawfully given pursuant to the Aquaculture Act 2001, Aquaculture Regulations 2016, Environment Protection (Water Quality) Policy 2015 and the Livestock Act 1997. Clean Seas has not recorded any breaches of the license requirements.
- The Group operates 28 marine aquaculture licences issued by The South Australian Minister for Agriculture, Food and Fisheries under the Aquaculture Act 2001. The licensee is required to comply with the requirements of all statutes, regulations, by-laws, ordinances, rules, notices or orders lawfully given pursuant to the Aquaculture Act 2001, Aquaculture Regulations 2016, Environment Protection (Water Quality) Policy 2015 and the Livestock Act 1997. There have been no material recorded breaches of the license requirements.

- The Royal Park processing plant is licensed by the South Australian Environment Protection Authority under Part 6 of the Environment Protection Act 1993 to operate as a fish processing works. The Licensee must be aware of and comply with their obligations under the Environment Protection Act 1993, the Environment Protection Regulations 2009, the Environment Protection Policies made under the Environment Protection Act 1993 and the requirements of any National Environment Protection Measure which operates as an Environment Protection Policy under the Environment Protection Act 1993. Clean Seas has not recorded any breaches of the licence requirements.

Indemnities given to and insurance premiums paid for Directors and officers

Under rules 50 and 51 of the Company's Constitution, each of the Company's Directors, the Company Secretary and every other person who is an officer is indemnified to the extent permitted by law and Directors and Officers Liability Insurance has been implemented. The terms of the insurance contract prohibit the Company from disclosing the level of premium paid.

Each Director and the Joint Company Secretary has entered into a Deed of Indemnity and Access which indemnifies a Director or officer against liabilities arising as a result of acting as a Director or officer subject to certain exclusions and provides for related legal costs to be paid by the Company. The Deed requires the Company to maintain an insurance policy against any liability incurred by a Director or officer in his or her capacity as a Director or officer during that person's term of office and seven years thereafter. It also provides a Director or officer with a right of access to Board papers and other documentation while in office and for seven years thereafter.

Non-audit services

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 27 to the Financial Statements.

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 25 of this financial report and forms part of this Directors' Report.

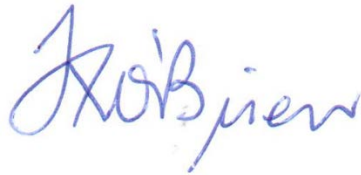
Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Rounding of amounts

Clean Seas is a type of Company referred to in ASIC Class Order 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable), or in certain cases, to the nearest dollar under the option permitted in the Class Order.

Signed in accordance with a resolution of the Directors.



Terry O'Brien
Chairman

28 August 2020

Auditor's Independence Declaration

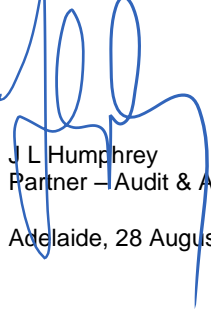
To the Directors of Clean Seas Seafood Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Clean Seas Seafood Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 28 August 2020

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Clean Seas Seafood Limited and its Controlled Entity ('the Group') have adopted the third edition of the *Corporate Governance Principles and Recommendations* which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The Group's Corporate Governance Statement for the financial year ending 30 June 2020 is dated as at 30 June 2020 and was approved by the Board on 28 August 2020. The Corporate Governance Statement is available on Clean Seas' website at <http://www.cleanseas.com.au/investors/corporate-governance/>

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Revenue	6	40,313	46,149
Other income	7	16,375	287
Net gain arising from changes in fair value of biological assets	14	18,511	23,325
Fish husbandry expense		(31,708)	(30,194)
Employee benefits expense	23.1	(12,370)	(12,166)
Fish processing and selling expense		(10,197)	(12,136)
Cost of goods sold – frozen inventory		(10,598)	(8,553)
Impairment – frozen inventory and biological assets	13/14	(15,813)	-
Depreciation and amortisation expense	15/18	(3,441)	(3,079)
Other expenses		(4,148)	(1,931)
(Loss)/Profit before finance items and tax		(13,076)	1,702
Finance costs	8	(1,389)	(262)
Finance income	8	11	6
(Loss)/Profit before tax		(14,454)	1,446
Income tax benefit / (expense)	9	-	-
(Loss)/Profit for the year after tax		(14,454)	1,446
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss/profit for the year		(14,454)	1,446
Earnings per share from continuing operations:			
Basic earnings per share (cents per share)	25.1	(15.57)	1.73
Diluted earnings per share (cents per share)	25.1	(15.57)	1.69

Note: This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Assets			
<i>Current</i>			
Cash and cash equivalents	10	22,169	1,004
Trade and other receivables	11	2,973	5,764
Inventories	13	10,891	9,465
Prepayments		1,072	1,047
Biological assets	14	49,783	56,585
Current assets		86,888	73,865
<i>Non-current</i>			
Property, plant and equipment	15	16,092	16,869
Right-of-use assets	18	539	-
Biological assets	16	244	244
Intangible assets	17	2,957	2,957
Non-current assets		19,832	20,070
TOTAL ASSETS		106,720	93,935
Liabilities			
<i>Current</i>			
Trade and other payables	19	6,423	6,982
Bank overdraft	10	-	7,275
Borrowings	20	10,925	1,585
Provisions	22	1,175	977
Current liabilities		18,523	16,819
<i>Non-current</i>			
Convertible notes	21	13,075	-
Borrowings	20	2,340	3,356
Provisions	22	324	218
Non-current liabilities		15,739	3,574
TOTAL LIABILITIES		34,262	20,393
NET ASSETS		72,458	73,542
Equity			
Equity attributable to owners of the Parent:			
• share capital	24.1	195,937	182,436
• share rights reserve	24.2	766	897
• accumulated losses		(124,245)	(109,791)
TOTAL EQUITY		72,458	73,542

Note: This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Notes	Share capital \$'000	Share rights reserve \$'000	Accumulated Losses \$'000	Total equity \$'000
Balance at 1 July 2018		182,345	661	(111,237)	71,769
Profit for the year		-	-	1,446	1,446
Share purchase plan and placement	24.1	91	-	-	91
Share rights reserve movement	24.2	-	236	-	236
Balance at 30 June 2019		182,436	897	(109,791)	73,542
Loss for the year		-	-	(14,454)	(14,454)
Share placement	24.1	11,393	-	-	11,393
Convertible note conversions	24.1	1,633	-	-	1,633
Share rights reserve movement	24.2	475	(131)	-	344
Balance at 30 June 2020		195,937	766	(124,245)	72,458

Note: This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Operating activities			
Receipts from customers		42,657	45,756
Payments to suppliers excluding feed		(24,972)	(23,645)
Payments for feed		(23,803)	(21,317)
Payments to employees		(10,126)	(10,136)
Litigation and insurance proceeds		15,618	-
Government grants received		600	-
Net cash used in operating activities	26	(26)	(9,342)
Investing activities			
Purchase of property, plant and equipment		(2,422)	(3,226)
Interest received		11	6
Net cash used in investing activities		(2,411)	(3,220)
Financing activities			
Gross proceeds from issue of shares		11,600	-
Share issue expenses		(194)	-
Gross proceeds from issue of convertible notes		15,403	-
Convertible note issue expenses		(840)	-
Proceeds from borrowings		8,489	2,480
Repayment of borrowings		(2,969)	(1,474)
Interest paid		(612)	(249)
Net cash from financing activities		30,877	757
Net change in cash and cash equivalents		28,440	(11,805)
Cash and cash equivalents at beginning of year		(6,271)	5,534
Cash and cash equivalents at end of year	10	22,169	(6,271)

Note: This statement should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

1 Nature of operations

Clean Seas Seafood Limited and its subsidiaries ('the Group') principal activities include finfish sales and tuna operations. These activities comprise the following:

- **Finfish sales** – The propagation, growout and sale of Yellowtail Kingfish; and
- **Tuna operations** – Research and development activities relating to Southern Bluefin Tuna.

2 General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). Clean Seas Seafood Limited is a for-profit entity for the purpose of preparing the financial statements.

Clean Seas Seafood Limited is the Group's Ultimate Parent Company and is an ASX listed Public Company (ASX: CSS) incorporated and domiciled in Australia. The address of its registered office and its principal place of business is 7 Frederick Road, Royal Park, SA, Australia, 5014.

The consolidated financial statements for the year ended 30 June 2020 were approved and authorised for issue by the Board of Directors on 28 August 2020.

COVID-19 Pandemic

The consolidated financial statements for the year end 30 June 2020 have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the normal course of business at they fall due.

Since spread on the global COVID-19 pandemic in 2020, there has been a significant adverse impact on the Global economy. The slowing of the global economy and travel restrictions have reduced demand for goods and services generally and Clean Seas food services business has been significantly impacted.

In the interest of preserving cash, Management and the Board have taken action to respond to the pandemic by implement the following:

- Reduced the Executive team from 6 to 4;
- Following Helen Sawczak retirement as a Non-Executive Director, the Board elected not to find a replacement, which reduced the number of Non-Executive Directors from 6 to 5;
- The Directors have agreed to a 20% reduction in fees, effective 1st August 2020; and

- Implemented savings in Corporate, Sales and Marketing costs and feed optimisation on the farm which is expected to result in operating costs savings in excess of \$5 million in FY21.

From April 2020, the Group qualified for Jobkeeper for certain qualifying employees. At 30 June 2020 the Group had 92 qualifying employees and the Group had recognised other income of \$0.8 million.

It is anticipated that the COVID-19 pandemic will have an adverse impact on Group's business, profitability and cash flows in FY21. The Group has therefore impaired its Live Fish and Frozen by \$15.8 million at 30 June 2020.

As at 30 June 2020, the Group had cash reserves of \$22.2 million, undrawn facilities of \$20.2 million and net current assets of \$68.4 million. In February 2020, the Group secured a \$14 million increase to the Finance Facility with Commonwealth Bank of Australia, which increased the facility limit to \$32.15 million. The Finance Facility comprises \$12 million Trade Finance Facility, \$14 million Market Rate Loan Facility, \$6 million Equipment Finance Facility and \$150,000 Corporate Card Facility.

The Group is subject to financial covenants, including operating cash flows, EBITDA and current ratio, which are reviewed quarterly. The Group was compliant with all its covenants as at 30 June 2020, however, the Bank has agreed to waive the testing of all covenants for the period ending 30 September 2020 with the intent to reach agreement on revised covenants for the period ending 31 December 2020.

The Bank has confirmed that no event of default is subsisting and the Group can continue to utilise each Facility as per the terms outlined in the Facility Agreement. This will provide the Group with sufficient funding to navigate through the potential uncertainty associated with the ongoing impact of COVID-19 pandemic.

The material economic uncertainty associated with the COVID-19 pandemic has been considered by the Board in assessing the potential financial impact on the Group's ability to generate positive cash flows, to comply with financial covenants and to meet debts as and when they fall due. At the date of this report, the Board are of the opinion that the Group will be successful in managing the impacts of COVID-19 and will continue to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

3 Changes in accounting policies

3.1 New and revised standards that are effective for these financial statements

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2019. Information on the more significant standard, AASB 16 Leases is presented below.

Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented with Borrowings in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting

- the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. The Group has elected to use the cumulative catch-up approach on transition to AASB 16.

Adjustment recognised on adoption of AASB 16	\$'000
Operating lease commitments disclosed as per note 29.2 of the 30 June 2019 Consolidated Financial Statements	584
Discounted using the incremental borrowing rate at the date of initial application	(24)
Lease liability recognised as at 1 July 2019	560
Of which are:	
Current lease liabilities	283
Non-current lease liabilities	277
Total lease liabilities	560

The Group used an incremental borrowing rate of 4.5%.

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019 \$'000	1 July 2019 \$'000
Properties	-	560
Total right-of-use assets	-	560

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- Right-of-use assets – increase by \$560,000; and
- Lease liabilities – increase by \$560,000.

The net impact on retained earnings on 1 July 2019 was nil.

