



ASX Announcement | 24 Mar 2023

Seafarms Group Limited (ASX: SFG)

SFG ASX Announcement No: 750

Project Sea Dragon Update

Seafarms Group Limited (**SFG or Company**) refers to its previous announcements regarding Project Sea Dragon Pty Ltd (Administrators Appointed) (**Project Sea Dragon**).

The Deed of Company Arrangement (**DOCA**) in respect of Project Sea Dragon referred to in the Company's recent announcement was entered into on 24 March 2023. Under the terms of the DOCA, SFG has agreed to make a contribution of \$3.5M which it will fund from cash reserves. The DOCA is expected to be effectuated on or about 28 April 2023.

As a result of entry into the DOCA, control of Project Sea Dragon has now returned to the directors. As previously announced no jobs were lost and the operations at Exmouth continued successfully throughout the Administration period. The directors expect that SFG operations will now return to normal and they will continue to assess advancing Project Sea Dragon including interim funding. Further funding to advance the project is being sought from third party funders.

SFG has been advised that the DOCA discharges the claims against Project Sea Dragon by Canstruct (including the claim and claim amount announced by SFG on 3 February 2023). It also discharges all other claims against Project Sea Dragon other than claims from excluded creditors. The only excluded creditor is AAM Licensees (the Legune landlord) because: (a) no amounts were outstanding at the date of the Administrators' appointment and therefore no participation in the \$3.5m DOCA contribution is appropriate; and (b) Project Sea Dragon will now continue with the lease in the ordinary course of trading.

The Company is aware of the recent article appearing in the West Australian newspaper and the reference to an amount of \$65m owing by Project Sea Dragon to SFG and the amount of \$53.5m owing by Project Sea Dragon to its landlord. In relation to the amount owing to its landlord, the lease remains on foot and Project Sea Dragon has continued making rental payments throughout the administration process. Project Sea Dragon expects to continue with its lease of the Legune area post effectuation of the DOCA. The Company understands that the \$53.5m claim amounts to the maximum total amount that would have been due and payable over the entire term of the Legune lease.

Given the DOCA has now been signed, SFG has applied for its securities to be reinstated to official quotation on the Australian Securities Exchange. The reinstatement of SFG's securities remains subject to the satisfaction of any ASX conditions to reinstatement and is at ASX's discretion.

SFG anticipates that its securities will be reinstated to trading on 27 March 2023. Any changes to the above timing will need to be made in consultation with ASX.

SFG confirms that it is in compliance with the ASX Listing Rules, including Listing Rule 3.1, which relates to the immediate disclosure of material information.

Seafarms Group CEO Rod Dyer said:

"The recent assessment of the key challenges to Project Sea Dragon found that there is no technical reason why the

project should not proceed.

“With the control of Project Sea Dragon back in the hands of the directors, we will refocus our attention on developing the revised business case for the Project, including re-engaging with potential funders who had shown interest, and continued to show interest through the voluntary administration.

“The Directors of Seafarms Group remain confident in the future of Project Sea Dragon and are keen to see the revised business case for review and assessment.”

Authorised for release by the Company Secretary.

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About Seafarms Group

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

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