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ASX & Media Release

22 October 2019

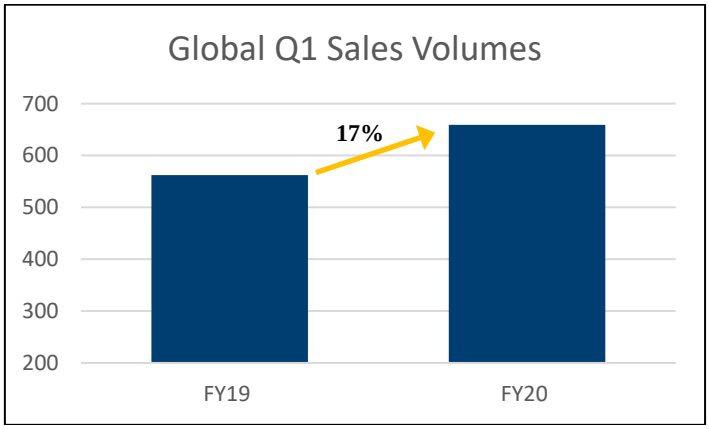
Q1 FY20 Sales Volumes up 17%

David J. Head, the Managing Director and CEO of Clean Seas Seafood Limited (ASX: CSS) ("**Clean Seas**" or "**the Company**"), the global leader in full cycle breeding, production and sale of Yellowtail Kingfish, will be giving the following presentation at the 10th Annual Australian Microcap Investment Conference in Melbourne this afternoon.

The presentation will include an update on Clean Seas Q1 FY20 Sales.

Sales Volumes Increase 17% in Q1 FY20

Total Sales Volumes were up 17% across the Company in Q1 FY20 versus last year. Australia was up 16%, Europe up 21% and North America up 42%. Asia was down 38% due to timing of large container shipments.



The Company's premium liquid nitrogen frozen product, ***SensoryFresh*** continues to drive growth in international markets.

Sales Volumes	
Tonnes (WWE)	**Q1 FY20 v Q1 FY19**
Fresh	2%
SensoryFresh (Frozen)	141%
Total	**17%**

Convertible Note Entitlement Issue Prospectus

On the 15th October, the Company announced that it had lodged the prospectus for a convertible note entitlement offer with the ASIC (**Prospectus**).

The Prospectus is intended to be dispatched to eligible Shareholders on 29 October 2019.

The Prospectus is for a non-renounceable pro-rata entitlement offer of Convertible Notes to be made to eligible existing shareholders to raise up to $15.3 million. The terms of the convertible notes are set out in the Prospectus and include interest payable semi-annually at a rate of 8% per annum, convertible into ordinary shares at an 8% discount to the market VWAP and a three-year term to maturity.

The Record Date for determining entitlements is this coming Thursday, **24 October 2019**. Applications for convertible notes can only be made on the form accompanying the Prospectus. It is important that shareholders and other potential investors read the Prospectus in its entirety.

A copy of the Prospectus can be accessed from the Company's website www.cleanseas.com.au or obtained by contacting the Company.

Terry O'Brien
Chairman

David J. Head
Managing Director and CEO

For further information, please contact:

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Clean Seas Seafood Limited (ASX: CSS)

Australian Microcap Investment Conference

OCTOBER 2019

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Ocean to Plate

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Major Shareholders

	Ordinary shares	
Top 10 largest shareholders	Number of shares held	Percentage of issued shares
BONAFIDE WEALTH MANAGEMENT AG	16,200,139	17.5%
AUSTRALIAN TUNA FISHERIES PTY LTD (& RELATED ENTITIES)	5,940,624	6.4%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,664,312	6.1%
UBS NOMINEES PTY LTD	1,965,678	2.1%
CITICORP NOMINEES PTY LIMITED	1,407,664	1.5%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,258,934	1.4%
DAVID J. HEAD, MANAGING DIRECTOR (& RELATED ENTITIES)	**1,189,497**	**1.3%**
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	1,127,675	1.2%
3RD WAVE INVESTORS LTD	1,000,005	1.1%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	909,723	1.0%
Total Securities of Top 10 Holdings	36,664,251	39.7%
Total of Securities	**92,418,465**	