3.2 Accounting Standards issued but not yet effective and not being adopted early by the Group

The accounting standards that have not been early adopted for the year ended 30 June 2020, but will be applicable to the Group in future reporting periods, are detailed below. Apart from these standards, other accounting standards that will be applicable in future periods have been reviewed, however they have been considered to be insignificant to the Group.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

Other standards and amendments that are not yet effective and have not been adopted early by the Group include:

- IFRS 7 Insurance Contracts;
- Definition of a Business (Amendments to IFRS 3);
- Definition of Material (Amendments to IAS 1 and IAS 8); and
- Conceptual Framework for Financial Reporting.

4 Summary of accounting policies

4.1 Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

4.2 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and its subsidiaries as of 30 June 2020. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

4.3 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian Dollars (“\$AUD”), which is also the functional currency of the Parent Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

4.4 Segment reporting

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group’s two operating segments are:

- **Finfish Sales:** All finfish grow out and sales other than propagated Southern Bluefin Tuna (“SBT”). Currently the segment includes Yellowtail Kingfish, Mulloway and some wild caught Tuna. All fish produced are aggregated as one reportable segment as the fish are similar in nature, they are grown and distributed to similar types of customers and they are subject to a similar regulatory environment.
- **Tuna Operations:** Propagated Southern Bluefin Tuna operations are treated as a separate segment. All costs associated with the breeding, grow out and sales of SBT are aggregated into one reportable segment. This segment is currently scaled back apart from some strategic research projects.

Each of these operating segments is managed separately as they require different technologies, resources and capabilities and are at a different stage of development.

The measurement policies the Group uses for segment reporting under AASB 8 are the same as those used in its financial statements.

Corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4.5 Revenue

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest income

Interest income and expenses are reported on an accrual basis using the effective interest method.

Government Grants

The Group applies AASB 120 Accounting for Government Grants and Disclosure of Government Assistance in accounting for the Jobkeeper wage subsidy, whereby a credit is recognised in other income over the period necessary to match the benefit of the credit with the costs for which they are intended to compensate.

4.6 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs (see Note 8).

4.8 Intangible assets

Recognition of intangible assets

Acquired intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. Acquired fish quotas and water leases and licences are capitalised on the basis of costs incurred to acquire.

Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, where these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 4.11.

The following useful lives are applied:

- Primary Industries and Regions South Australia (PIRSA) water leases and licences: indefinite
- Southern Bluefin Tuna quota: indefinite

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

4.9 Property, plant and equipment

Land and buildings

Freehold land and buildings are recognised at their cost less accumulated depreciation and impairment losses.

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Plant and equipment

Plant and equipment is initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. Plant and equipment also includes leasehold property held under a finance lease (see Note 4.10). These assets are subsequently measured using the cost model, being cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, plant and equipment. The following depreciation rates are applied:

- buildings: 2.5% - 13%
- vessels: 5% – 7.5%
- cages and nets: 10% - 33%
- motor vehicles: 12.5% - 15%
- computers: 25% - 33%
- other plant and equipment: 5% - 33%

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

4.10 Leased assets

Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as Borrowings in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' note 4.9.

4.11 Impairment testing of other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.12 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and most other receivables fall into this category. The change in classification has not impacted the carrying value of the Group's financial assets.

Impairment of financial assets

The Group uses a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. The Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group have assessed the impact of the impairment model and no adjustment was required in Group's financial statements.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

4.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

4.14 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office ('ATO') and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full. The Group does not currently recognise deferred tax assets and liabilities due to uncertainty regarding the utilisation of prior year losses in future years.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Clean Seas Seafood Limited and its wholly-owned Australian controlled entity have implemented the tax consolidation legislation from 1 July 2007. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

4.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.16 Equity and reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Share rights reserve represents, in accordance with AASB 2 *Share-based Payment*, the allocated fair value at grant date of share rights that have been granted and remain outstanding at the reporting date. The value determined is recognised evenly over the financial years in which services are provided as specified by the performance period for each grant of share rights, subject to subsequent revision of the number of share rights expected to vest and the number that ultimately vest. The recognised value of share rights that vest and are exercised is transferred to share capital on the issue of shares.

Retained earnings / accumulated losses include all current and prior period retained profits and losses.

All transactions with owners of the Parent are recorded separately within equity.

4.17 Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and annual leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Group's liabilities for long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Post-employment Benefit Plans

The Group provides post-employment benefits through various defined contribution plans.

Defined Contribution Plans

The Group pays fixed contributions into independent entities in relation to various plans for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

4.18 Share-based employee remuneration

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and earnings per share growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share rights reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share rights expected to vest.

Non-market vesting conditions are included in assumptions about the number of share rights that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share rights expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share rights ultimately exercised are different to that estimated on vesting.

Upon exercise of share rights, the proceeds received and the accumulated amount in the share rights reserve applicable to those share rights, net of any directly attributable transaction costs, are allocated to share capital.

4.19 Provisions, contingent liabilities and contingent assets

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

4.20 Biological assets

Biological assets comprise live fish held for sale and broodstock.

Live fish held for sale are valued at their fair value less costs to sell in accordance with *AASB141 Agriculture*. Estimated fair values are based on the number and size of fish held at the reporting date, actual selling prices achieved in the three weeks following the reporting date and other relevant factors, including allowance for future mortality, assessed as impacting fair value in accordance with *AASB141*.

Broodstock are valued at their fair value less costs to sell in accordance with *AASB141 Agriculture*. Estimated fair values take into account the valuation of live fish held for sale and estimated value as broodstock. As the tuna research program is currently scaled back, the Board has adopted a conservative approach by valuing southern bluefin tuna broodstock at estimated market value.

In the Directors' opinion, insurance cover is currently not available at commercially acceptable rates for the live Yellowtail Kingfish held for sale or the broodstock. The Directors have therefore chosen to actively manage the risks as the preferred alternative and review this on an annual basis.

4.21 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

4.22 Rounding of amounts

The Parent Entity has applied the relief available to it under ASIC Class Order 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest \$1,000, or in certain cases, the nearest dollar.

4.23 Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Coronavirus COVID-19 Pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes and the Director's Report, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Fair value of live fish held for sale and broodstock

Management values live fish held for sale at their fair value less costs to sell in accordance with *AASB141 Agriculture*. Estimated fair values are based on the number and size of fish held at the reporting date, actual selling prices achieved in the three weeks following the reporting date and other relevant factors, including allowance for future mortality, assessed as impacting fair value in accordance with *AASB141*. These estimates may vary from net sale proceeds ultimately achieved.

Broodstock has been held at the same value as the prior year as Directors believe it is representative of its fair value as at the reporting date.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in relevant tax jurisdictions in relation to the value of accessible carried forward losses into future years (see Note 4.14).

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 4.11).

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and other forms of obsolescence.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by market-driven changes that may reduce future selling prices.

5 Operating Segments

Management currently identifies the Group's two segments as finfish sales and tuna operations as detailed in Note 1. These operating segments are monitored by the Group's Chief Executive Officer and strategic decisions are made on the basis of adjusted segment operating results.

Segment information for the reporting period is as follows:

	Finfish Sales 2020 \$'000	Tuna Operations 2020 \$'000	Unallocated 2020 \$'000	Total 2020 \$'000
Revenue				
From external customers	40,313	-	-	40,313
Segment revenues	40,313	-	-	40,313
Other income	16,375	-	-	16,375
Net gain from changes in value of fish	18,511	-	-	18,511
Fish husbandry expense	(31,708)	-	-	(31,708)
Employee benefits expense	(12,370)	-	-	(12,370)
Fish processing and selling expense	(10,197)	-	-	(10,197)
Frozen Inventory COGS	(10,598)	-	-	(10,598)
Impairment – frozen inventory and biological assets	(15,813)	-	-	(15,813)
Depreciation and amortisation	(3,417)	(24)	-	(3,441)
Other expenses	(3,874)	(274)	-	(4,148)
Finance costs and income	-	-	(1,378)	(1,378)
Segment operating loss before tax	(12,778)	(298)	(1,378)	(14,454)
Segment assets 2020	84,096	455	22,169	106,720

	Finfish Sales 2019 \$'000	Tuna Operations 2019 \$'000	Unallocated 2019 \$'000	Total 2019 \$'000
Revenue				
From external customers	46,149	-	-	46,149
Segment revenues	46,149	-	-	46,149
Other income	287	-	-	287
Net gain from changes in value of fish	23,325	-	-	23,325
Fish husbandry expense	(30,194)	-	-	(30,194)
Employee benefits expense	(12,166)	-	-	(12,166)
Fish processing and selling expense	(12,136)	-	-	(12,136)
Frozen Inventory COGS	(8,553)	-	-	(8,553)
Depreciation and amortisation	(3,045)	(34)	-	(3,079)
Other expenses	(1,656)	(275)	-	(1,931)
Finance costs and income	-	-	(256)	(256)
Segment operating profit / (loss) before tax	2,011	(309)	(256)	1,446
Segment assets 2019	92,476	455	1,004	93,935

No segment liabilities are disclosed because there is no measure of segment liabilities regularly reported to the Group's Chief Executive Officer. Unallocated operating income and expense consists of net interest and unallocated assets consist of cash and cash equivalents.

Revenues from external customers in the Group's domicile, Australia, as well as its major other markets have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location.

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas:

	Revenue 2020 \$'000	Non-current assets 2020 \$'000	Revenue 2019 \$'000	Non-current assets 2019 \$'000
Australia	22,438	19,832	23,732	20,070
Europe	14,680	-	18,390	-
Other countries	3,195	-	4,027	-
Total	40,313	19,832	46,149	20,070

During 2020 \$3.9 million or 10% (2019: \$5.7 million or 12%) of the Group's revenues depended on a single customer in the finfish sales segment.

6 Revenue

Revenue for the reporting periods consist of the following:

	2020 \$'000	2019 \$'000
Sale of fresh fish products	31,807	37,124
Sale of frozen fish products	8,506	9,025
Total	40,313	46,149

7 Other income

	2020 \$'000	2019 \$'000
Litigation settlement	15,000	-
Government Stimulus (Jobkeeper)	843	-
Other income	532	287
Total other income	16,375	287

On the 23 December 2019, the Group's legal action against Gibson's Ltd in respect of what the Company alleged, and Gibson's Ltd denied, were defective feed supplied to the Company and fed to the Company's Yellowtail Kingfish between December 2008 and July 2012 was settled for a payment to the Company for \$15 million inclusive of costs. The payment was received in full on 16 January 2020.

From April 2020, the Group qualified for Jobkeeper for certain qualifying employees. At 30 June 2020 the Group had 92 qualifying employees and the Group had recognised other income of \$0.8 million.

8 Finance income and finance costs

Finance income for the reporting periods consist of the following:

	2020 \$'000	2019 \$'000
Interest income from cash and cash equivalents	11	6
Total	11	6

Finance costs for the reporting periods consist of the following:

	2020 \$'000	2019 \$'000
Interest expenses for borrowings at amortised cost:		
• Convertible note	878	-
• Leases	208	114
• Other borrowings	303	148
Total	1,389	262

9 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of 27.5% (2019: 27.5%) and the reported tax expense in profit or loss are as follows:

	2020 \$'000	2019 \$'000
Profit / (Loss) before tax	(14,454)	1,446
Domestic tax rate for Clean Seas Seafood Limited	27.5%	27.5%
Expected tax expense / (income)	(3,975)	398
Adjustment for R&D tax incentive refund – 27.5% corporate tax rate component	-	-
Current year tax expense added to / (offset against) prior year tax losses	-	(398)
Adjustment for derecognition of tax losses	3,975	-
Adjustment for tax-exempt income	-	-
Actual tax expense / (income)	-	-
Tax expense comprises:		
• R&D tax incentive refund – 27.5% corporate tax rate component	-	-
• Deferred tax expense	-	-
Tax expense / (income)	-	-

Due to uncertainty regarding the utilisation of prior year tax losses in future years, the tax losses are not recognised as an asset. At 30 June 2020, carried forward tax losses are estimated to be \$73 million (2019: \$60.3 million) and non-refundable R&D tax offsets are estimated to be \$10.5 million (2019: \$10.0 million).

