



Our Ref: SFG ASX Announce Demerger approved (566)

20 July 2018

ANNOUNCEMENT 566

Company Announcements Office
Australian Securities Exchange
Level 6
20 Bridge Street
SYDNEY NSW 2000

By ASX Online
Number of pages: 14
(including this page)

Dear Sir

Demerger – option exercise price confirmed

Seafarms Group Limited ACN 009 317 846 (**SFG**) advises that the demerger of the environmental services business announced last month and approved by shareholders on 16 July 2018 is expected to be completed on Monday, 23 July 2018.

On 17 July 2018, SFG announced that the exercise price of the listed and unlisted options would be reduced in accordance with ASX Listing Rule 7.22.3 by the same amount as the amount returned to SFG's shareholders in relation to each share. SFG estimated that the exercise price would be reduced from \$0.10 to \$0.098, and advised that the final exercise price would be announced later this week.

SFG now advises that the exercise price of the listed and unlisted options will be reduced to \$0.097.

The attached updated Appendix 3A.05 reflects the updated return of capital amount per share, the listed and unlisted options exercise price and total number of shares to be distributed to SFG shareholders.

Yours faithfully

Seafarms Group Limited

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

Harley Whitcombe
Company Secretary

Seafarms Group Limited
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Appendix 3A.5

Notification of reorganisation of capital – return of capital by way of in specie distribution of *securities in another entity

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Please note that two or more corporate actions on the same *security may not run with different record dates if the timetables result in overlapping (but not identical) ex-periods. It is permissible to run different corporate actions with the same record date except in the case of reorganisations – consolidations/splits which cannot run at the same time as any other corporate action for that entity.

If you are an entity incorporated outside Australia, for *securities other than CDIs / depository interests, please obtain and provide an International Securities Identification Number (ISIN) for the class(es) of *securities to be created during your corporate action. The ISIN(s) should be advised in the Further Information section of this form. Further information on this requirement can be found in the Online Forms section of ASX Online for companies.

*Denotes minimum information required for first lodgement of this form.

**Denotes information that must be provided on or before *business day 0 of the relevant Appendix 6A or Appendix 7A timetable.

The balance of the information, where applicable, must be provided as soon as reasonably practicable by the entity.

If a cash special dividend is paid at the same time as the return of capital the entity must also lodge Appendix 3A.1 – notification of dividend / distribution.

Part 1 – Entity and announcement details

| Question no | Question | Answer |
|-------------|--|---|
| 1.1 | *Name of entity | Seafarms Group Limited |
| 1.2 | *Registration type and number <i>One of ABN/ARSN/ARBN/ACN or other registration type and number (if "other" please specify what type of registration number has been provided).</i> | ACN 009 317 846 |
| 1.3 | *ASX issuer code | SFG |
| 1.4 | *The announcement is <i>Tick whichever is applicable.</i> | <input type="checkbox"/> New announcement <input checked="" type="checkbox"/> Update/amendment to previous announcement <input type="checkbox"/> Cancellation of previous announcement |
| 1.4a | *Reason for update <i>Mandatory only if "Update" ticked in Q1.4 above. A reason must be provided for an update.</i> | The original announcement on 17 July 2018 contained estimates for: <ul style="list-style-type: none"> • total number of shares to be distributed at item 3.8; • estimated return of capital at item 4.2; and • the exercise price of the listed and unlisted options at item 4.3. This update contains actual figures. |

Appendix 3A.5
Notification of reorganisation of
capital – return of capital by way of in
specie distribution of *securities in another entity

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| 1.4b | <p>*Date of previous announcement to this update <i>Mandatory only if "Update" ticked in Q1.4 above.</i></p> | 17 July 2018 |
| 1.4c | <p>*Reason for cancellation <i>Mandatory only if "Cancellation" ticked in Q1.4 above. If information has previously been provided in Part 3D of the form "Preference *security distribution rate details" please also confirm whether the rate changes remain in place for the *security or are also cancelled.</i></p> | |
| 1.4d | <p>*Date of previous announcement to this cancellation <i>Mandatory only if "Cancellation" ticked in Q1.4 above.</i></p> | |
| 1.5 | <p>*Date of this announcement <i>The date of lodgement of the form by the entity via ASX Online.</i></p> | 20 July 2018 |
| 1.6 | <p>*Applicable ASX *security code and description for return of capital <i>Please select the *security to which the notification applies. Only one *security can be selected for each form. Consequent changes to option pricing are covered in later parts of this form.</i></p> | <p>ASX *security code: SFG *Security description: Fully paid ordinary shares</p> |