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20 Year Overview

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2005 – 2009

IPO & Close Southern Bluefin Tuna Lifecycle

2010 – 2013

Feed crisis sales drop from 2,800t to 600t as biomass declines to 478t

2014 – 2016

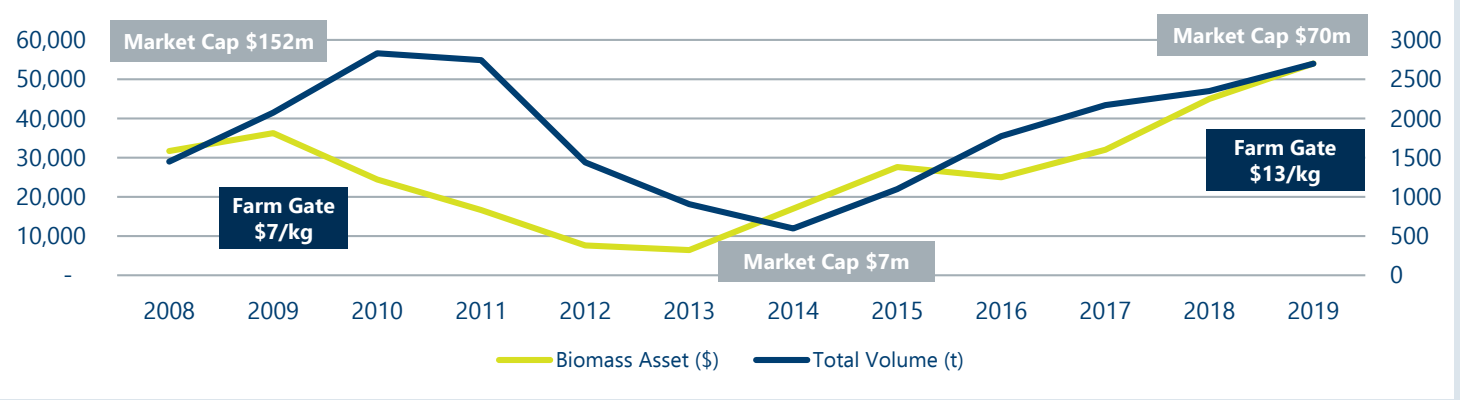
Strong growth to 2,800t

Feed issues resolved and market recovery

2016 – Present

Transformation & foundation for growth

Equity raised since **2016** has funded biomass growth and matched by increase in market cap



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Rebuilding the Fundamentals

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Feed Crisis 2008 – 2012

- Loss of 4,000t of Biomass, mortalities increase from 15% to circa 80%
- Share price falls to 26 cents
- Sales drop from 2,800t to 600t
- Liquidation of assets and retrenchment of circa 50% of workforce to survive
- Withdrawal from international markets (Europe and USA)

Recovery 2012 – 2016

- New CEO (Dr Craig Foster) and dedicated operational team identify cause of mortalities
- Levels of critical sulphonic acid, Taurine, restored to Kingfish diet and diet reformulated to optimise nutrient balance
- 2 years to restock biomass and slowly re-enter international markets
- Mortalities return to pre-feed crisis levels of circa 15%
- Rapid recovery in fish health leads to lower than expected mortalities resulting in surplus inventory and $10 million write-down

Transformation 2016 – 2019

- Focus on brands and product development
- Farm gate prices increased 25% over 3 years
- Establishment of in-house processing and logistics has secured end-to-end control of supply chain and reduced cost of production
- Investment in best practice freezing technology – ***SensoryFresh***
- Investment in global Sales and Marketing teams
- Built entirely new Executive leadership team
- New Board (5 of 6) with deep industry experience
- Achieving best ever fish quality, multi-year industry awards, record farm gate prices
- Positive cash flow from operations
- Volumes up 56%, prices up 25%
- Today – ***"arguably the best raw fish in the world"***

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Highly Awarded & Sustainable

Australian Food Awards

"Best Fish"

2016, 2017 & 2018

Business SA Export Awards

Overall Exporter of the Year 2019

Agribusiness Exporter of the Year 2019

Food SA Industry Awards

Primary Producer of the Year – 2018

Aquaculture Stewardship Council

Gold Standard Accreditation in Sustainable Aquaculture

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Culinary Excellence

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On the menu of top restaurants