10 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2020 \$'000	2019 \$'000
Cash at bank	22,169	1,004
Cash and cash equivalents in the statement of financial position	22,169	1,004
Bank overdraft used for cash management purposes	-	(7,275)
Cash and cash equivalents in the statement of cash flow	22,169	(6,271)

11 Trade and other receivables

Trade and other receivables consist of the following:

	2020 \$'000	2019 \$'000
Trade receivables, gross	2,803	5,260
Allowance for credit losses	(76)	(50)
Trade receivables	2,727	5,210
Other receivables	246	554
Total	2,973	5,764

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

	Expected credit loss rate		Carrying Amount		Allowance for expected losses	
	2020 %	2019 %	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Not overdue	1%	0%	1,815	3,222	20	-
0 to 3 months overdue	6%	1%	960	1,786	53	20
3 to 6 months overdue	10%	5%	28	102	3	5
Over 6 months overdue	0%	17%	-	150	-	25
Total			2,803	5,260	76	50

The movement in the allowance for credit losses can be reconciled as follows:

Reconciliation of allowance for credit losses	2020 \$'000	2019 \$'000
Balance at 1 July	50	50
Amounts written off / (uncollectable)	(138)	(22)
Additional provision recognised	164	22
Impairment loss reversed	-	-
Balance 30 June	76	50

An analysis of unimpaired trade receivables that are past due is given in Note 33.3.

12 Financial assets and liabilities

12.1 Categories of financial assets and liabilities

Note 4.12 provides a description of each category of financial assets and financial liabilities and the related accounting policies.

Financial assets at amortised cost	Notes	2020 \$'000	2019 \$'000
Cash and cash equivalents	10	22,169	1,004
Trade and other receivables	11	2,973	5,764
Totals		25,142	6,768

Other liabilities	Notes	2020 \$'000	2019 \$'000
Convertible note	21	13,075	-
Borrowings	20	13,265	4,941
Bank Overdraft	10	-	7,275
Trade and other payables	19	6,423	6,982
Totals		32,763	19,198

No financial assets or liabilities are recognised at Fair Value through Other Comprehensive Income or Fair Value through Profit or loss.

A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 33.

12.2 Other financial assets and liabilities

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- cash and cash equivalents;
- trade and other receivables;
- trade and other payables; and
- borrowings.

13 Inventories

Inventories consist of the following:

	2020 \$'000	2019 \$'000
Frozen fish products	15,352	7,202
(Less) impairment	(6,713)	-
Frozen fish products (at NRV)	8,639	7,202
Fish feed (at cost)	1,665	1,776
Other (at cost)	587	487
Total	10,891	9,465

At 30 June 2020, the Group recognised an impairment of \$6.7 million to ensure that inventory is stated at the lower of cost and net realisable value (NRV). Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date.

14 Biological assets - current

	2020 \$'000	2019 \$'000
Live Yellowtail Kingfish – Held for Sale		
Carrying amount at beginning of period	56,585	45,229
Adjusted for:		
Gain from physical changes at fair value less costs to sell	44,312	52,268
Decrease due to harvest for sale as fresh	(25,801)	(28,943)
Net gain recognised in profit and loss	18,511	23,325
Decrease due to impairment	(9,100)	-
Decrease due to harvest for processing to frozen inventory	(16,213)	(11,969)
Carrying amount at end of period	49,783	56,585

The closing biomass comprised 4,435 tonnes at an average weight of 2.43kg. This comprised 321 tonnes of 2018 year class (YC18) at an average weight of 4.9kg, 2,963 tonnes of YC19 at an average weight of 3.7 kg and 1,151 tonnes YC20 at an average weight of 1.2 kg (2019: 4,136 tonnes at an average weight of 2.57kg comprising 2,783 tonnes of 2018 year class (YC18) at an average weight of 4.3kg and 1,353 tonnes of YC19 at an average weight of 1.4 kg). During FY20 harvests totalled 3,235 tonnes (FY19: 3,010 tonnes).

At 30 June 2020, the Group recognised an impairment of \$9.1 million to ensure that Live fish inventory is stated at fair value in accordance with *AASB 141 Agriculture*.

There is inherent uncertainty in the biomass estimate and resultant live fish valuation. This is common to all such valuations and best practice methodology is used to facilitate reliable estimates. Biomass is estimated using a model that simulates fish growth. Actual growth will invariably differ to some extent, which is monitored and stock records adjusted via harvest counts and weights, periodic sample weight checks, physical counts on transfer to sea cages and subsequent splitting of cages, mortality counts and reconciliation of the perpetual records after physical counts and on cage closeout.

15 Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

	Land & Buildings \$'000	Plant & Equipment \$'000	Total \$'000
Gross carrying amount			
Balance 1 July 2019	4,186	36,836	41,022
Additions	58	2,316	2,374
Disposals	-	-	-
Balance 30 June 2020	4,244	39,152	43,396
Depreciation and impairment			
Balance 1 July 2019	(1,504)	(22,649)	(24,153)
Disposals	-	-	-
Depreciation	(163)	(2,988)	(3,151)
Balance 30 June 2020	(1,667)	(25,637)	(27,304)
Carrying amount 30 June 2020	2,577	13,515	16,092

	Land & Buildings \$'000	Plant & Equipment \$'000	Total \$'000
Gross carrying amount			
Balance 1 July 2018	4,028	33,546	37,574
Additions	158	3,290	3,448
Disposals	-	-	-
Balance 30 June 2019	4,186	36,836	41,022
Depreciation and impairment			
Balance 1 July 2018	(1,403)	(19,671)	(21,074)
Disposals	-	-	-
Depreciation	(101)	(2,978)	(3,079)
Balance 30 June 2019	(1,504)	(22,649)	(24,153)
Carrying amount 30 June 2019	2,682	14,187	16,869

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

The Property, Plant and Equipment has been pledged as security for the Group's bank borrowings (see Note 20).

16 Biological assets – non-current

	2020 \$'000	2019 \$'000
Finfish Broodstock		
Carrying amount at beginning of period	244	244
Purchases	-	-
Sales	-	-
Carrying amount at end of period	244	244

17 Intangible assets

Details of the Group's intangible assets and their carrying amounts are as follows:

	PIRSA Leases and Licences \$'000	Southern Bluefin Tuna Quota \$'000	Total \$'000
Net carrying amount			
Balance at 1 July 2019	2,827	130	2,957
Amortisation and impairment	-	-	-
Net carrying amount 30 June 2020	2,827	130	2,957
Balance at 1 July 2018	2,827	130	2,957
Amortisation and impairment	-	-	-
Net carrying amount 30 June 2019	2,827	130	2,957

At each reporting date, the Directors review intangible assets for impairment.

Impairment assessment

The group operates two cash generating units comprising fin-fish and tuna operations.

The recoverable amount of the consolidated entity's non-current assets has been determined by value-in-use cash flow projections from financial budgets for FY21 as reviewed by the Board. In establishing the cash flow projections, due consideration was given to the material economic uncertainty associated with COVID-19. The discounted cash flow model is based on a 3-year projection period and extrapolated for a further 2 years, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive. The following key assumptions were used in the discounted cash flow model for the finfish operation:

- 12.5% discount rate; and
- 2.5% long term revenue and operating cost growth rate.

The discount rate of 12.5% reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the finfish operation, the risk free rate and the volatility of the share price relative to market movements. Sensitivity analysis indicates that headroom continues to be present if the discount rate is increased to 14.2%.

Management believes the projected 2.5% revenue growth rate is prudent and justified, based on the general slowing in the market. Sensitivity analysis on the long-term growth rate indicates that headroom continues to be present if growth rate is reduced to 1%.

The Group believes that the assumptions adopted in the value value-in-use calculation reflects an appropriate balance between the Group's experience to date and the material uncertainty associated with the COVID-19 pandemic.

Accordingly, the Group has concluded that no impairment is required based on current market and economic conditions and expected future performance.

18 Right-of-use assets

The following table shows the movements in right-of-use assets

	Total \$'000
Gross carrying amount	
Balance at 1 July 2019 – Restated	560
Additions	-
Remeasure lease	269
Disposals	-
Balance at 30 June 2020	829
Amortisation and impairment	
Balance at 1 July 2019	-
Disposals	-
Amortisation	(290)
Balance at 30 June 2020	(290)
Carrying amount 30 June 2020	539

The main leased site is the Royal Park processing plant in Adelaide, South Australia. The lease has a minimum term of 4 years to March 2021 with subsequent renewal options of 2 years, 3 years and 3 years and includes a right of first refusal to purchase.

During FY20, the Group remeasured the Royal Park lease to include the renewal option of 2 years and gave notice of termination for its Melbourne office.

19 Trade and other payables

Trade and other payables consist of the following:

	2020 \$'000	2019 \$'000
Current:		
• trade payables	4,196	5,407
• related party payables	63	22
• other payables	2,164	1,553
Total trade and other payables	6,423	6,982

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

20 Borrowings

Borrowings consist of the following:

	2020 \$'000	2019 \$'000
Current:		
• Trade Finance Facility	8,496	-
• Lease liabilities – bank (note 32.1)	1,304	1,018
• Lease liabilities – other (note 32.2)	249	-
• Insurance premium funding	876	567
Total borrowings – current	10,925	1,585
Non-current:		
• Lease liabilities – bank (note 32.1)	2,029	3,356
• Lease liabilities – other (note 32.2)	311	-
Total borrowings – non-current	2,340	3,356

In February 2020, the Group secured a \$14 million increase to the Finance Facility with Commonwealth Bank of Australia, which increased the facility limit to \$32.15 million. The Finance Facility comprises \$12 million Trade Finance Facility, \$14 million Market Rate Loan Facility, \$6 million Equipment Finance Facility and \$150,000 Corporate Card Facility. This is an ongoing facility subject to annual review and is secured against all Group assets.

The Group has a \$6.0 million (2019: \$6.0 million) secured Lease Finance and Project Specific Asset Finance Facility with Commonwealth Bank of Australia, of which \$3.3 million was utilised at 30 June 2020.

As at 30 June 2020, the Group had utilised \$8.5 million of the \$12 million Trade Finance Facility.

The Group is subject to financial covenants, including operating cash flows, EBITDA and current ratio, which are reviewed quarterly. The Group was compliant with all its covenants as at 30 June 2020, however, the Bank has agreed to waive the testing of all covenants for the period ending 30 September 2020 with the intent to reach agreement on revised covenants for the period ending 31 December 2020.

The Bank has confirmed that no event of default is subsisting and the Group can continue to utilise each Facility as per the terms outlined in the Facility Agreement.

21 Convertible notes

	2020 \$'000	2019 \$'000
Non-current:		
• Convertible notes	13,770	-
• Note costs capitalised	(854)	-
• Costs amortised	159	-
Total convertible notes	13,075	-

The Company issued 15,403,097 convertible notes with a face value of \$1.00 each. The interest rate payable to Noteholders is 8% per annum payable half yearly in arrears. The convertible notes are due to mature on 22 November 2022. Noteholders have the right to convert some or all of their Notes to Shares on a quarterly basis before the maturity date. Notes are issued in accordance with the prospectus dated 15 October 2019. The Notes are unsecured, but rank ahead of shares in a wind up. During FY20 1,633,457 notes were converted into shares. Subsequent to 30 June 2020 a further 1,456,365 convertible notes were converted to 2,913,321 shares.

The costs associated with the notes are amortised to the profit and loss over the term of the notes.

22 Provisions

The carrying amounts and movements in the provisions account are as follows:

	Annual Leave \$'000	Long Service Leave \$'000	Total \$'000
Carrying amount 1 July 2019	720	475	1,195
Additional provisions	541	152	693
Amount utilised	(376)	(13)	(389)
Carrying amount 30 June 2020	885	614	1,499
Current employee benefit provision	885	290	1,175
Non-current employee benefit provision	-	324	324

23 Employee remuneration

23.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2020 \$'000	2019 \$'000
Salaries and wages	9,333	8,997
Superannuation – Defined contribution plans	833	781
Leave entitlement accrual adjustment	879	720
Short term incentive	261	412
Long term incentive – Share rights	344	327
Other on-costs	720	929
Total	12,370	12,166

23.2 Share-based employee remuneration

The Company granted a total of 1,037,521 FY20 LTI Share Rights to senior executives during the year (2019: 684,099). The share rights will vest if specified performance targets are achieved and the executive remains employed by the Company for three years including the year for which the share rights were granted, or in other circumstances agreed with the executive or at the discretion of the Board. Each share right on exercise converts to one ordinary share, subject to adjustment in specified circumstances. On exercise of share rights, a dividend equivalent issue of additional shares replicates the benefit of any dividends paid on ordinary shares during the performance period. No amount is payable on vesting or exercise. During FY20 678,899 fully paid ordinary shares (FY19 130,766) were issued on the exercise of vested Share Rights and 132,695 Share Rights lapsed (FY19 243 193).

