

ASX Announcement

13th September 2019

Cleansing Prospectus

Clean Seas Seafood Limited has today lodged with the Australian Securities and Investment Commission a prospectus pursuant to section 708A(11) of the Corporations Act 2001 (Cth), the purpose of which is not to raise capital but to facilitate secondary trading of any shares that may be issued by the Company before the closing date under the prospectus.

As announced on 21 August 2019, the nominees of the Company's major shareholder, Bonafide Wealth Management AG, took up a placement of 8,241,506 fully paid ordinary shares in the capital of the Company at \$0.8008 each (Placement Shares) to raise \$6,599,798.

A copy of the prospectus dated 13 September 2019 to cleanse the issue of the Placement Shares is attached.

Terry O'Brien
Chairman

David J. Head
Managing Director and CEO

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CLEAN SEAS SEAFOOD LIMITED
ACN 094 380 435

PROSPECTUS

For the offer of up to 1,000 Shares in the capital of the Company at an issue price of \$0.9 per Share to raise up to \$900 (before expenses).

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date.

IMPORTANT INFORMATION

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered highly speculative.

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1. CORPORATE DIRECTORY

Directors

Terry O'Brien
Non-executive Chairman

David Head
Managing Director and CEO

Raelene Murphy
Non-Executive Director

Nicholas Burrows
Non-Executive Director

Helen Sawczak
Non-Executive Director

Marcus Stehr
Non-Executive Director

Joint Company Secretaries

Robert Gratton
Chief Financial Officer

David Brown
Financial Controller

Share Registry*

Boardroom Pty Limited
Level 12
225 George Street
SYDNEY NSW 2000
Telephone: +61 2 9290 9600
Facsimile: +61 2 9279 0664

Registered Office

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ROYAL PARK SA 5014
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Email: reception@cleanseas.com.au
Website: www.cleanseas.com.au

ASX Code

CSS

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditors*

Grant Thornton Audit Pty Ltd
Level 3
170 Frome Street
ADELAIDE SA 5000

* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

2. TIMETABLE AND IMPORTANT NOTES

2.1 Timetable

Action	Date
Lodgement of Prospectus with the ASIC and ASX	13 September 2019
Opening Date	13 September 2019
Closing Date*	5:00pm WST on 13 September 2019
Expected date of Official Quotation of the Shares	16 September 2019

* The Directors reserve the right to bring forward or extend the Closing Date at any time after the Opening Date without notice. As such, the date the Shares are expected to commence trading on ASX may vary with any change in the Closing Date.

2.2 Important Notes

This Prospectus is dated 13 September 2019 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Offer is only available to those who are personally invited to accept the Offer. Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

2.3 Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Shares under this Prospectus.

2.4 Risk Factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 6 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

2.5 Applicants outside Australia

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue in this Prospectus.

2.6 Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company or any other person in connection with the Offer. You should rely only on information in this Prospectus.

2.7 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6 of this Prospectus.

2.8 Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.cleanseas.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any

person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

3. DETAILS OF THE OFFER

3.1 Offer

Under this Prospectus, the Company invites investors identified by the Directors to apply for up to 1,000 Shares at an issue price of \$0.9 per Share to raise up to \$900 (before expenses).

The Offer will only be extended to specific parties on invitation from the Directors. Application Forms will only be provided by the Company to these parties.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue. A summary of the material rights and liabilities attaching to the Shares is set out in Section 5.

3.2 Minimum subscription

There is no minimum subscription.

3.3 Oversubscriptions

No oversubscriptions will be accepted by the Company.

3.4 Cleansing purpose

The Company is seeking to raise only a nominal amount of \$900 under this Prospectus and, accordingly, the purpose of this Prospectus is not to raise capital.

As announced on 21 August 2019, the Company issued 8,241,506 to the nominees of Bonafide Wealth Management AG at \$0.8008 per Share to raise approximately \$6,599,798.

The purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date (including the Bonafide Shares).

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued.
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

3.5 Application for Shares

Applications for Shares must be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have received personally the Application Form together with a complete and unaltered copy of the Prospectus.