Australia
- Saké (Sydney/Melbourne)
- Pilu (Sydney)
- Lee Ho Fook (Melbourne)
- Momofuku Seiobo (Sydney)
- Supernormal (Melbourne)
- Bennelong (Sydney)
- Ormeggio at The Spit (Sydney)
- French Saloon (Melbourne)
- Rockpool (Melbourne, Sydney, Perth)

United Kingdom
- Roka (London)
- Sexy Fish (London)
- Zuma (London)
- Gordon Ramsay (London)

Germany
- H&H (Hamburg)
- Funky Fish (Berlin)
- Lohninger (Frankfurt)
- Tim Raue (Berlin)

Italy
- Nobu (Milan)
- Cipriani (Venice)
- La Pergola (Rome)

Switzerland
- Eden au Lac (Zurich)
- Ecco (Zurich)

Austria
- Hangar 7 (Salzburg)
- Amador (Vienna)

France
- Hotel Costes (Paris)
- L'Atelier de Robuchon (Paris)
- Hotel Crillon (Paris)
- Kinugawa (Paris)

Spain
- Shunka (Barcelona)
- Pacha (Ibiza)

Portugal
- Vila Joya (Algarve)

Denmark
- Sticks N Sushi (Copenhagen)

Norway
- Alex Sushi (Oslo)

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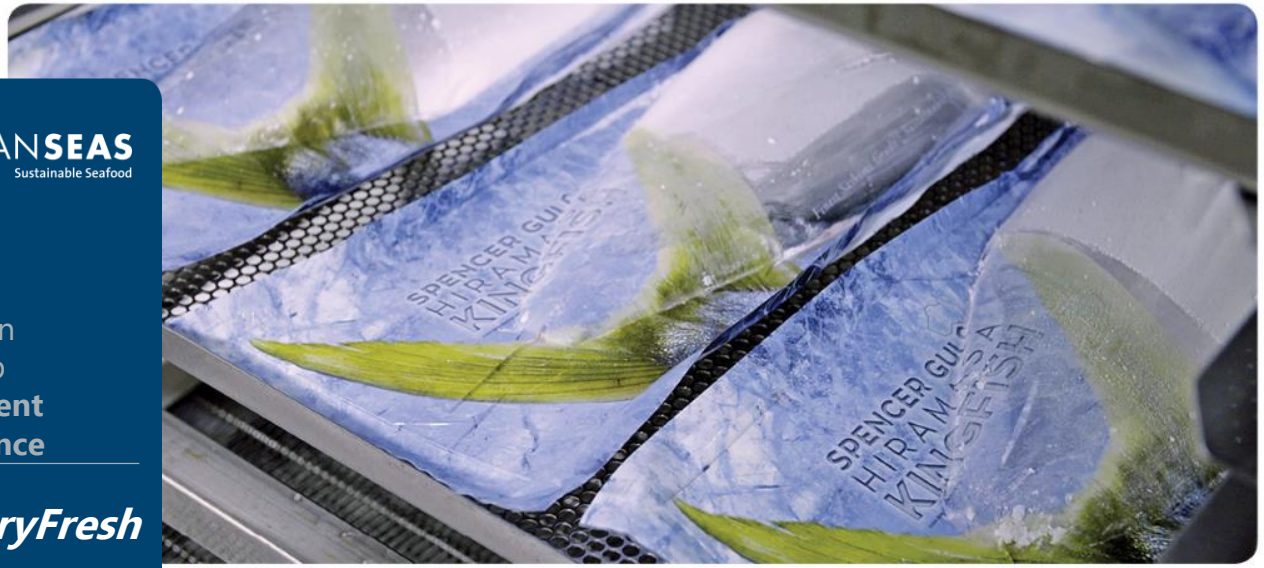
SensoryFresh a Game Changer



- Freezing high value, premium quality seafood is all about speed. The ice formation stage must be fast for optimum texture
- Clean Seas Rapid Freezing does this in around 22 minutes, 10 times faster than conventional freezing
- To capture the colour, aroma and flavour, -35°C must be reached quickly. Conventional freezing won't do this
- Our Rapid Freezing achieves surface temperature of -95°C and core temperature -50°C to -70°C
- We call it ***"SensoryFresh"***