Part 2 – return of capital approval requirements and dates

| Question No. | Question | Answer |
|--------------|---|--------|
| 2.1 | <p>*Are any of the below approvals required for the return of capital before business day 0 of the timetable?</p> <ul style="list-style-type: none"> • +Security holder approval • Court approval • Lodgement of court order with +ASIC • ACCC approval • FIRB approval; • Another approval/condition external to the entity required to be given/met before business day 0 of the timetable for the return of capital. <p><i>If any of the above approvals apply to the return of capital before business day 0 of the timetable, please answer 'yes' and provide details at Q2.2. If "no" go to Q2.3.</i></p> <p><i>The purpose of the question is to confirm that relevant approvals are received prior to ASX establishing an ex market in the *securities. If the entity wishes to disclose approvals or conditions which are to be resolved at a later date it should use Part 5 "Further information".</i></p> | Yes |
| 2.2 | <p>Approvals</p> <p><i>Select appropriate approval from drop down box as applicable. More than one approval can be selected. This question refers only to events which take place before business day 0 of the timetable. The purpose of the question is to confirm that relevant approvals are received prior to ASX establishing an ex market in the *securities. The "Date for determination" is the date that you expect to know if the approval is given for example the date of the *security holder meeting in the case of *security holder approval or the date of the court hearing in the case of court approval. If the entity wishes to disclose approvals or conditions which are to be resolved at a later date it should use Part 5 "Further information". Please note that Listing Rules 7.19.1-7.19.3 set time limits for the notification of court approval, the proposed date for lodgement of court order with a regulatory authority and confirmation that the court order has been lodged with the regulatory authority.</i></p> | |

Appendix 3A.5
Notification of reorganisation of
capital – return of capital by way of in
specie distribution of *securities in another entity

| *Approval/ condition | *Date for determination | *Is the date estimated or actual? | **Approval received/ condition met? <i>Only answer this question when you know the outcome of the approval – please advise on or before *business day 0 of the relevant Appendix 6A or Appendix 7A timetable.</i> | Comments |
|---|--|---|---|----------|
| *Security holder approval | 16 July 2018 | <input type="checkbox"/> Estimated OR <input checked="" type="checkbox"/> Actual | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| Court approval | | <input type="checkbox"/> Estimated OR <input type="checkbox"/> Actual | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| Lodgement of court order with *ASIC | | <input type="checkbox"/> Estimated OR <input type="checkbox"/> Actual | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| ACCC approval | | <input type="checkbox"/> Estimated OR <input type="checkbox"/> Actual | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| FIRB approval | | <input type="checkbox"/> Estimated OR <input type="checkbox"/> Actual | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| Other (please specify in comment section) | | <input type="checkbox"/> Estimated OR <input type="checkbox"/> Actual | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| 2.3 | *Is the return of capital a selective reduction of capital <i>If "yes" please answer Q2.2a and 2.2b, if "no" go to Part 3.</i> | No | | |

Appendix 3A.5
Notification of reorganisation of
capital – return of capital by way of in
specie distribution of *securities in another entity

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| 2.4 | <p>*Date of lodgement of *security holder resolution approving the return of capital with *ASIC</p> <p><i>Please provide the estimated or actual date of lodgement of *security holder resolution approving the return of capital with *ASIC. If estimated date is provided please provide the actual date by way of an update to this form when the resolution has been lodged with *ASIC.</i></p> | N/A |
| 2.5 | <p>*Date that is fourteen days after date of lodgement of *security holder resolution approving the capital return with *ASIC</p> | N/A |