Payment for the Shares must be made in full at the issue price of \$0.9 per Share.

Completed Application Forms and accompanying cheques must be mailed or delivered to the Company as follows:

Delivery by hand	Delivery by post
Clean Seas Seafood Limited C/- Boardroom Pty Limited Level 12 225 George Street SYDNEY NSW 2000 (please do not use this address for mailing purposes)	Clean Seas Seafood Limited C/- Boardroom Pty Limited GPO Box 3993 SYDNEY NSW 2001

Cheques should be made payable to "**Clean Seas Seafood Limited**" and crossed "**Not Negotiable**". Completed Application Forms and cheques must reach the address set out above and on the Application Form by no later than the Closing Date.

3.6 Issue of Shares

Issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date. Application moneys will be held in a separate subscription account until the Shares are issued. This account will be established and kept by the Company in trust for each Applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether any Shares are issued and each Applicant waives the right to claim any interest.

The Directors will determine the recipients of all the Shares. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date. Interest will not be paid on moneys refunded.

Where the number of Shares issued is less than the number applied for, the surplus moneys will be returned by cheque as soon as practicable after the Closing Date. Where no issue of Shares is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on moneys refunded.

The Company's decision on the number of Shares to be allocated to an Applicant will be final.

3.7 Defects in Applications

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

3.8 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made within 7 days of the date of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

3.9 Restrictions on the distribution of the Prospectus

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Shares on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

3.10 Enquiries

Any questions concerning the Offer should be directed to Robert Gratton or David Brown, Joint Company Secretaries, on +61 8 8621 2900.

4. PURPOSE AND EFFECT OF THE OFFER

4.1 Purpose of the Offer

As announced on 21 August 2019, the Company's major shareholder, Bonafide Wealth Management AG and its related entities agreed to take up a placement of shares (**Placement**) which increased its shareholding from 9.53% to 17.66%. Under the Placement Clean Seas issued 8,241,506 shares at \$0.8008 per share to raise \$6,599,798 (**Bonafide Shares**), with all shares issued under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1.

The Company also announced its plan to conduct 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 (**Entitlement Offer Prospectus**). 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 Entitlement Offer prospectus and is subject to ASX approval.

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date (including prior to the date of this Prospectus) in preparation for lodgement of the Entitlement Offer Prospectus. All of the funds raised from the Offer will be applied towards the expenses of the Offer. Refer to Section 7.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

4.2 Effect of the Offer on capital structure

The effect of the Offer on the Company's capital structure is set out below.

Shares ¹	Number
Shares currently on issue ²	92,418,465
Shares offered under this Prospectus ³	1,000
Total Shares on issue on completion of the Offer³	92,419,465

Notes:

1. The rights and liabilities attaching to the Shares are summarised in Section 5 of this Prospectus.
2. The Shares currently on issue include the 8,241,506 Shares issued to Bonafide Wealth Management AG and its nominees as announced on ASX on 21 August.
3. This assumes the Offer is fully subscribed and no Share Rights convert to Shares.

Share Rights	Number
Unlisted Share Rights currently on issue ¹	1,613,469
Unlisted Share Rights offered under this Prospectus	Nil
Total Share Rights on issue on completion of the Offer	1,613,469

Notes:

1. Share Rights are held by senior executives and 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 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 Shares during the performance period. No amount is payable on vesting or exercise. No share rights on issue have vested as at the date of this Prospectus, and it is unlikely the vesting conditions will be met prior to the Closing Date.

4.3 Financial effect of the Offer

After expenses of the Offer of approximately \$10,628, there will be no proceeds from the Offer. The expenses of the Offer (exceeding \$900) will be met from the Company's existing cash reserves.

As such, the Offer will have an effect on the Company's financial position, being receipt of funds of \$900 less costs of preparing the Prospectus of approximately \$10,628.

5. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

5.1 General meetings

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 Corporations Act and the Constitution of the Company.

5.2 Voting rights

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:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) 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
- (c) 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 each Share held, 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).