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SensoryFresh

https://www.youtube.com/watch?v=MM_vEmTreRc

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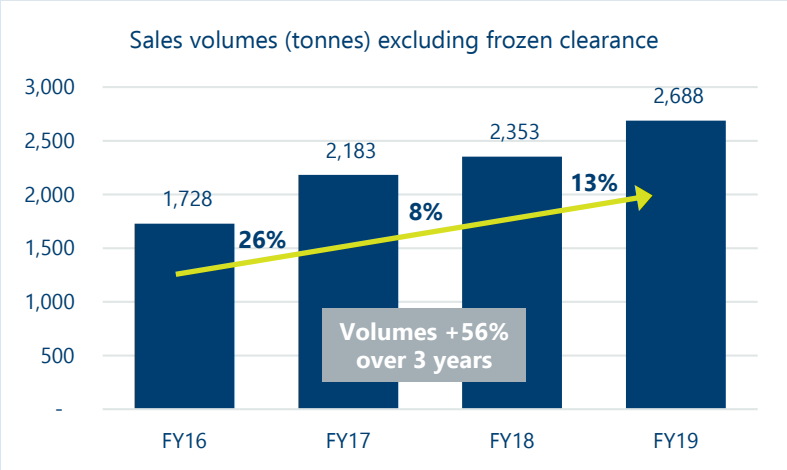
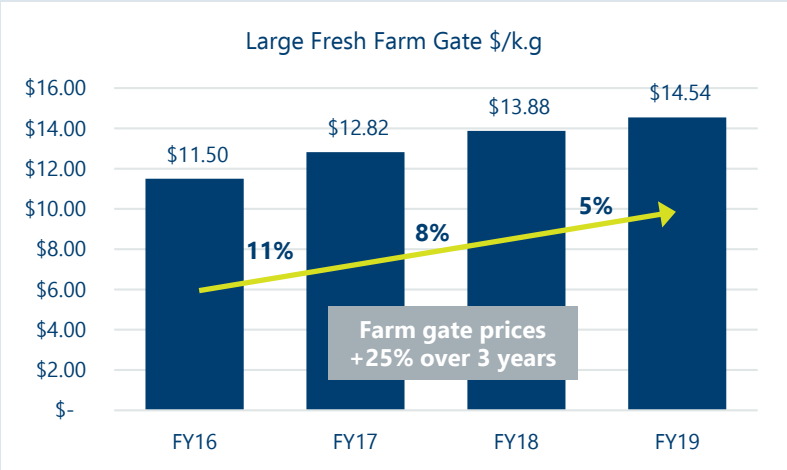
3 Years of Strong Growth & Improved Pricing





- Volume growth of 56% over three years, farm gates improved 25% in the same period
- Sales revenue in FY19 grew 16% with premium frozen (***SensoryFresh***) sales volume increasing 38% in FY19 at 8% higher farm gate prices

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FY19 Results

Cash Flow up 73%

EBITDA up 23%

Sales Revenue up 16%

Sales Volumes Up 13%

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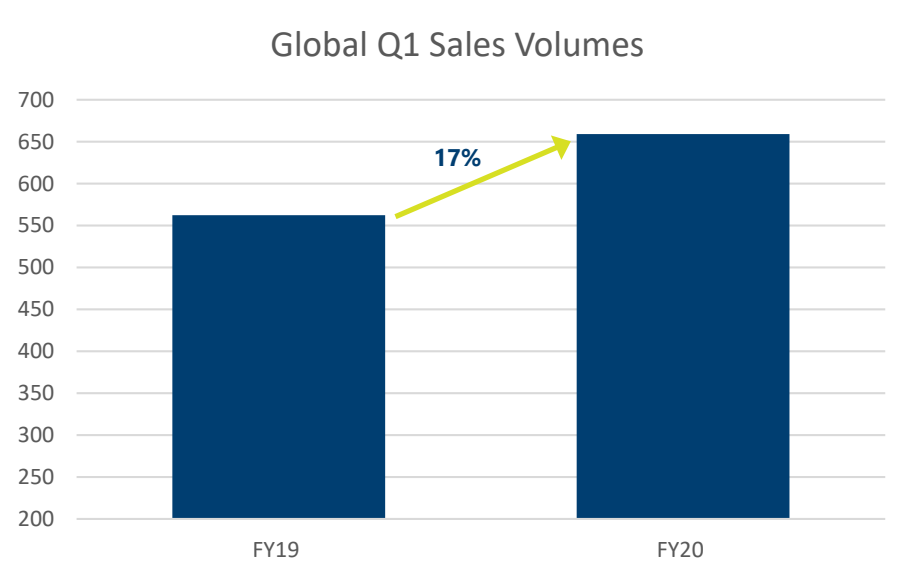
Q1 Results