Amended 29/06/15

Part 3 – return of capital timetable and details

| Question No. | Question | Answer |
|--------------|---|--------------|
| 3.1 | <p>**Record date</p> <p><i>ALL EVENTS: The record date must be at least four business days from the current date. This is the date on which the register is closed to determine entitlements to the return of capital and is one business day after the effective date. This date will determine the pre-population of the other fields in the below timetable. Please note that the record date and effective date cannot be changed (even to postpone it or cancel it) any later than 12 noon Sydney time on the day before the previous effective date advised.</i></p> <p><i>COURT APPROVAL: This is business day 2 in the timetable</i></p> <p><i>NO COURT APPROVAL SELECTIVE RETURN OF CAPITAL: This is business day 3 in the timetable.</i></p> <p><i>NO COURT APPROVAL OTHER CAPITAL RETURNS: This is business day 3 in the timetable.</i></p> | 19 July 2018 |
| 3.2 | <p>*Does the entity have quoted options on issue</p> <p><i>If "yes", please answer Q3.2a, 3.4a, 3.5a & b and 4.1-4.7. If "no" go to 3.3.</i></p> | Yes |
| 3.2a | <p>Last day for trading in pre-return of capital quoted options</p> <p><i>ALL EVENTS: This only applies if the entity has quoted options in which case the exercise price will change and new holding statements will be issued to option holders.</i></p> <p><i>COURT APPROVAL: This is the day that the entity lodges the court order with ASIC and tells ASX. This is business day 0 in the timetable</i></p> <p><i>NO COURT APPROVAL SELECTIVE RETURN OF CAPITAL: This is the business day after the entity tells ASX that it is fourteen days after the entity lodged the resolution with ASIC or the date that ASX agrees to. This is business day 1 in the timetable.</i></p> <p><i>NO COURT APPROVAL OTHER CAPITAL RETURNS: This is the business day after security holder approval. This is business day 1 in the timetable.</i></p> | 17 July 2018 |

Appendix 3A.5
Notification of reorganisation of
capital – return of capital by way of in
specie distribution of *securities in another entity

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| 3.3 | <p>*Effective date</p> <p>Trading in the re-organised *securities on an “ex return of capital” basis commences. If the entity has quoted options, trading in the quoted options commences on a *deferred settlement basis.</p> <p>ALL EVENTS: Please note that the *record date and effective date cannot be changed (even to postpone it or cancel it) any later than 12 noon Sydney time on the day before the previous effective date advised.</p> <p>COURT APPROVAL: This is the next *business day after advice that the court order confirming the return of capital has been lodged with *ASIC or a date ASX agrees to. This is *business day 1 in the timetable. If the *entity has quoted options the options will commence trading on a *deferred settlement basis while the *ordinary securities will trade on an “ex return of capital” T+2 basis.</p> <p>NO COURT APPROVAL SELECTIVE RETURN OF CAPITAL: This is the second *business day after the entity tells ASX that it is fourteen days after the *entity lodged the resolution with *ASIC or the date that ASX agrees to. This is *business day 2 in the timetable. If the entity has quoted options the options will commence trading on a *deferred settlement basis while the *ordinary securities will trade on an “ex return of capital” T+2 basis.</p> <p>NO COURT APPROVAL OTHER CAPITAL RETURNS: This is the second *business day after *security holder approval. This is *business day 2 in the timetable. If the entity has quoted options the options will commence trading on a *deferred settlement basis while the *ordinary securities will trade on an “ex return of capital” T+2 basis.</p> | 18 July 2018 |
| 3.4 | <p>*Record date</p> <p>Same as Q3.1 above.</p> <p>ALL EVENTS: This is the date on which the register is closed to determine entitlements to the return of capital and is one *business day after the effective date. Same as Q3.1 above.</p> <p>COURT APPROVAL: This is *business day 2 in the timetable.</p> <p>NO COURT APPROVAL SELECTIVE RETURN OF CAPITAL: This is *business day 3 in the timetable.</p> <p>NO COURT APPROVAL OTHER CAPITAL RETURNS: This is *business day 3 in the timetable.</p> | 19 July 2018 |

Appendix 3A.5
Notification of reorganisation of
capital – return of capital by way of in
specie distribution of *securities in another entity