The FY20 LTI Share Rights were valued by the Directors on a basis consistent with prior issues. One-third of the valuation at the end of the first year is expensed in the first year. Two-thirds of the valuation in the second year, less the amount expensed in the first year, is expensed in the second year. The final valuation at the end of the third year, less amounts expensed in the previous two years, is expensed or written back in the third year. Each year is subject to further review of the number of Share Rights expected to vest, in accordance with AASB 2 *Share Based Payment*.

The Share Rights valuation is based on the fair value at grant date of the equity instruments granted. For the FY20 LTI Share Rights this includes the Clean Seas share price on 1 July 2019 being \$0.89 and on 29 November 2019 (AGM date) being \$0.76 with no adjustment being required for future dividends, achievement of one of the three performance targets in FY20 and assessment of the probability of achievement of the second and third (NPAT) performance targets in FY21 and FY22.

24 Equity

24.1 Share capital

The share capital of Clean Seas Seafood Limited consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at a shareholders' meeting.

	2020 Shares	2019 Shares	2020 \$'000	2019 \$'000
Shares issued and fully paid:				
• at beginning of the year	83,498,060	1,667,314,190	182,436	182,345
• consolidation of share capital (1:20)(i)	-	(1,583,946,896)	-	-
• share placements (ii)	18,241,506	-	11,393	-
• convertible notes	3,558,905	-	1,633	-
• share rights	678,899	130,766	475	91
Total contributed equity at 30 June	105,977,370	83,498,060	195,937	182,436

Notes:

- (i) On 3 December 2018, the Group's shares were consolidated on a 1:20 basis.
- (ii) Share Placement with Hofseth & Nevera LLC and Bonafide Wealth Management.

24.2 Share rights reserve

The Company has granted share rights to certain executives as part of their remuneration arrangements as a Long Term Incentive (LTI). Share rights outstanding are as follows:

	2020 Share rights	2019 Share rights	2020 \$'000	2019 \$'000
Share rights outstanding:				
• at beginning of the year	2,425,061	42,298,373	897	661
• consolidation of share capital (1:20)(i)	-	(40,183,453)	-	-
• granted during the year	1,037,521	684,099	344	373
• exercised during the year	(678,899)	(130,766)	(475)	(91)
• lapsed during the year	(132,695)	(243,192)	-	(46)
Total share rights at 30 June	2,650,988	2,425,061	766	897

Notes:

- (i) On 3 December 2018, the Group's shares were consolidated on a 1:20 basis.

Details of these Share Rights are provided at note 23.2.

25 Earnings per share and dividends

25.1 Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit/(loss) attributable to shareholders of Clean Seas Seafood Limited as the numerator (i.e. no adjustments to profit were necessary in 2020 or 2019).

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	2020 '000	2019 '000
Amounts in thousand shares:		
• weighted average number of shares used in basic earnings per share	92,838	83,370
• shares deemed to be issued for no consideration in respect of share based payments and convertible notes	-	2,426
Weighted average number of shares used in diluted earnings per share	92,838	85,796

The potential exercise of share rights and convertible notes has been excluded from the diluted earnings per share calculation for the period ending 30 June 2020 due to being antidilutive, in accordance with *AASB 133 Earnings Per Share*, paragraph 43.

25.2 Dividends

Dividends Paid and Proposed

	2020 \$'000	2019 \$'000
Dividends declared during the year	-	-

25.3 Franking credits

	Parent	
	2020 \$'000	2019 \$'000
The amount of the franking credits available for subsequent reporting periods are:		
• balance at the end of the reporting period	-	-
• franking credits that will arise from the payment of the amount of provision for income tax	-	-
• franking debits that will arise from the payment of dividends recognised as a liability at the end of the reporting period	-	-
• franking credits that will arise from the receipt of dividends recognised as receivables at the end of reporting period	-	-
	-	-

26 Reconciliation of cash flows from operating activities

	2020 \$'000	2019 \$'000
(Loss)/Profit for the year	(14,454)	1,446
Adjustments for:		
• Depreciation and amortisation	3,441	3,079
• LTI share rights expense	344	327
• net interest expense included in investing and financing	1,378	256
• non-cash insurance expense	1,392	667
Net changes in working capital:		
• change in inventories	(1,426)	(3,981)
• change in trade and other receivables	2,791	(631)
• change in prepayments	(25)	(466)
• change in biological assets	6,802	(11,356)
• change in trade and other payables	(559)	478
• change in other employee obligations	304	155
• changes offset in investing	(14)	684
Net cash used in operating activities	(26)	(9,342)

27 Auditor remuneration

	2020 \$	2019 \$
Audit and review of financial statements	89,571	96,679
Other services		
• taxation compliance	12,000	11,900
• other tax services	8,000	15,004
Total other service remuneration	20,000	26,904
Total auditor's remuneration	109,571	123,583

28 Related party transactions and key management personnel disclosures

The Group's related parties comprise its key management and entities associated with key management. The Remuneration Report in the Directors' Report sets out the remuneration of directors and specified executives.

A major shareholder in Clean Seas Seafood Limited is Australian Tuna Fisheries Pty Ltd (ATF). ATF and its associated entities controlled 6.15% of issued shares at 30 June 2020 (2019: 7.1%) and it is associated with Stehr Group Pty Ltd, H & A Stehr Superannuation Fund and Sanchez Tuna Pty Ltd. These transactions were as follows:

	2020 \$'000	2019 \$'000
Australian Tuna Fisheries Pty Ltd:		
• Receipts for ice, expenses, SBT quota lease and contract labour	33	5
• Payments for towing, contract labour, fish feed, marina and net shed rent and electricity	389	495
Stehr Group Pty Ltd		
• Payments for office rent	35	36
• Other payments	-	30

The following balances are outstanding as at the reporting date in relation to transactions with related parties:

	2020 \$'000	2019 \$'000
Current payables		
• Australian Tuna Fisheries Pty Ltd	61	22
• Stehr Group Pty Ltd	2	-

The totals of remuneration paid or payable to the key management personnel of the Group during the year are as follows:

	2020 \$	2019 \$
Short-term employee benefits	1,429,713	1,260,641
Post-employment benefits	62,532	54,931
Long-term benefits	215,048	318,840
Total Remuneration	1,707,293	1,634,412

The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2020.

29 Contingent assets and liabilities

The Group has unrecognised carry forward tax losses. This contingent asset is discussed in Note 9.

At 30 June 2020, the Group has bank guarantees of \$112,229 (2019: \$112,229).

There are no other material contingent assets or liabilities.

30 Capital commitments

	2020 \$'000	2019 \$'000
Property, plant and equipment	797	262

Capital commitments relate to items of plant and equipment and site works where funds have been committed but the assets not yet received. The amounts are expected to be paid to suppliers in FY21.

31 Interests in subsidiaries

Set out below are details of the subsidy held directly by the Group:

Name of the Subsidiary	Country of incorporation and principal place of business	Principal activity	Group proportion of ownership interests	
			30 June 2020	30 June 2019
Clean Seas Aquaculture Growout Pty Ltd	Australia	Growout and sale of Yellowtail Kingfish	100%	100%
Clean Seas Seafood International Pty Ltd	Australia	Sale of Yellowtail Kingfish	100%	100%

32 Leases

32.1 Lease liabilities – Bank

The Group holds a number of motor vehicles and plant & equipment under lease arrangements with the Commonwealth Bank of Australia. The net carrying amount of these assets is \$3,438 (2019: \$4,479k).

The Group's lease liabilities, which are secured by the related assets held under leases, are classified as follows:

Lease liabilities - Bank	2020 \$'000	2019 \$'000
Current:		
• Lease liabilities - bank	1,304	1,018
Non-current:		
• Lease liabilities - bank	2,029	3,356

Future minimum lease payments at the end of each reporting period under review were as follows:

	Minimum lease payments due			
	Within 1 year \$'000	1-5 years \$'000	After 5 years \$'000	Total \$'000
30 June 2020				
Lease payments	1,446	2,143	-	3,589
Finance charges	(142)	(114)	-	(256)
Net present values	1,304	2,029	-	3,333
30 June 2019				
Lease payments	1,212	3,612	-	4,824
Finance charges	(194)	(256)	-	(450)
Net present values	1,018	3,356	-	4,374

32.2 Lease liabilities – Other

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under *AASB 117 Leases*. These liabilities were measured at the present value of remaining lease payments, discounted using the lease incremental borrowing rate as of 1 July 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.5%.

	2020 \$'000	2019 \$'000
Current:		
• Lease liabilities	249	-
Non-current:		
• Lease liabilities	311	-

	Minimum lease payments due			
	Within 1 year \$'000	1-5 years \$'000	After 5 years \$'000	Total \$'000
30 June 2020				
Lease payments	270	324	-	594
Finance charges	(21)	(13)	-	(34)
Net present values	249	311	-	560
30 June 2019				
Lease payments	-	-	-	-
Finance charges	-	-	-	-
Net present values	-	-	-	-

33 Financial instrument risk

33.1 Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 12.1. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its head office, in close cooperation with the Board of Directors, and focuses on actively managing those risks to secure the Group's short to medium-term cash flows.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

33.2 Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Foreign currency sensitivity

Most of the Group's transactions are carried out in Australian dollars (AUD). Exposures to currency exchange rates mainly arise from the Group's overseas sales, which are currently primarily denominated in Euro (EUR).

To mitigate the Group's exposure to foreign currency risk, non-AUD cash flows are monitored, customer payments are credited to foreign currency bank accounts and converted to AUD on a managed basis and forward exchange contracts may be entered into in accordance with the Group's risk management policies. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into AUD at the closing rate:

	Short term exposure			Long term exposure		
	EUR A\$'000	USD A\$'000	Other A\$'000	EUR A\$'000	USD A\$'000	Other A\$'000
30 June 2020						
• financial assets	1,108	582	22	-	-	-
• financial liabilities	(882)	(28)	-	-	-	-
Total exposure	226	554	22	-	-	-
30 June 2019						
• financial assets	2,997	29	14	-	-	-
• financial liabilities	(1,435)	(18)	(51)	-	-	-
Total exposure	1,562	11	(37)	-	-	-

The following table illustrates the sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities and the AUD / EUR exchange rate 'all other things being equal'. It assumes a +/- 5% change in this exchange rate for the year ended at 30 June 2020 (2019: +/- 5%). The sensitivity analysis is based on the impact on the Group's valuation of live fish held for sale.

Profit and Equity Increase / (Decrease)	Increase 5%	Decrease 5%
	A\$'000	A\$'000
30 June 2020	(1,092)	1,207
30 June 2019	(1,171)	1,294

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing.

33.3 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting trade credit to customers and investing surplus funds. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2020 \$'000	2019 \$'000
Classes of financial assets		
Carrying amounts:		
• cash and cash equivalents	22,169	1,004
• trade and other receivables	2,973	5,764
Total	25,142	6,768

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 30 June reporting dates under review are of good credit quality.