Sales Volumes	
Tonnes (WWE)	**Q1 FY20 v Q1 FY19**
Fresh	2%
SensoryFresh (Frozen)	141%
Total	**17%**

Total Sales Volumes up 17% in Q1 FY20 versus last year

- Australia up 16%, Europe up 21% and North America up 42%
- Asia down 38% due to timing of large container shipments

SensoryFresh continues to drive growth in international markets

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Global Markets

Consumption of Farmed Yellow Tail Kingfish **2018** (excl. Japan)

Market	5 year CAGR	Total country population (millions)	Major metro population (millions)	Per Capita (total country) (grams)	Per capita (metro) (grams)	Per capita inc. wild catch (grams)
North America	7.1%	369	201	34.4	63.1	63.1
Europe	13.41%	693	203	2.4	8.3	34.0
Australia	17.85%	25	19	69.1	91.1	118
China	28.12%	1,451	431	0.9	3.1	3.1
Rest of Asia	13.00%	2,078	295	0.3	2.1	2.1
Middle East	4.89%	160	67	0.3	0.7	0.7
Total	**13.9%**	**4,775**	**1,217**	**3.8**	**14.9**	**19.6**

International Market-Consumption (excluding Japan)

- We have undertaken an extensive analysis of per capita consumption in metro regions with populations over 1 million and having established premium restaurant and food service sectors
- Per capita consumption of farmed Kingfish in Japan is circa 1,000g per annum, including wild catch it is over 1,800g.
- Australia has the next highest farmed per capita consumption at 91g, followed by North America and Europe
- North America per capita has quadrupled over the last 10 years reflecting the growth in Japanese exports and the emergence of the "sushi revolution"
- Europe has by far the lowest per capita consumption but the arrival of new market entrants over the past few years clearly demonstrates the opportunity for future growth with per capita consumption close to doubling in 2019

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Significant untapped market opportunity