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| 3.4a | <p>If the entity has quoted options, first day for the *entity to send notice to each *security holder, register *securities on a post-return of capital basis and send holding statements.</p> <p>ALL EVENTS: <i>This only applies if the entity has quoted options.</i></p> <p>COURT APPROVAL: <i>This is one *business day after the *record date – *business day 3 in the timetable.</i></p> <p>NO COURT APPROVAL SELECTIVE RETURN OF CAPITAL: <i>This is one *business day after the *record date – *business day 4 in the timetable.</i></p> <p>NO COURT APPROVAL OTHER CAPITAL RETURNS: <i>This is one *business day after the *record date – *business day 4 in the timetable.</i></p> | 20 July 2018 |
| 3.5 | <p>*Issue date</p> <p>If the *entity has quoted options, *deferred settlement market in options ends. Last day for entity to send notices to *security holders for quoted options they hold. Last day for entity to register quoted options on a post-reorganised basis</p> <p>ALL EVENTS: <i>This is the date on which the entity will enter the *securities being distributed into holdings of holders entitled to the return of capital. This is five *business days after the *record date. If the entity has quoted options last day for entity to send notices to each option holder. Please note that the *issue date cannot be changed any later than 12 noon Sydney time on the previous *issue date advised.</i></p> | 23 July 2018 |
| 3.5a | <p>If the entity has quoted options, trading in the options starts on a normal T+2 basis</p> <p>ALL EVENTS: <i>This is the date on which normal T+2 trading in quoted options commences. This is the *business day after *issue date.</i></p> <p>COURT APPROVAL: <i>This is *Business day 8 in the timetable.</i></p> <p>NO COURT APPROVAL SELECTIVE RETURN OF CAPITAL: <i>This is *Business day 9 in the timetable.</i></p> <p>NO COURT APPROVAL OTHER CAPITAL RETURNS: <i>This is *Business day 9 in the timetable.</i></p> | 24 July 2018 |

Appendix 3A.5
Notification of reorganisation of
capital – return of capital by way of in
specie distribution of *securities in another entity

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| 3.5b | <p>If the entity has quoted options, first settlement of trades conducted on a *deferred settlement basis and on a normal T+2 basis</p> <p>ALL EVENTS: <i>This is the date upon which first settlement of normal T+2 trading in quoted options and settlement of *deferred settlement trading occurs. This is three *business days after *issue date.</i></p> <p>COURT APPROVAL: <i>This is *Business day 10 in the timetable.</i></p> <p>NO COURT APPROVAL SELECTIVE RETURN OF CAPITAL: <i>This is *Business day 11 in the timetable.</i></p> <p>NO COURT APPROVAL OTHER CAPITAL RETURNS: <i>This is *Business day 11 in the timetable.</i></p> | 26 July 2018 |
| 3.6 | <p>*Is the entity in which *securities are being distributed listed on ASX</p> <p><i>If "yes", please answer Q3.6a and 3.6b. If "no", go to Q3.6C.</i></p> | No |
| 3.6a | <p>*ASX name and issuer code of entity in which *securities are being distributed</p> <p><i>Please provide this detail if applicable and known OR Please advise the issuer code of the entity in which *securities are being distributed</i></p> | <p>ASX issuer code: N/A</p> <p>Issuer Name: N/A</p> |
| 3.6b | <p>*ASX *security code and description for return of capital</p> <p><i>Please provide details if known.</i></p> | <p>ASX *security code: N/A</p> <p>Security description: N/A</p> |
| 3.6c | <p>*Name of entity in which *securities are being distributed</p> | CO2 Australia Limited |
| 3.6d | <p>*Registration no and registration no type, of entity in which *securities are being distributed</p> <p><i>One of ABN/ARSN/ARBN/ACN or other registration type and number. If "other" please specify the type of registration number.</i></p> | ACN 102 990 803 |
| 3.6e | <p>*Description of *security being distributed</p> <p><i>For example fully paid *ordinary shares.</i></p> | Fully paid ordinary shares |

Appendix 3A.5
Notification of reorganisation of
capital – return of capital by way of in
specie distribution of *securities in another entity