At 30 June, the Group has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The amounts at 30 June analysed by the length of time past due, are:

	2020 \$'000	2019 \$'000
Not more three (3) months	960	1,786
More than three (3) months but not more than six (6) months	28	77
More than six (6) months but not more than one (1) year	-	25
More than one (1) year	-	150
Total	988	2,038

The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 24 months before 30 June 2020 and 1 July respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

The Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

On the above basis the expected credit loss for trade receivables as at 30 June 2020 and recognised a provision for \$76k.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

33.4 Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling monthly projection. Net cash requirements are compared to available cash and borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

As at 30 June 2020, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non-current	
	Within 6 months \$'000	6 - 12 months \$'000	1 - 5 years \$'000	5+ years \$'000
30 June 2020				
Convertible notes	-	-	13,075	-
Trade Finance Facility	8,496	-	-	-
Trade and other payables	6,423	-	-	-
Finance lease obligations	526	778	2,029	-
Lease obligations	131	118	311	-
Other borrowings	750	126	-	-
Total	16,326	1,022	15,415	-

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

	Current		Non-current	
	Within 6 months \$'000	6 - 12 months \$'000	1 - 5 years \$'000	5+ years \$'000
30 June 2019				
Trade and other payables	6,982	-	-	-
Finance lease obligations	524	494	3,356	-
Bank overdraft	7,275	-	-	-
Other borrowings	567	-	-	-
Total	15,348	494	3,356	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

34 Fair value measurement

34.1 Fair value measurement of non-financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included within **Level 1** that are observable for the asset or liability, either directly or indirectly
- **Level 3:** unobservable inputs for the asset or liability

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 30 June 2020:

30 June 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Biological assets - current	-	49,783	-	49,783
Biological assets – non-current	-	244	-	244
Southern bluefin tuna quota	-	130	-	130
Total	-	50,157	-	50,157

30 June 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Biological assets - current	-	56,585	-	56,585
Biological assets – non-current	-	244	-	244
Southern bluefin tuna quota	-	130	-	130
Total	-	56,959	-	56,959

The fair values of the biological assets are determined in accordance with Note 4.20.

35 Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group considers the issue of new shares, dividends, return of capital to shareholders and sale of assets to reduce debt.

The Group has satisfied its covenant obligations for the Finance Facility Commonwealth Bank of Australia at 30 June 2020.

36 Parent entity information

Information relating to Clean Seas Seafood Limited ('the Parent Entity'):

	2020 \$'000	2019 \$'000
Statement of financial position		
Current assets	883	610
Total assets	93,535	57,968
Current liabilities	12,443	10,438
Total liabilities	28,037	13,842
Net assets	65,498	44,126
Issued capital	195,939	182,437
Share rights reserve	766	897
Accumulated losses	(131,207)	(139,208)
Total equity	65,498	44,126
Statement of profit or loss and other comprehensive income		
Profit/(Loss) for the year	8,001	(6,495)
Other comprehensive income	-	-
Total comprehensive income	8,001	(6,495)

The Parent Entity has no capital commitments to purchase plant and equipment (2019: Nil). Refer Note 30 for further details of the commitment.

The Parent Entity has not entered into a Deed of Cross Guarantee. Refer Note 29 in relation to contingent assets and liabilities.

37 Post-reporting date events

Retirement of Managing Director and CEO:

On 27th August 2020, the Company announced to the market that the Managing Director & CEO Mr David Head will retire from his full time role with the Company in October 2020, to seek a portfolio of Non-Executive Directorship roles. Mr Head flagged retirement options with the Board earlier this year, but at the time had not settled on timing. The business impact of COVID-19 and subsequent change in market focus for FY21 and FY22 led to discussions and subsequent agreement with the Board to bring forward retirement plans to October 2020.

Consequent Key Management Personnel Changes:

The Company's Chief Financial Officer and Joint Company Secretary, Mr Robert Gratton has been appointed Acting CEO, in the interim. Mr David Brown the Company's Group Financial Controller and Joint Company Secretary will assume the role of Acting CFO, a role he has previously held.

Other matters:

The Group is subject to financial covenants, including operating cash flows, EBITDA and current ratio, which are reviewed quarterly. The Group was compliant with all its covenants as at 30 June 2020, however, the Bank has agreed to waive the testing of all covenants for the period ending 30 September 2020 with the intent to reach agreement on revised covenants for the period ending 31 December 2020.

The Bank has confirmed that no event of default is subsisting and the Group can continue to utilise each Facility as per the terms outlined in the Facility Agreement. This will provide the Group with sufficient funding to navigate through the potential uncertainty associated with the ongoing impact of COVID-19 pandemic.

Subsequent to 30 June 2020 a further 1,456,365 convertible notes were converted to 2,913,321 shares.

There are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the entity's operations in future financial years;
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

Directors' Declaration

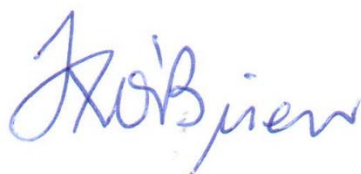
In the opinion of the Directors of Clean Seas Seafood Limited:

- The consolidated financial statements and notes of Clean Seas Seafood Limited are in accordance with the *Corporations Act 2001*, including:
 - Giving a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
 - Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- There are reasonable grounds to believe that Clean Seas Seafood Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2020.

Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Terry O'Brien
Chairman

Dated the 28 day of August 2020

Independent Auditor's Report

To the Members of Clean Seas Seafood Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Clean Seas Seafood Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – COVID-19

We draw attention to Note 2 and Note 4.23 of the financial report, which describes the circumstances relating to COVID-19 and the uncertainty surrounding any potential financial impact on the financials. Our opinion is not modified in respect of this matter.

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 of 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Intangible assets Note 17 <p>As at 30 June 2020, the Group's intangible assets of \$2,957,000 comprise of PIRSA Leases and Licences, and Southern Bluefin Tuna Quota.</p> <p>The Group is required to perform an annual impairment test of intangible assets with an indefinite useful life in accordance with AASB 136 <i>Impairment of Assets</i>.</p> <p>Management has tested the intangibles for impairment by comparing the carrying amount with the recoverable amount. The recoverable amount was determined on a value-in-use basis.</p> <p>The Group's computations require a number of estimates and assumptions and therefore there is an inherent risk involved in the determination of the value of a material asset.</p> <p>We have determined this is a key audit matter due to the judgements and estimates required in calculating the recoverable amount on a value-in-use basis.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> enquiring with management to obtain and document an understanding of management's process and controls related to the assessment of impairment, including management's calculation of the recoverable amount; reviewing the model against the requirements of AASB 136 with consultation of our valuations experts; reviewing management's value-in-use calculations to assess for reasonableness of: <ul style="list-style-type: none"> mathematical accuracy of the calculations; management's ability to perform accurate estimates; forecast cash inflows and outflows to be derived by the intangible assets; other inputs applied to the value-in-use calculations, including discount rates, expected terminal value, and cash flow adjustments; performed sensitivity analysis on the significant inputs and assumptions made by management in preparing its calculation; engaging Grant Thornton's Corporate Finance team to review the management models for appropriateness; and assessing the adequacy of the Group's disclosures within the financial statements regarding the judgements and estimates used by management in their assessment of recoverable value of the intangible assets.
Revenue recognition Note 4 and 6 <p>Revenue is the key driver of the Group.</p> <p>The Group focuses on revenue as a key performance measure and revenue is also a key driver by which the performance of the Group is measured.</p> <p>This area is a key audit matter due to the volume of transactions and the total balance of revenue.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> documenting the processes and assessing the internal controls relating to revenue processing and recognition; testing the operating effectiveness of key controls relating to revenue recognition; reviewing the revenue recognition policy to assess its compliance with AASB 15 <i>Revenue from Contracts with Customers</i>; performing analytical procedures to understand the movements and trends in revenue for comparison against audit expectations;

Key audit matter

How our audit addressed the key audit matter

Revenue recognition Note 4 and 6

- tracing a sample revenue transactions to supporting documentation to evaluate whether or not revenue is being recognised in line with the revenue recognition policy and accounting standards; and
- assessing the adequacy of the related disclosures within the financial statements.

Biological assets Note 4, 14 and 16

The Group's biological assets include Kingfish, which is measured at fair value less costs of disposal.

Estimating the fair value is a complex process involving a number of judgements and estimates regarding various inputs. Due to the nature of the asset, the valuation technique includes a model that uses a number of inputs from internal sources.

This area is a key audit matter due to the complex nature involving a number of judgements and estimates.

Our procedures included, amongst others:

- Documenting the processes and assessing the internal controls relating to the valuation methodology applied to biological assets;
- Reviewing the inputs used in the valuation model by comparing to actual performance subsequent to reporting date and comparing with historical performance of the Group;
- Reviewing the historical accuracy of the Group's assessment of the fair value of Kingfish by comparing to actual outcomes; and
- Assessing the adequacy of the related disclosures within the financial statements.

Information other than the financial report and auditor's report thereon

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 2020, 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 Group's ability 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 have 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2020.

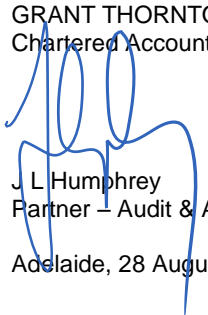
In our opinion, the Remuneration Report of Clean Seas Seafood Limited, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 28 August 2020

ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 24 August 2020.

Ordinary share capital (quoted)

108,890,691 fully paid ordinary shares are held by 5,501 shareholders.

Substantial shareholders

The number of shares held by substantial shareholders and their associates, as stated on their most recent Substantial Shareholder notice, are set out below:

Shareholder	Number of Shares
Bonafide Wealth Management AG (1)	16,200,139
GCI CSS (Hofseth & Nevera) LLC (2)	10,000,000
Australian Tuna Fisheries Pty Ltd (3)	6,026,690

(1) Notice released to ASX on 27 August 2019.

(2) Notice released to ASX on 15 June 2020.

(3) Notice released to ASX on 21 April 2020.

Voting Rights

Ordinary Shares: On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each fully paid share shall have one vote.

Distribution of equity security holders – Ordinary shares	
Holding	Number of holders
1 - 1,000	1,980
1,001 - 5,000	1,926
5,001 - 10,000	608
10,001 - 100,000	887
100,001+	100
Total	5,501

There were 1,590 holders of less than a marketable parcel of ordinary shares (less than \$500).

Twenty (20) largest shareholders	Ordinary shares	
	Number of shares held	Percentage of issued shares
Citicorp Nominees Pty Limited	19,849,905	18.23%
HSBC Custody Nominees	10,004,000	9.19%
J P Morgan Nominees Australia Pty Limited	9,422,217	8.65%
Australian Tuna Fisheries Pty Ltd	5,162,837	4.74%
BNP Paribas Nominees Pty Ltd <Ib Au Noms Retailclient Drp>	2,140,797	1.97%
UBS Nominees Pty Ltd	1,965,678	1.81%
Neweconomy Com Au Nominees Pty Limited <900 Account>	1,176,979	1.08%
3rd Wave Investors Pty Ltd	1,125,005	1.03%
HSBC Custody Nominees (Australia) Limited	1,026,448	0.94%
BNP Paribas Noms Pty Ltd <Drp>	1,011,306	0.93%
Mr Hagen Heinz Stehr & Mrs Anna Stehr <H & A Stehr Super Fund A/C>	863,853	0.79%
Tynong Pastoral Co Pty Ltd <Tynong Pastoral A/C>	752,000	0.69%
Mr Alexandre Vanselow	700,000	0.64%
Fernbow Pty Ltd <The Holland Super Account>	600,880	0.55%
Lidova Pty Ltd <T J A Dickson S/F A/C>	529,189	0.49%
Morgan Stanley Australia Securities (Nominee) Pty Limited <No 1 Account>	519,906	0.48%
DHC International Pty Limited <Donvale Super A/C>	479,980	0.44%
DMSF Pty Ltd <Dino Mazzocato Super A/C>	474,005	0.44%
Netwealth Investments Limited <Wrap Services A/C>	432,839	0.40%
Crofton Park Developments Pty Ltd <The Brougham Superfund A/C>	402,003	0.37%
Total Securities of Top 20 Holdings	58,639,827	53.85%

Securities Exchange

The Company is listed on the Australian Securities Exchange.

On Market Buy Back

There is no current on market buy back.

CLEAN SEAS SEAFOOD LIMITED

ABN 61 094 380 435

APPENDIX 4D STATEMENT - HALF YEAR REPORT

RESULTS FOR ANNOUNCEMENT TO THE MARKET HALF-YEAR ENDED 31 DECEMBER 2020

(Comparative figures being the half-year ended 31 December 2019)

	Half-Year ended December 2020	Half-Year ended December 2019	Period Movement up/(down)	Period Movement up/(down)
	\$ '000	\$ '000	\$ '000	%
Revenue from ordinary activities	22,333	24,437	(2,104)	(9)
EBITDA	(19,286)	6,787	(26,073)	(384)
EBIT	(21,150)	5,101	(26,251)	(515)
Profit / (Loss) from ordinary activities before tax	(21,873)	4,596	(26,469)	(576)
Income tax credit / (expense)	-	-	-	-
Profit / (Loss) from ordinary activities after tax attributable to members	(21,873)	4,596	(26,469)	(576)
Net tangible asset backing per ordinary share	\$0.46	\$0.89		

	Amount per security
Dividends (Ordinary Shares)	
Final dividend	cents/share Nil
Interim dividend	cents/share Nil

Record date for determining entitlements to dividends.