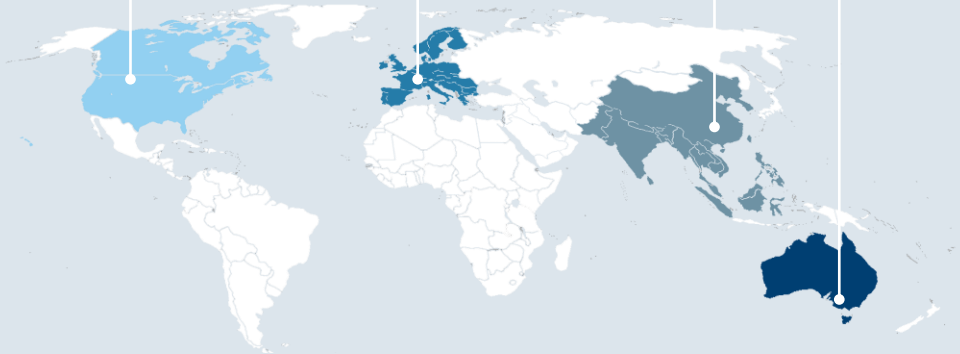
Global Kingfish markets excluding Japan

Europe
9%
(CSS Market Share 45%)
Frozen **42**%
Fresh **58**%

Australia
10%
(CSS Market Share 88%)
Frozen **8**%
Fresh **92**%

North America
69%
(CSS Market Share <1%)
Frozen **76**%
Fresh **24**%

Asia
12%
(CSS Market Share 6%)
Frozen **79**%
Fresh **21**%



Yellowtail Kingfish Markets

- Clean Seas is the clear leader in Australia and Europe which are predominantly "fresh" markets
- North American and Asia represent over 80% of the global Kingfish market outside Japan
- Asia is the fastest growing market +41% in 2018
- In North America (<1%) and Asia (6%) Clean Seas is yet to establish any material market presence
- Both these markets are dominated by traditional frozen products (>76%), entirely sourced from Japan
- Our ***SensoryFresh*** liquid nitrogen frozen product represents a significant competitive advantage against the Japanese traditional (-18°C) frozen offering

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Competitive Advantage & Opportunities

Products	Markets	Breeding & Farming	Supply Chain	People & Culture	Stakeholders & communities	Funding
Premium to wild-catch	Growing 10% per annum	Global Leader in Full-Cycle	In house processing	New executive team	Long standing and positive social licence in Spencer Gulf	Anticipated funding to implement "Vision 2025"
Provenance	Sells at a premium to all competitors	20 year breeding and IP	Full integrated from egg to customer	New Board	Supportive regulatory environment	
Cold Water	Market opportunity in Americas & Asia (76% frozen)	Unique Spencer Gulf waters – Hiramasa is native	SA's only -40c storage	Long standing breeding and farming team	High level of engagement from all governments	
Brands		Scale – next largest 20% of CSS	Dual global supply chain – fresh and -40c	Investment in global sales & marketing team on 4 continents	Aus-EU free trade agreement expected	
Spencer Gulf *"arguably the best raw fish in the world"*		Scale - Opportunities for automation			Loyal group of 7,000+ shareholders	
SensoryFresh Freezing Technology						

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Strategic Objectives

Scale Activation 2020 – 2022

Growth (Markets & Products)

- Expand annual sales of ocean farmed Kingfish by circa 50% to 4,000 tonnes by FY22, primarily via market share growth in North America and Asia leveraging ***SensoryFresh***
- Continue Chef Activation Programs (CAP) in selected markets, and implement a Global Wholesaler Activation Program (WAP) to support market expansion and enhance customer understanding and best application of Spencer Gulf Hiramasa
- Adopt a "Whole of Fish" approach to new product development, and leverage SensoryFresh product capability to explore in-market reprocessing

Costs of Production

- Achieve a sustainable reduction in the cost of production through scale, investment in automation and selective breeding

Funding

- Minimise working capital to fund biomass growth, and the sales and marketing investment (cash) required to achieve the targeted levels of sales growth

Leveraging Scale Advantage 2022 – 2025

Growth

- Expand annual sales of ocean farmed Kingfish to 5,000 - 6,000 tonnes by 2025

Production Efficiencies

- Realise advantages of multiple large scale farms through automation and more efficient operating practices not available to smaller scale farms
- Establish new processing facilities capable of higher volumes through large scale automation