5.3 Dividend rights

Subject 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 dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

5.4 Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

5.5 Transfer of 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 Corporations Act and the ASX Listing Rules.

5.6 Future increase in capital

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

5.7 Variation of rights

Under section 246B of the 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.

6. RISK FACTORS

6.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Company specific

(a) Future Funding Requirements

Even if the Offer is completed successfully, the Company will require additional funding in the future in order to develop its aquaculture business and to meet the working capital costs in the medium to long term. Additional equity financing may be dilutive to Shareholders and debt financing, if available, may involve restrictive covenants, which may limit the Company's operations and business strategy. Further, there can be no assurance that any such equity or debt funding will be available for the Company on favourable terms or at all. If adequate funds are not available on acceptable terms, there is significant uncertainty as to whether the Company can continue as a going concern. Accordingly, the Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(b) Feed Supply

The Company purchases pelletised and other feed for its Live Fish to consume. This is an essential input for the survival and growth of the fish and therefore the success of the business. The Company has a panel of potential suppliers which includes both Australian and overseas manufacturers of feed, however if the Company was unable to source suitable feed then this would have a material adverse effect on the Company's activities.

6.3 Industry specific

(a) 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 Company may not be able to sell its product at an economic profit.

(b) **Operating risks**

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

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

(c) **Live fish insurance**

The Company seeks to insure its operations in accordance with industry practice. However, in certain circumstances, the Company'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 fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

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.

(d) **Legislative changes and Government policy risk**

Changes in government legislation, regulations and policies may adversely affect the financial performance of the Company. The Company's capacity to develop its projects, or limit its potential marketing and customers, which are beyond the control of the Company.

(e) **Marketing**

The Company is required to meet technical specifications on the quality of its products and variations from specification may result in financial penalties being imposed by customers. Customer demands may change over time and no assurance can be given that product will always meet specifications or that future customer demand will grow or be able to be met.

(f) **Environmental risks and licensing**

The high intensity farming products and activities of the Company and the water licences required to be held by the Company are subject to State, Federal and International laws and regulations concerning the environment.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards.

Significant liabilities could be imposed on the Company 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 licences. Failure to meet the conditions of its water licences could lead to forfeiture of these licences.

There is a risk that environmental laws and regulations become more onerous making the Company'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.

(g) **Water**

The Company's activities require it to have sufficient access to water sources. The Company 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.

(h) **Electricity**

The Company's activities require it to have access to an uninterrupted electrical supply with sufficient capacity. The supply of electricity to the Company'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 Company's on-shore broodstock. The failure of electricity supply at the processing plant could result in inability to process and loss of inventory.

(i) **Research and Development**

The Company's business activities and operations include research and development for Yellowtail Kingfish and Southern Bluefin Tuna, with the latter scaled back over recent years. 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 Company.

(j) **Fish health and mortalities**

As with any aquaculture activity, there is a risk that fish stocks required for the Company's products can be impacted by disease and environmental issues. In some instances, but not in all, these may be controllable. Where they are not controllable, significant mortalities may occur or there may be a significant negative effect on growth and feed conversion rates.

(k) **Predators**

In aquaculture the risk of predators attacking growout fish in sea cages is high and attacks by seals, sharks and cormorants are common. Whilst the fish losses from these types of attacks are generally low, damage by predators to the sea cages and nets could result in significant fish escapes.

6.4 General risks

(a) **Competition**

The Company'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 Company's products will occur, revenue growth will be stimulated or that the Company will operate profitably in the short term or at all.

(b) **Foreign exchange rate risk**

The Company's revenue is denominated in a range of currencies including AUD, EUR and USD. While the Company's operating expenses will be incurred principally in AUD some feed purchases are now denominated in EUR. Its products are sold throughout the world. Therefore the price of its 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 Company's results or operations and cash flows.

Additionally, a strong Australian dollar could place pressure on exports and the Company's product may become too expensive for export markets. This in turn could place pressure on the domestic market if it is forced to take the volume of product normally exported.

(c) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(d) **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.