No dividend declared

Consistent with the decision taken in June 2012 not to carry future income tax benefits as an asset in the accounts the income tax benefit attributable to the December 2020 loss has not been recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2020. The Group will continue to assess this treatment on an ongoing basis as Group profitability improves.

Details of the Group's performance for the first six months of FY 2021 are attached to this notice.

This report is all the half year information provided to the Australian Securities Exchange under listing rule 4.2A. The report also satisfies the half year reporting requirements of the Corporations Act 2001.

This half year financial report should be read in conjunction with the 2020 annual financial report.



Clean Seas Seafood Limited
Interim Consolidated Financial Statements
For the half-year ended 31 December 2020
ABN 61 094 380 435

Contents

	Page
Directors' Report	3
Auditor's Independence Declaration	11
Consolidated Statement of Profit or Loss and Other Comprehensive Income	12
Consolidated Statement of Financial Position	13
Consolidated Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Notes to the Condensed Interim Consolidated Financial Statements	16
1 Nature of operations	16
2 General information and basis of preparation	16
3 Significant accounting policies	16
4 Estimates	17
5 Seasonal fluctuations	17
6 Revenue	17
7 Other income	17
8 Cash and cash equivalents	18
9 Inventories	18
10 Current Biological Assets – Live Fish	18
11 Property, plant and equipment	19
12 Right-of-use assets	19
13 Earnings per share	20
14 Segment reporting	20
15 Contingent assets and liabilities	21
16 Borrowings	21
17 Convertible notes	22
18 Share capital	22
19 Fair value measurement of non-financial assets – Fair Value Hierarchy	23
20 Capital Commitment	23
21 Post-reporting date events	23
Directors' Declaration	24
Independent Auditor's Review Report	25

Directors' Report

The Directors of Clean Seas Seafood Limited present their Report together with the financial statements of the Consolidated Entity, being Clean Seas Seafood Limited ('the Company') and its Controlled Entities ('the Group' or 'Clean Seas') for the half-year ended 31 December 2020.

Director details

The following persons were Directors of Clean Seas Seafood Limited during or since the end of the financial half-year:

- Mr. Travis Dillon – Chairman (Appointed 21 October 2020);
- Mr Marcus Stehr;
- Mr Gilbert Vergères;
- Mr Terry O'Brien (Resigned 20 October 2020);
- Mr Nick Burrows (Resigned 20 October 2020);
- Ms Raelene Murphy (Resigned 20 October 2020); and
- Mr David Head (Managing Director & CEO) (Retired 14 September 2020).

Company Secretary

The following persons were Company Secretary of Clean Seas Seafood Limited during and since the end of the financial half-year:

- Ms Eryl Baron (Appointed 3 December 2020);
- Mr Rob Gratton; and
- Mr David Brown (Resigned 20 October 2020).

Review of operations and financial results

The Board and Management of Clean Seas report a statutory loss after tax for 1H FY21 of \$21.87 million, which compares to a statutory profit after tax of \$4.60 million in 1H FY20. Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) was a loss of \$5.10 million, which compared to a loss of \$1.34 million in 1H FY20.

Financial Performance	1H FY21	1H FY20	Change
Revenue (\$'000)	22,333	24,437	-9%
Volume (t)	1,444	1,406	3%
Operating Results¹			
Underlying Gross Profit (\$'000)	54	4,624	-4,570
Underlying EBITDA (\$'000)	(5,102)	(1,337)	-3,765
Revenue \$/kg	15.47	17.38	-1.91
Farmgate \$/k.g	12.27	13.41	-1.14
Production costs/kg	(12.23)	(10.13)	-2.10
Gross Profit/k.g	0.04	3.28	-3.24
Operating EBITDA/kg	(3.53)	(0.95)	-2.58
Production Metrics			
Net growth (tonnes)	696	1,069	-35%
Harvest volumes (tonnes)	1,748	1,600	9%
Closing Live Fish Biomass (tonnes)	3,394	3,621	-6%
Statutory Results			
Underlying Adjustments (\$'000)			
Impairment	(8,072)	-	
Restructuring costs	(1,381)	-	
Litigation Settlement & Expense	-	13,982	
AASB 141 SGARA and cost allocation	(4,731)	(5,858)	
Statutory EBITDA (\$'000)	(19,286)	6,787	-26,073
Statutory NPAT (\$'000)	(21,873)	4,596	-26,469
Cash Flow			
Receipts (\$'000)	20,179	24,578	-18%
Operating Cash Flow (\$'000)	(1,827)	(1,358)	-469

¹Underlying operating EBITDA in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by the Company's external auditors.

Financial Performance

Sales Volumes and Revenue

SALES PERFORMANCE SUMMARY			
Region	1H FY21	1H FY20	Change
Australia	781	779	0.3%
Europe	441	508	-13.2%
Americas	199	74	168.9%
Asia	23	45	-48.9%
Total sales volumes	1,444	1,406	2.7%
Group Revenue (\$'000)	22,333	24,437	-8.6%
<i>Sales revenue \$/k.g</i>	<i>15.47</i>	<i>17.38</i>	<i>-1.91</i>

Despite ongoing restrictions in certain markets, sales volumes for 1H FY21 of 1,444 tonnes exceeded 1H FY20 by 2.7% driven by diversification into new retail channels and markets, and from the recovery in existing restaurant business as restrictions eased in various markets around the world. Additionally, this sales result represents a substantial recovery on the 1,016 tonnes sold in 2H FY20.

The reduction in revenue \$/k.g by \$1.91 to \$15.47 reflects the Company's pivot into new markets and channels. To drive trials and establish long-term relationships with customers, Clean Seas has used surplus frozen inventory to accelerate channel diversification.

Australian sales volumes increased by 0.3% to 781 tonnes in 1H FY21 and represents 54% of total sales volumes for the period ending 31 December 2020. The result represents a significant achievement and demonstrates a growing awareness and demand for Kingfish in Australia, notwithstanding the ongoing disruptions caused by lockdowns and restrictions.

European sales benefitted from an easing of restrictions in Q1 FY21, however, during Q2 FY21 sales volumes contracted following the reinstatement of COVID-19 restrictions in various European markets from October. The lockdowns had a significant impact on the Fresh business; however, the development of new frozen channels has helped mitigate the decline in overall volumes.

Importantly, in North America, Clean Seas' sales volumes increased by 168.9% to 199 tonnes. This result was largely due to sales of 157 tonnes to Hofseth North America in support of retail launches in this market.

New Channels and Markets

Clean Seas' diversification into new channels and markets gained significant momentum in 1H FY21. The Company worked with its distribution partners in Australia and in Europe to open up new channels in mid-tier food service, retail and other home consumption channels. This resulted in new retail products being launched in supermarkets and specialty retail channels that had not previously featured Clean Seas' Kingfish. It has been particularly encouraging that as traditional high-end restaurant business has recovered, sales into these new channels have continued and been largely incremental to pre-COVID sales volumes, resulting in positive year-on-year growth versus pre-COVID levels as lockdowns have eased in specific markets.

In Clean Seas' major pre-COVID export market, Europe, the Company has successfully established a more significant customer base for its frozen products, utilising its innovative premium frozen technology, *SensoryFresh*. This has allowed Clean Seas to offset the higher airfreight charges as a result of COVID related transport disruptions. The development of these frozen channels and the use of seafreight brings the added benefit of a lower carbon footprint supply chain and further enhances Clean Seas' sustainability and environmental credentials.

The partnership with the Hofseth Group has developed strongly throughout 1H FY21. In support of significant retail and home meal kit launches, Clean Seas sold 157 tonnes (WWE) of Kingfish to Hofseth North America in September 2020. The expanding US sales footprint now has Clean Seas' Kingfish being sold across North America in over 250 stores (up from 80 at the time of the last shipment), in addition to now being in 3 leading home meal kit brands, and in a foodservice partnership with a leading national restaurant chain. These are all new channels in this market and the partnership represents a significant opportunity for Clean Seas to quickly reach the scale of operation that it needs to substantially reduce cost of production through leveraging its fixed costs and production assets.

Fish Health

In January 2021, Clean Seas reported that the Company had experienced an increase in fish mortalities within the Boston Bay marine leases. Clean Seas' other farming locations on the Spencer Gulf have been unaffected.

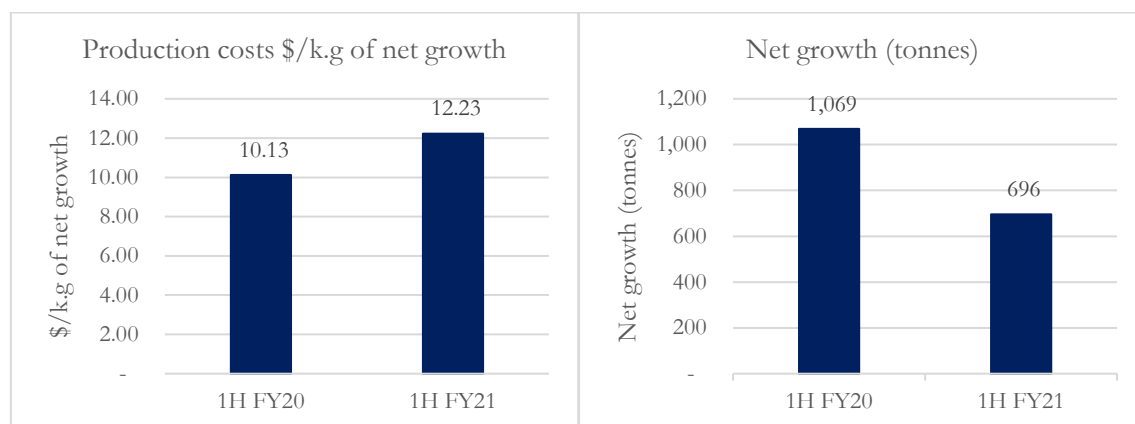
The Company has identified a range of contributing factors and taken multiple steps to mitigate the risk of further mortalities, including removing fish from the affected location. These measures have seen an improvement in fish health, however mortalities still remain elevated compared with historical levels.

The health of our fish is paramount and thus the Company continues to work closely with and take advice from our Veterinarian expert.

The Company increased its mortality provision by \$3.4 million in the 1H FY21 Financial Statements to reflect the increased level of mortalities.

Due to the COVID disruptions, Clean Seas currently has a surplus of live fish biomass and therefore does not expect any impact to sales volumes as a result of this production issue. The Company retains sufficient stocks of fish to service all current and forecast sales including those into the Company's new channels and markets.

Production & Overhead Costs



Clean Seas production costs comprise feed consumed (approximately 60%) and operating expenses for the Hatchery and Farms.

Production costs for 1H FY21 increased by \$2.10/k.g to \$12.23/k.g of net growth tonnes due to a number of factors, including:

- Surplus live fish biomass, which is contributing to an extended growout period;
- Decline in net growth tonnes for 1H FY21 (-35% compared to 1H FY20) due to a strategic COVID-19 driven decision to save cash by reducing Yr. Class 21 fingerling intake; and
- Increased mortalities due to fish health issues identified.

Due to an imbalance between sales and growth, in addition to the COVID-19 disruptions, Clean Seas has surplus live fish biomass and frozen inventory, which is contributing to an extended growout period. A longer growout contributes additional costs with only marginal returns. The Company has identified a number of projects to reduce farm and processing costs of production, and these projects, combined with increased scale from planned sales growth are expected to reduce costs of production and improve Clean Seas competitiveness in new and existing markets.

Clean Seas has made significant structural changes to reduce cost and promote efficiency, including the restructure of the Executive team, reducing the number of Board members and a consolidation of activities into its South Australian base. Overhead expenses, on an underlying basis, decreased from \$6.0 million in 1H FY20 to \$5.2 million in 1H FY21.