Shareholder Value

- Delivering growth in shareholder value, including sustainable dividend returns

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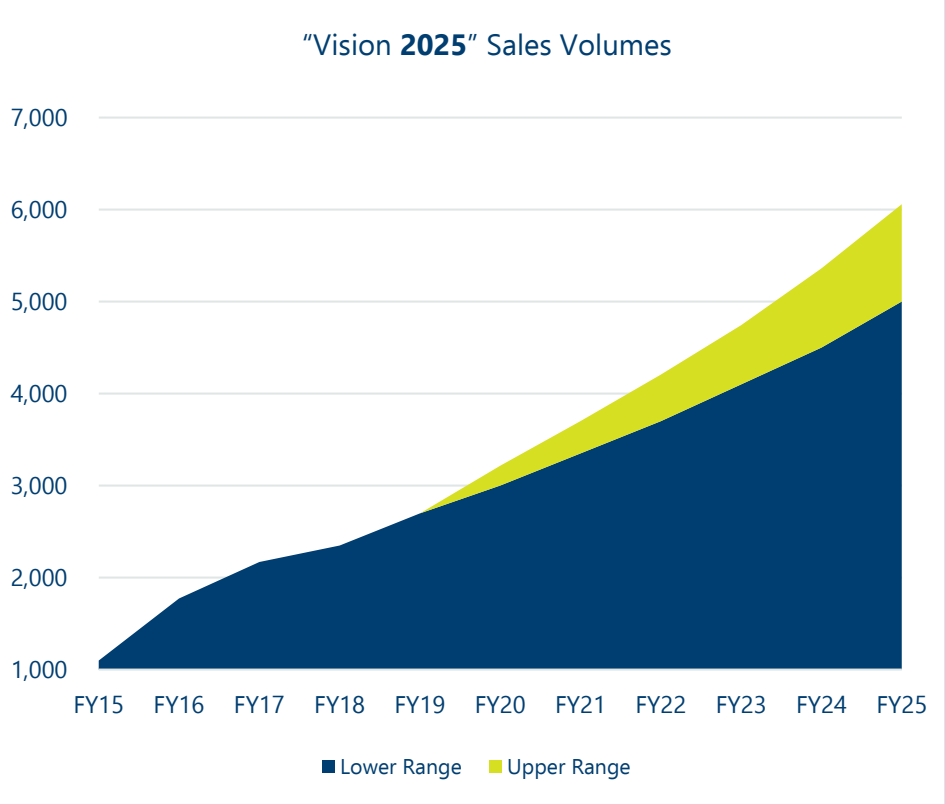
Sales Volumes



- The FY20 Budget and broader "Vision 2025" strategic plan has been prepared on the basis of minimising working capital to fund biomass growth, and the sales and marketing investment required to achieve the targeted levels of sales growth
- The Company has revised its production plan and its sales volume targets in order to reduce the need for additional capital to support expansion in Kingfish biomass. The Company anticipates that this will allow it to more quickly reach the point of being able fund ongoing expansion and sales growth from operating profits, and to commence dividend payments to shareholders
- Biomass cover is anticipated to be progressively reduced from the historical long term norm of 13.1 months to 10.8 months
- The Company anticipates this will result in a reduction in funding required over the next 2 years of circa $10 million, but is still expected to deliver the critical 4,000 tonne sales threshold in FY22

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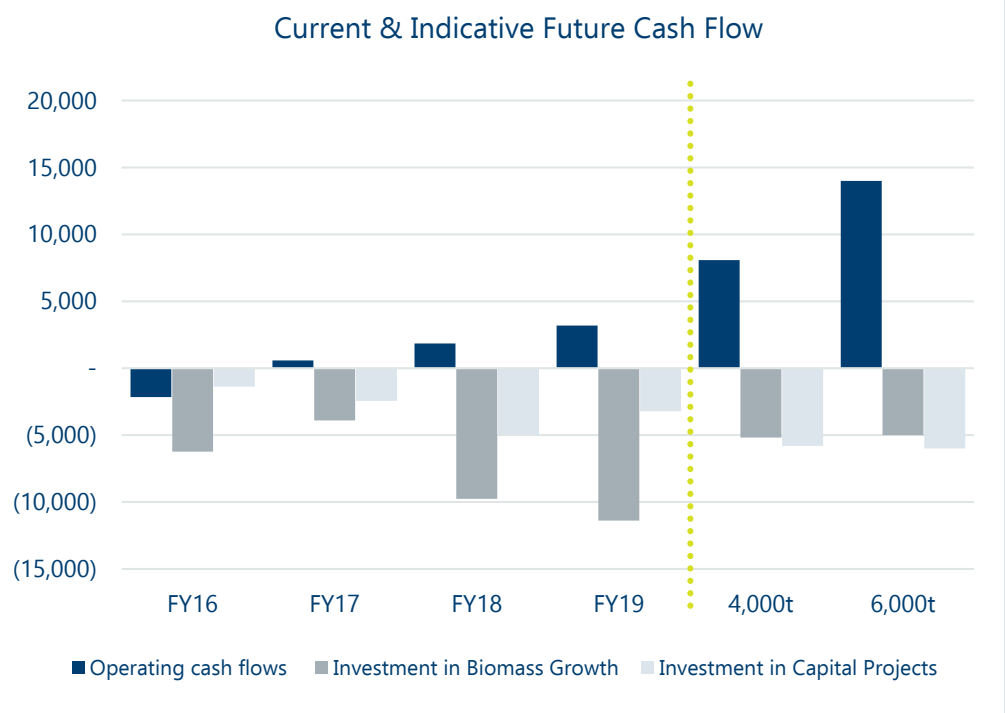
Sustainable Cash Flows

The data represented in the table below is not a financial forecast, but an indication of operational outcomes assuming targeted sales volume levels can be achieved.