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| 3.7 | <p>*The capital return will be on the basis that</p> <p><i>For example where you distribute one distribution *security for every five *securities held, the answer above is every 1.00 (distribution) *security will be distributed for each 5.00 (held) *securities. To distribute two distribution *securities for every three *securities held the answer is 2.00 (distribution) *securities will be distributed for every 3.00 (held) *securities. An example of how the ratio would affect a sample *security holding can be given at item 5.2 – Further information.</i></p> <p><i>If estimated ratio given please provide actual ratio on or before *business day 0 of the relevant Appendix 6A or Appendix 7A timetable. Please note that the ratio cannot be changed any later than 12 noon Sydney time on the *record date.</i></p> | <p>1 security in CO2 Australia Limited will be distributed for every 1 security held in Seafarms Group Limited</p> <p>These ratios are Actual</p> |
| 3.8 | <p>*Total number of *securities to be distributed</p> <p><i>Please provide the total number of *securities to be distributed. If an estimate is provided please provide the actual number by or on the *issue date.</i></p> | <p>1,417,084,698</p> <p>Actual</p> |
| 3.9 | <p>*Rounding</p> <p><i>Please select the appropriate description of how fractions will be handled. If you do not have a rounding policy please choose "Fractions rounded down to the nearest whole number or fractions disregarded".</i></p> | <p><input type="checkbox"/> Fractions rounded up to the next whole number</p> <p><input checked="" type="checkbox"/> Fractions rounded down to the nearest whole number or fractions disregarded</p> <p><input type="checkbox"/> Fractions sold and proceeds distributed</p> <p><input type="checkbox"/> Fractions of 0.5 and over rounded up</p> <p><input type="checkbox"/> Fractions over 0.5 rounded up</p> |

Amended 07/03/16

Part 4 – Changes to option pricing as a result of the return of capital

| Question No. | Question | Answer | | | |
|---------------------|---|---------------------|----------|---|--|
| 4.1 | *Will the return of capital affect the exercise price of any entity-issued options <i>If “yes” please answer Q4.2 to 4.7, if “no” go to Part 5.</i> | Yes | | | |
| 4.2 | Return of capital amount per *security used to adjust exercise price of options <i>If an estimate is provided please provide the actual amount as soon as reasonably practicable, and no later than *issue date</i> | Actual \$0.0027 | | | |
| 4.3 | *Exercise price of options <i>Please confirm the exercise price of options on issue before and after the return of capital. Please provide the amount in the primary currency in dollars (or equivalent denomination for foreign currency). Listing Rule 7.22.3 governs the change in exercise price of options in a return of capital. If there is more than one *security please include the additional *securities.</i> | | | | |
| ASX *security code | ASX *security description | Quoted/ unquoted | Currency | Exercise price before return of capital | Exercise price after return of capital |
| SFGO | Listed options with an exercise price of \$0.10 and expiring 17 July 2021. | Quoted | AUD | \$0.10 | \$0.097 |
| SFGAC | Unlisted options granted 22 August 2017 with an exercise price of \$0.10 and expiring 22 August 2021. | Unquoted | AUD | \$0.10 | \$0.097 |
| SFGAD | Unlisted options granted 18 January 2018 with an exercise price of \$0.10 and expiring 31 October 2021. | Unquoted | AUD | \$0.10 | \$0.097 |
| 4.4 | *If the entity has quoted options, can quoted option holders participate in the return of capital if they exercise the options by a certain date? <i>If “yes”, please answer Q4.5-4.7. If “no” go to Part 5.</i> | Yes | | | |

Appendix 3A.5
Notification of reorganisation of
capital – return of capital by way of in
specie distribution of *securities in another entity

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| 4.5 | <p>*ASX quoted option details</p> <p><i>Please advise the quoted options which may participate in the return of capital if they exercise by the relevant date. More than one *class of options may be advised.</i></p> | All the options referred in Item 4.3 above. |
| 4.6 | <p>*What is the date by which options must be exercised to participate in the return of capital?</p> | 16 July 2018 |
| 4.7 | <p>Description of the date</p> <p><i>Please provide a description of the date – for example, the day before *record date.</i></p> | 3 Business Days before the Record Date |

Part 5 – Further Information

| Question No. | Question | Answer |
|---------------------|--|---------------|
| 5.1 | <p>*Has the entity applied for an ATO class ruling relating to this capital return?</p> <p><i>If “yes” please answer Q5.1a, if “no” go to 5.2. If the ATO ruling is a condition of the event proceeding please include it at Q2.1 and 2.1a – Conditions.</i></p> | No |
| 5.1a | <p>*Please provide further information on the ATO ruling</p> <p><i>If the ATO ruling is a condition of the event proceeding please include it at item 2.1 and 2.1a – Conditions.</i></p> | |
| 5.2 | <p>Further information relating to this return of capital</p> <p><i>Please provide any further information relating to this return of capital.</i></p> | |

Introduced 22/09/14