(e) **General economic conditions**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(f) **Equity Market Conditions**

Shares listed on the stock market can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally, investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(g) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

6.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the

financial performance of the Company and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

7. ADDITIONAL INFORMATION

7.1 Litigation

The Company's legal action against Gibson's Ltd is in the Supreme Court of South Australia and pertains to loss suffered by the Company due to what the Company maintains were defective feeds supplied to the Company and the Company's Yellowtail Kingfish between December 2008 and July 2012. Gibson's Ltd, trading as Skretting Australia, is defending the proceedings and has denied all liability to the Company and its related bodies corporate. 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 27 August 2019 the Company issued an update reporting that the Court had 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 not yet answered these new allegations and have until 13 September 2019 to file a defence to the amended claim. In light of the amendments, the commencement of the trial has been deferred from 30 September 2019 to 24 February 2020.

In June 2009 SBP South Australia Pty Ltd (**SBP**) commenced proceedings against the Company out of the District Court of South Australia claiming the sum of \$157,912.91 (inclusive of GST, 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 counter claim 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 has lodged a claim for their losses with its insurer. The claim has not yet been accepted by the insurer. If the claim is accepted by the insurer, the coverage under the policy will not indemnify the Company for all of the consequential losses it sustained as a result of the flood. At present the Company's solicitors are defending the claim and prosecuting the counter claim. However, if the insurer accepts the Company's insurance claim, it is expected that the insurer will appoint its own solicitors to represent the Company in the proceedings.

The proceedings have not been listed for trial. The Company's solicitors have retained an independent expert engineer who has expressed the opinion that SBP's design incorporating the unprotected fire hose reel in a zero degree ante-room did not comply with applicable Australia Standards. The relocation of the fire hose reel to the position in which it failed was undertaken by a third party contractor. The design incorporating the unprotected fire hose reel in the ante-room was approved by the local Council. The Company's solicitors are

considering whether it is necessary for the Company to join the third party contractor and the Council as additional defendants to the counterclaim.

Other than as noted above, as at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

7.2 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company or an ASIC office during normal office hours.

Details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below:

Date	Description of Announcements
12/10/2018	2018 Annual Report
12/10/2018	Appendix 4G – FY18 Corporate Governance
12/10/2018	Appendix 4G – FY18 Corporate Governance Statement
15/10/2018	Unmarketable Parcel Sale Facility
18/10/2018	Australian Microcap Investment Conference Presentation
31/10/2018	Appendix 4C – quarterly
31/10/2018	Clean Seas positioned for Further Growth
13/11/2018	Clean Seas Signs Chinese Distribution Agreement
13/11/2018	CEO's AGM Address to Shareholders
13/11/2018	2018 AGM – Results of Voting
15/11/2018	Chinese Distribution Agreement - Addendum
26/11/2018	Appendix 3B – FY19 LTI Share Rights
26/11/2018	Change of Director's Interest – David Head
26/11/2018	Consolidation/Split - CSS
03/12/2018	Update - Consolidation/Split - CSS
05/12/2018	Change of Director's Interest – All Directors
21/12/2018	Appendix 3B – Exercise of Share Rights
21/12/2018	Change in Substantial Holding – Bonafide Wealth Management AG
11/01/2019	Unmarketable Parcel Sale Facility Update
31/01/2019	Appendix 4C- quarterly
31/01/2019	Clean Seas Q2 Sales Increase 34% over Prior Year
07/02/2019	Change in Substantial Holding – IFM Independent Management AG
08/02/2019	Change in Substantial Holding – Correction – IFM