Underlying EBITDA

Reflecting the underlying performance of the business by excluding the impact of SGARA (\$4.7 million), Live Fish Impairment (\$8.1 million) and restructuring adjustments (\$1.4 million), underlying EBITDA declined by (\$3.7 million) to a loss of (\$5.1 million). Profitability has been impacted by an increase in production costs and a reduction in revenue/k.g due to increased price support provided to customer to open new markets and accelerate channel diversification.

Adjustment to underlying EBITDA include:

- **Impairment:** The \$8.07 million non-cash impairment reflects an increase in clearance inventory, lower expected future market prices and increased mortalities.
- **Restructuring costs:** In response to COVID-19, the Company identified a range of cost saving initiatives, which included a restructure of the executive team, which was a mixture of cash and non-cash items.
- **SGARA and cost allocation:** Live Fish biomass is accounted for in accordance with *AASB 141 'Agriculture'*.

Cash Flow

Cash flow summary (\$'000)	1H FY21	1H FY20	Change
Operating cash flow	(1,827)	(1,358)	-469
Investing cash flow	(1,630)	(865)	-765
Financing cash flow	(9,395)	17,837	-27,232
Net increase / (decrease) in cash held	(12,852)	15,614	-28,466

Operating cash flow

Cash receipts for 1H FY21 were \$20.2 million, an increase of \$2.1 million compared to 2H FY20, but down \$4.4 million on 1H FY20 (the comparison period). The improvement in cash receipts in comparison to 2H FY20 reflects improved operating conditions in Australia and the benefits of channel and market diversification.

Despite a \$4.4 million reduction in cash receipts in 1H FY21 due to COVID-19, operating cash flows only declined by \$0.5 million. The reduction in operating cash out flows was due to improved payment terms with key suppliers and a lower cost base following cost saving initiatives undertaken by the Company.

Investing cash flow

Clean Seas continued to invest in capex during the 1H FY21, which includes a split of maintenance and growth capex:

- Growth capex: \$0.5 million feed automation upgrade.
- Maintenance capex: \$1.13 million on new cages, nets, grid and vessel improvements.

Financing cash flow

Financing activities during 1H FY21 largely comprised the repayment of short-term seasonal debt.

During 1H FY20 Clean Seas completed a Convertible Note Issue (\$13.2 million net of costs) and Placement with Bonafide Wealth Management AG (\$6.4 million net of costs).

Funding

Current cash and undrawn facilities (\$m)	Dec-20	Jun-20	Change
Cash at bank	9.3	22.2	-12.9
Undrawn working capital facility	10.6	3.5	7.1
Undrawn senior debt facility	14.0	14.0	-
Undrawn asset finance facility	3.2	2.7	0.5
Total cash and undrawn facilities	37.1	42.4	-5.3

In December 2020, Clean Seas renewed its debt facility with the Commonwealth Bank of Australia and retained existing facility limits totalling \$32.15 million. These facilities will provide sufficient headroom for working capital and will fund planned capital investment projects, including those that will deliver increased production capacity and automation.

Since June 2020 cash and undrawn working capital facilities have decreased by \$5.8 million, which largely reflects the repayment of seasonal short-term debt.

Earnings Per Share

Basic (loss) / earnings per share was (19.76) cents in 1H FY21 and 5.17 cents in 1H FY20. Diluted (loss) / earnings per share was (19.76) cents in 1H FY21 and 5.05 cents in 1H FY20.

Dividend

No dividend has been declared.

Outlook

It is the Company's view that whilst the ongoing COVID-19 disruptions may reshape the timing of achieving its growth strategy, the ongoing entry into retail product distribution is expected to deliver long-term growth from new channels that will complement Clean Seas' existing restaurant and premium food service business.

The Company has the advantage of an exceptional product and importantly the Company has maintained a strong balance sheet throughout the pandemic and the capacity to leverage inventory for both strategic growth and as a source of funding during this period of uncertainty.

The Board has considered the material economic uncertainty associated with the COVID-19 pandemic and in assessing the potential financial impact on the Group's ability to generate positive cash flows, to comply with financial covenants and to meet debts as and when they fall due. At the date of this report, the Board is of the opinion that the Group will continue to manage the impacts of COVID-19 and will continue to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

The Board notes that the inherent operational risks in aquaculture may impact future results.

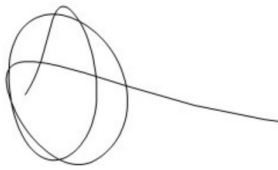
Auditor's Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 11 of this financial report and forms part of this Directors' Report.

Rounding of amounts

Clean Seas Seafood is a type of Company referred to in ASIC Class Order 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable), or in certain cases, to the nearest dollar under the option permitted in the class order.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, consisting of a stylized 'T' and 'D' followed by a long horizontal line.

Travis Dillon
Chairman

26 February 2021

Auditor's Independence Declaration

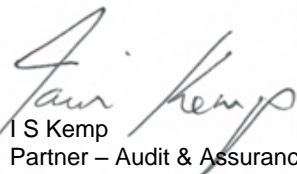
To the Directors of Clean Seas Seafood Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Clean Seas Seafood Limited for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants


I S Kemp
Partner – Audit & Assurance

Adelaide, 26 February 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2020

	Notes	31-Dec-2020 \$'000	31-Dec-2019 \$'000
Revenue	6	22,333	24,437
Other income	7	1,215	15,122
Net (loss) / gain arising from changes in fair value of Yellowtail Kingfish	10	(2,364)	(1,250)
Fish husbandry expense		(12,225)	(12,911)
Employee benefits expense		(7,606)	(6,199)
Fish processing and selling expense		(5,681)	(5,697)
Costs of goods sold – frozen inventory		(5,292)	(4,368)
Impairment - biological assets & frozen inventory	9/10	(8,072)	-
Depreciation and amortisation	11/12	(1,864)	(1,686)
Other expenses		(1,594)	(2,347)
(Loss)/profit before finance items and tax		(21,150)	5,101
Finance costs		(728)	(508)
Finance income		5	3
(Loss)/profit before tax		(21,873)	4,596
Income tax benefit / (expense)		-	-
(Loss)/profit for the period from continuing operations		(21,873)	4,596
Other comprehensive income for the period, net of tax		-	-
(Loss)/profit comprehensive loss for the period		(21,873)	4,596
(Loss)/profit for the period and total comprehensive loss for the period is attributable to owners of the parent.			
Earnings per share from continuing operations:			
Basic earnings per share (cents per share)	13	(19.76)	5.17
Diluted earnings per share (cents per share)	13	(19.76)	5.05

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	31-Dec-2020 \$'000	30-Jun-2020 \$'000
Assets			
<i>Current</i>			
Cash and cash equivalents	8	9,317	22,169
Trade and other receivables		5,599	2,973
Inventories	9	14,652	10,891
Prepayments		604	1,072
Biological assets	10	31,422	49,783
Current assets		61,594	86,888
<i>Non-current</i>			
Property, plant and equipment	11	16,379	16,092
Right-of-use assets	12	408	539
Biological assets		244	244
Intangible assets		2,957	2,957
Non-current assets		19,988	19,832
TOTAL ASSETS		81,582	106,720
Liabilities			
<i>Current</i>			
Trade and other payables		10,627	6,423
Borrowings	16	2,920	10,925
Provisions		1,173	1,175
Current liabilities		14,720	18,523
<i>Non-current</i>			
Convertible notes	17	10,265	13,075
Borrowings	16	1,790	2,340
Provisions		262	324
Non-current liabilities		12,317	15,739
TOTAL LIABILITIES		27,037	34,262
NET ASSETS		54,545	72,458
Equity			
Equity attributable to owners of the Parent:			
• share capital	18	200,393	195,937
• share rights reserve		270	766
• accumulated losses		(146,118)	(124,245)
TOTAL EQUITY		54,545	72,458

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2020

	Share Capital \$'000	Share Rights Reserve \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance at 1 July 2020	195,937	766	(124,245)	72,458
Total comprehensive profit for the period	-	-	(21,873)	(21,873)
Share rights reserve movement	1,328	(496)	-	832
Convertible note converted to shares	2,925	-	-	2,925
STI paid via share issue	203	-	-	203
Balance at 31 December 2020	200,393	270	(146,118)	54,545

For the half-year ended 31 December 2019

	Share Capital \$'000	Share Rights Reserve \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance at 1 July 2019	182,436	897	(109,791)	73,542
Total comprehensive profit for the period	-	-	4,596	4,596
Rights issue and placement	6,408	-	-	6,408
Share rights reserve movement	475	(193)	-	282
Balance at 31 December 2019	189,319	704	(105,195)	84,828

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2020

	Notes	31-Dec-2020 \$'000	31-Dec-2019 \$'000
Operating activities			
Receipts from customers		20,179	24,578
Payments to suppliers (excluding feed)		(13,137)	(14,101)
Payments for fish feed		(4,279)	(6,718)
Payments to employees		(6,064)	(5,134)
Government grants received		1,254	17
Insurance proceeds received		220	-
Net cash used in operating activities		(1,827)	(1,358)
Investing activities			
Purchase of property, plant and equipment		(1,635)	(868)
Interest received		5	3
Net cash used in investing activities		(1,630)	(865)
Financing activities			
Gross proceeds from issue of shares		-	6,600
Transaction costs related to issues of shares		(26)	(192)
Gross proceeds from issue of convertible notes		-	13,869
Transaction costs related to issues of convertible notes		-	(651)
Proceeds from borrowings		1,378	-
Repayments of borrowings		(10,038)	(1,450)
Finance costs		(709)	(339)
Net cash (used in) / provided by financing activities		(9,395)	17,837
Net change in cash and cash equivalents		(12,852)	15,614
Cash and cash equivalents, beginning of period		22,169	(6,271)
Cash and cash equivalents, end of period	8	9,317	9,343

The accompanying notes form part of these financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

1 Nature of operations

Clean Seas Seafood Limited and its subsidiaries' ('the Group') principal activities include finfish sales and tuna operations. These activities comprise the following:

- Finfish sales – The propagation, growout and sale of Yellowtail Kingfish; and
- Tuna operations – Research and development activities to produce juveniles of Southern Bluefin Tuna (SBT).

The Group continues to enhance its operations through new research and world's best practice techniques to deliver Hiramasa Yellowtail Kingfish of premium quality. The Tuna research and development activities of the Group currently focus on maintaining SBT broodstock until sufficient resources are available to further the propagation program in the future.

Refer to Note 14 for further information about the Group's operating segments.

2 General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2020 and are presented in Australian Dollars (\$AUD), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2020 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 26 February 2021.

3 Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2020.

4 Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2020.

5 Seasonal fluctuations

The Group's underlying reported profit is subject to material seasonal fluctuation due to fish growth being the major contributor to profitability and Yellowtail Kingfish in South Australia having a seasonal strong growth period from October to May when the seawater temperatures are warmer. Historically 15% to 35% of biomass growth in a financial year has occurred in the first half of the financial year. Consequently, it is expected that the Group's future underlying reported profits will be materially higher in the second half of the financial year than the first half.

6 Revenue

	6 months to 31 December 2020 \$'000	6 months to 31 December 2019 \$'000
Sale of fresh finfish	16,067	19,757
Sale of frozen fish products	6,266	4,680
Total revenue	22,333	24,437

7 Other income

	6 months to 31 December 2020 \$'000	6 months to 31 December 2019 \$'000
Litigation settlement	-	15,000
Government Stimulus (Jobkeeper)	978	-
Diesel fuel rebate	79	65
Other income	158	57
Total other income	1,215	15,122

From April 2020, the Group qualified for Jobkeeper for certain qualifying employees. For the period ending 31 December 2020 the Group had recognised other income of \$0.98 million.

On the 23 December 2019, the Group's legal action against Gibson's Ltd in respect of what the Company alleged, and Gibson's Ltd denied, was defective feed supplied to the Company and fed to the Company's Yellowtail Kingfish between December 2008 and July 2012 was settled for a payment to the Company for \$15 million inclusive of costs. The payment was received in full on 16 January 2020.