- At 4,000 and 6,000 tonnes it is anticipated the Company would achieve sustainable profitability
- A slower rate of biomass growth (fewer fingerlings) is anticipated to lower biomass cover and reduce funding requirements
- The planned mix of equity and debt funding is considered sufficient to fund the implementation of the strategic plan
- In FY17 Clean Seas reached 2,000 tonnes, the threshold required to be cash flow positive from operations, excluding the investment in future biomass
- The next significant threshold is at 4,000 tonnes, where cash flow from operations is expected to fund the investment in future biomass growth
- At 5,000 to 6,000 tonnes the business is expected to have the capacity to fund Working Capital, investment in future biomass and Capex projects
- Although the information presented is based on reasonable assumptions, it is conceptual in nature and there can be no guarantee that the operational outcomes will be achieved.

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Convertible Note Issue

A Prospectus for a Convertible Note issue dated 15th October 2019 has been lodged with the ASIC and ASX

The offer is for a non-renounceable pro-rata entitlement offer of Convertible Notes to be made to eligible existing shareholders to raise up to $15.3 million.

The terms of the convertible notes are set out in the Prospectus and include the following key terms:

- Interest payable semi-annually at a rate of 8% per annum
- Convertible into ordinary shares at an 8% discount to the market VWAP
- Three-year term to maturity
- Minimum price of $0.40 and maximum price of $1.20
- Unsecured, listed on the ASX
- Shareholders may apply in excess of their entitlement for any shortfall
- The Company reserves the right to place any remaining shortfall

The Record Date for determining entitlements is this coming Thursday, **24 October 2019**.

A copy of the Prospectus can be accessed from the Company's website www.cleanseas.com.au or obtained by contacting the Company.

Applications for convertible notes can only be made on the form accompanying the Prospectus. It is important that shareholders and other potential investors read the Prospectus in its entirety.

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Investment Highlights

- **Strong sales momentum** taking an outstanding premium seafood species to the world, fuelled by the Spencer Gulf's unique and largely untold provenance story
- **Profitable sales** and positive underlying EBITDA with strong investment in future growth
- **Positive cash flow** from Operations (excluding investment in Biomass growth)
- **Clear pathway** to sustainable profitability and cash flows
- **Attractive supply and demand drivers** give Clean Seas strong pricing in a market with relatively high barriers to entry
- **Huge global growth potential** for Spencer Gulf Hiramasa Kingfish, with encouraging progress in new markets (North America and Asia), material scope for improvements in per capita consumption in Europe, North America and Asia, and attractive new products enabled by innovative technology
- Significant scope to **reduce cost of production and increase yields** through automation and selective breeding
- **Untapped capacity** to triple current farm production volumes
- **Positive social license** with engaged and supportive local stakeholders
- A **sustainable and eco-friendly growth** opportunity accredited by the world's leading aquaculture certifiers
- Outstanding product – **"Arguably the best raw fish in the world"**

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Contact & Disclaimer

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Certain statements contained in this presentation, including information as to the future financial or operating performance of Clean Seas Seafood Limited ("CSS"), are forward looking statements.

Such forward looking statements may include, among other things, statements regarding targets, estimates and assumptions in respect of CSS' operations, production and prices, operating costs and results, capital expenditures, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions; are necessarily based upon a number of estimates and assumptions that, while considered reasonable by CSS, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies; and involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward looking statements.

CSS disclaims any intent or obligation to update publicly any forward looking statements, whether as a result of new information, future events or results or otherwise. The words "believe", "expect", "anticipate", "indicate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements.

All forward looking statements made in this presentation are qualified by the foregoing cautionary statements. Investors are cautioned that forward looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward looking statements due to the inherent uncertainty therein.