Date	Description of Announcements
26/02/2019	Company Secretary Appointment/Resignation
28/02/2019	Clean Seas H1 FY19 Result Continues Solid Trajectory
28/02/2019	Feed Litigation Update
18/03/2019	Change of Director's Interest Notice
20/03/2019	January and February Sales up 40%
03/04/2019	Letter to Shareholders
03/04/2019	CSS Investor Presentation April 2019
30/04/2019	Appendix 4C - quarterly
30/04/2019	Clean Seas Q3 Sales Revenue Increases 24% over prior year
04/06/2019	Company Secretary Appointment/Resignation
17/06/2019	Details of Company Address
24/06/2019	Change in Substantial Holding – Bonafide Wealth Management AG
04/07/2019	Change in Substantial Holding – IFM AG
04/07/2019	Aquaculture Stewardship Council (ASC) Certification
31/07/2019	Appendix 4C - quarterly
31/07/2019	Sales Revenue increases 16% on Prior Year
21/08/2019	Strategic Investment by Bonafide
27/08/2019	Litigation Update
27/08/2019	Change in Substantial Holding – Bonafide Wealth Management AG
27/08/2019	Change in Substantial Holding – IFM AG
30/08/2019	FY19 Full Year Statutory Accounts
30/08/2019	Clean Seas FY19 Results Release
9/09/2019	Clean Seas Business Update & Vision 2025 Strategic Plan
9/09/2019	FY19 Results & Strategy - Investor Roadshow Presentation

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.cleanseas.com.au.

7.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the most recent dates of those sales were:

	Price	Date
Highest	\$0.99	3 June 2019
Lowest	\$0.785	21 August 2019
Last	\$0.845	12 September 2019

7.4 Details of substantial holders

Based on publicly available information as at 30 August 2019, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Bonafide Wealth Management AG	16,200,139	17.53
Australian Tuna Fisheries Pty Ltd	5,940,624	6.43

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

7.5 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer,
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a director. The relevant interest of each of the Directors

in the securities of the Company as at the date of this Prospectus is set out in the table below:

Director	Shares	Performance Rights
Terry O'Brien	155,000	-
David Head	1,189,497	1,122,814
Raelene Murphy	25,000	-
Helen Sawczak	5,000	-
Marcus Stehr	64,794	-
Nicholas Burrows	48,358	-

Notes

1. Refer to the respective Appendix 3Y for each Director for further details with respect to security holdings of each Director.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$600,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Performance Rights, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual cash remuneration paid to both executive and non-executive directors, excluding any short term incentive and long term incentive share based payments.

Director	Financial Year 2020	Financial Year 2019	Financial Year 2018
Terry O'Brien	\$150,000	\$145,625	\$132,500
David Head	\$526,000	\$508,231	\$461,161
Raelene Murphy ²	\$77,500	\$74,375	Nil
Helen Sawczak ¹	\$70,000	\$67,500	Nil
Marcus Stehr	\$76,000	\$73,250	\$65,000
Nicholas Burrows	\$91,000	\$86,375	\$72,500

Notes:

1. Helen Sawczak was appointed to the Board effective 1 July 2019.

2. Raelene Murphy was appointed to the Board 1 July 2019.

7.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer,
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$5,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$32,036 (excluding GST and disbursements) for legal services provided to the Company.

7.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

7.8 Estimated expenses of Offer

The total expenses of the Offer are estimated to be approximately \$10,628 (excluding GST and assuming full subscription of the Offer) and are expected to comprise legal fees, printing and other administrative expenses, including ASIC fees. The estimated expenses will be paid out of the Company's existing working capital.

7.9 Electronic Prospectus

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on + 61 8 8621 2900 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.cleanseas.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or Prospectus or any of those documents were incomplete or altered.

7.10 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

7.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing Share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be

issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

7.12 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

8. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



David J Head
Managing Director and CEO
For and on behalf of
CLEAN SEAS SEAFOOD LIMITED

9. DEFINITIONS

\$ means Australian dollars.

Applicant means an investor who applies for Shares pursuant to the Offer.

Application Form means an application form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX Listing Rules means the listing rules of the ASX.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable in Section 2.1 of this Prospectus (unless extended or brought forward).

Company means Clean Seas Seafood Limited (ACN 094 380 435).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Offer means the offer of Shares referred to in the "Details of the Offer" Section of this Prospectus.

Official Quotation means official quotation on ASX.

Opening Date means the opening date of the Offer as specified in the timetable set out in Section 2.1 of this Prospectus (unless varied).

Option means an option to acquire a Share.

Prospectus means this prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Boardroom Pty Limited (ACN 003 209 836).

Shareholder means a shareholder of the Company.

WST means western standard time as observed in Perth, Western Australia.