8 Cash and cash equivalents

	31-Dec-2020 \$'000	30-Jun-2020 \$'000
Cash and cash equivalents	9,317	22,169
Total cash and cash equivalents	9,317	22,169

9 Inventories

	31-Dec-2020 \$'000	30-Jun-2020 \$'000
Frozen fish products	12,736	15,352
(Less) impairment	(366)	(6,713)
Frozen fish products (at NRV)	12,370	8,639
Fish feed (at cost)	1,847	1,665
Other (at cost)	435	587
Total inventories	14,652	10,891

At 31 December 2020, the Group recognised an impairment of \$0.37 million to ensure that inventory is stated at the lower of cost and net realisable value (NRV). Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date.

10 Current Biological Assets – Live Fish

	6 months to 31 December 2020 \$'000	12 months to 30 June 2020 \$'000
Live Yellowtail Kingfish – Held for Sale		
Carrying amount at beginning of period / year	49,783	56,585
Adjusted for:		
Gain arising from physical changes at fair value less costs to sell	10,276	44,312
Decrease due to harvest for sale as fresh	(12,640)	(25,801)
Net (loss) / gain recognised in profit and loss	(2,364)	18,511
Decrease due to impairment	(7,706)	(9,100)
Decrease due to harvest for processing to frozen inventory	(8,291)	(16,213)
Carrying amount at end of period / year	31,422	49,783

At 31 December 2020, the Group recognised an impairment of \$7.7 million to ensure that Live fish inventory is stated at fair value in accordance with *AASB 141 Agriculture*.

There is inherent uncertainty in the biomass estimate and resultant live fish valuation. This is common to all such valuations and best practice methodology is used to facilitate reliable estimates. Biomass is estimated using a model that simulates fish growth. Actual growth will invariably differ to some extent, which is monitored and stock records adjusted via harvest counts and weights, periodic sample weight checks, physical counts on transfer to sea cages and subsequent splitting of cages, mortality counts and reconciliation of the perpetual records after physical counts and on cage closeout.

11 Property, plant and equipment

The following table shows the movements in property, plant and equipment:

	Land & Buildings \$'000	Plant & Equipment \$'000	Total \$'000
Gross carrying amount			
Balance at 1 July 2020	4,244	39,152	43,396
Additions	-	2,020	2,020
Disposals	-	-	-
Balance at 31 December 2020	4,244	41,172	45,416
Depreciation and impairment			
Balance at 1 July 2020	(1,667)	(25,637)	(27,304)
Disposals	-	-	-
Depreciation	(82)	(1,651)	(1,733)
Balance at 31 December 2020	(1,749)	(27,288)	(29,037)
Carrying amount at 31 December 2020	2,495	13,884	16,379
Gross carrying amount			
Balance 1 July 2019	4,186	36,836	41,022
Additions	58	2,316	2,374
Disposals	-	-	-
Balance 30 June 2020	4,244	39,152	43,396
Depreciation and impairment			
Balance 1 July 2019	(1,504)	(22,649)	(24,153)
Disposals	-	-	-
Depreciation	(163)	(2,988)	(3,151)
Balance 30 June 2020	(1,667)	(25,637)	(27,304)
Carrying amount 30 June 2020	2,577	13,515	16,092

12 Right-of-use assets

The following table shows the movements in right-of-use assets

	31-Dec-2020 \$'000	30-Jun-2020 \$'000
Gross carrying amount		
Opening balance	829	560
Additions	-	-
Remeasure lease	-	269
Total at end of period / year	829	829
Amortisation and impairment		
Balance at 1 July 2020	(290)	-
Amortisation	(131)	(290)
Total at end of period / year	(421)	(290)
Carrying amount at end of period / year	408	539

The main leased site is the Royal Park processing plant in Adelaide, South Australia. The lease has a minimum term of 4 years to March 2021 with subsequent renewal options of 2 years, 3 years and 3 years and includes a right of first refusal to purchase.

In June 2020, the Group remeasured the Royal Park lease to include the renewal option of 2 years and gave notice of termination for its Melbourne office.

13 Earnings per share

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	6 months to 31 December 2020	6 months to 31 December 2019
Weighted average number of shares used in basic earnings per share	110,673,771	88,860,052
Shares deemed to be issued for no consideration in respect of share based payments	-	5,116,267
Weighted average number of shares used in diluted earnings per share	110,673,771	93,976,319

The potential exercise of share rights has been excluded from the diluted earnings per share calculation for 6 months to 31 December 2020 due to being antidilutive, in accordance with *IASB 133 Earnings Per Share*, paragraph 43. This was not applicable for the 6 months to 31 December 2019.

14 Segment reporting

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group's two operating segments are:

Finfish Sales: All finfish grow out and sales other than propagated Southern Bluefin Tuna. Currently the segment includes Yellowtail Kingfish, Mulloway and some wild caught Tuna. All fish produced are aggregated as one reportable segment as the fish are similar in nature, they are grown and distributed to similar types of customers and they are subject to a similar regulatory environment.

Tuna Operations: Propagated Southern Bluefin Tuna operations are treated as a separate segment. All costs associated with the breeding, grow out and sales of SBT are aggregated into one reportable segment. This segment is currently scaled back apart from some strategic research projects.

During the six-month period to 31 December 2020, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

The revenues and profit generated by each of the Group's operating segments and segment assets are summarised as follows:

6 months to 31 December 2020	Finfish Sales \$'000	Tuna Operations \$'000	Unallocated \$'000	Total \$'000
Segment revenues	22,333	-	-	22,333
Segment operating loss before tax	(21,002)	(148)	(723)	(21,873)
Segment assets	71,810	455	9,317	81,582

6 months to 31 December 2019	Finfish Sales \$'000	Tuna Operations \$'000	Unallocated \$'000	Total \$'000
Segment revenues	24,437	-	-	24,437
Segment operating profit / (loss) before tax	5,253	(152)	(505)	4,596
Segment assets	88,445	455	24,343	113,243

The Group's segment operating loss reconciles to the Group's loss before tax as presented in its financial statements as follows:

	6 months to 31 December 2020 \$'000	6 months to 31 December 2019 \$'000
Profit or loss		
Total reporting segment operating (loss)/profit before tax	(21,150)	5,101
Items not allocated	-	-
Group operating (loss)/profit before finance items and tax	(21,150)	5,101
Finance costs	(728)	(508)
Finance income	5	3
Group (loss)/profit before tax	(21,873)	4,596

15 Contingent assets and liabilities

The Group also has unrecognised carry forward tax losses. This contingent asset is discussed in Note 9 to the financial statements in the 2019/20 Annual Report.

There are no other material contingent assets or liabilities.

16 Borrowings

Borrowings consist of the following:

	31-Dec-2020 \$'000	30-Jun-2020 \$'000
Current:		
• Trade Finance Facility	1,363	8,496
• Lease liabilities – bank	1,242	1,304
• Lease liabilities – other	210	249
• Insurance premium funding	105	876
Total borrowings – current	2,920	10,925
Non-current:		
• Lease liabilities – bank	1,565	2,029
• Lease liabilities – other	225	311
Total borrowings – non-current	1,790	2,340

In December 2020, the Group renewed its Finance Facility with Commonwealth Bank of Australia, with a facility limit to \$32.15 million. The Finance Facility comprises \$12 million Trade Finance Facility, \$14 million Market Rate Loan Facility, \$6 million Equipment Finance Facility and \$150,000 Corporate Card Facility. This is an ongoing facility subject to annual review and is secured against all Group assets.

As at 31 December 2020, the Group had utilised \$1.3 million of the \$12 million Trade Finance Facility.

The Group is subject to financial covenants, including operating cash flows and current ratio, which are reviewed quarterly. The Group was compliant with all its covenants as at 31 December 2020.

17 Convertible notes

	31-Dec-2020 \$'000	30-Jun-2020 \$'000
Convertible notes:		
• at beginning of period / year	13,770	15,403
• conversions to shares during period / year	(2,925)	(1,633)
Total convertible notes at end of period / year	10,845	13,770
Transaction costs capitalised:		
• at beginning of period / year	(695)	-
• transaction costs capitalised during period / year	(30)	(854)
• transaction costs amortised during period / year	145	159
Total transaction costs at end of period / year	(580)	(695)
Total convertible notes (net of transaction costs) at end of period / year	10,265	13,075

The Company issued 15,403,097 convertible notes with a face value of \$1.00 each. The interest rate payable to Noteholders is 8% per annum payable half yearly in arrears. The convertible notes are due to mature on 22 November 2022. Noteholders have the right to convert some or all of their Notes to Shares on a quarterly basis before the maturity date. Notes are issued in accordance with the prospectus dated 15 October 2019. The Notes are unsecured, but rank ahead of shares in a wind up. During the period to December 2020, 2,924,997 notes were converted into shares. Subsequent to 31 December 2020 a further 365,893 convertible notes were converted to 481,090 shares.

The costs associated with the notes are amortised to the profit and loss over the term of the notes.

18 Share capital

The share capital of Clean Seas Seafood Limited consists only of fully paid ordinary shares: the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at a shareholders' meeting.

	31-Dec-2020 Shares	30-Jun-2020 Shares	31-Dec-2020 \$'000	30-Jun-2020 \$'000
Shares issued and fully paid:				
• at beginning of the year	105,977,370	83,498,060	195,937	182,436
• share placements (i)	-	18,241,506	-	11,393
• convertible notes	5,565,732	3,558,905	2,925	1,633
• STI paid via equity	369,649	-	203	-
• share rights	1,296,874	678,899	1,328	475
Total contributed equity	113,209,625	105,977,370	200,393	195,937

Notes:

- (i) Share Placement with Hofseth & Nevera LLC and Bonafide Wealth Management.

19 Fair value measurement of non-financial assets – Fair Value Hierarchy

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3:** Inputs for the asset or liability that is not based on observable market data (unobservable inputs)

The Group's biological assets (live fish) held for sale are valued at their fair value in accordance with Note 4.20 of the 2019/20 Annual Report. This valuation method satisfies the criteria for Level 2. At 31 December 2020 the Group has 3,394 tonnes of live fish held for sale valued at \$31.4 million (June 2020: 4,435 tonnes valued at \$49.8 million).

20 Capital Commitment

As at 31 December 2020 the Group has contracted for the purchase of various items of plant and equipment totalling \$0.67 million [June 2020: \$0.78 million].

21 Post-reporting date events

Subsequent to 31 December 2020 a further 365,893 convertible notes were converted to 481,090 shares.

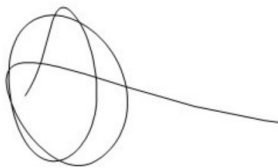
There are no other matters or circumstances that have arisen between the reporting date and the date of authorisation that have significantly affected or may significantly affect either:

- the entity's operations in future financial years;
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

Directors' Declaration

- 1 In the opinion of the Directors of Clean Seas Seafood Limited:
 - a The consolidated financial statements and notes of Clean Seas Seafood Limited are in accordance with the *Corporations Act 2001*, including:
 - i Giving a true and fair view of its financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - ii Complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - b There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, consisting of a large, stylized 'T' and 'D' followed by a long horizontal line extending to the right.

Travis Dillon
Chairman

Dated the 26th day of February 2021

Independent Auditor's Report

To the Members of Clean Seas Seafood Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Clean Seas Seafood Limited and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Clean Seas Seafood Limited does not give a true and fair view of the financial position of the Group as at 31 December 2020, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the Corporations Act 2001, including complying with Accounting Standard AASB 134 Interim Financial Reporting.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Clean Seas Seafood Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

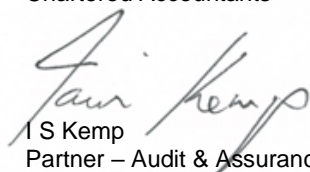
A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 26 February 2021

REGISTERED OFFICE



Clean Seas Seafood Limited

7 Frederick Road
Royal Park SA 5014
Australia

Euronext Growth Advisor



SpareBank1 Markets AS

Olav Vs gate 5
0161 Oslo
Norway

Legal counsels to the Company



Advokatfirmaet CLP DA

Sommerrogata 13-15
0255 Oslo
Norway



HWL Ebsworth Lawyers

Level 21 Westpac House 91 King William Street
Adelaide SA 5000
Australia