

ANNOUNCEMENT



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Trading update: SeaDragon FY 2015 sales to double

Additional Squalene supply agreements to underpin the trading performance of SeaDragon's existing operations in FY 2016 as its Omega 3 fish oil refinery moves to completion, preparing the company for a new growth phase.

SeaDragon (NZX.SEA) today reports sales for the year to 31 March 2015 will be around \$6.5 million, more than twice the \$3.1 million sales achieved in the prior year as the company benefits from strong raw material supply and forward sales agreements struck last year.

New Zealand's largest refiner and blender of high-quality fish oils expects to report an operating loss (loss before interest, tax, depreciation and amortisation) for the year as it continues to invest to position itself ahead of the start up of the new refinery.

The company also announces it has negotiated additional raw material supply agreements. The new arrangements have the potential to keep the company's Squalene operations running through to late 2016 and underpin the financial performance of the existing business in the new financial year.

Meanwhile, the company reports it is making good progress on its new Omega 3 fish oil refinery in Nelson. Contractors this week installed the facility's large processing and storage vessels. The refinery remains on track for commissioning by the end of this year.

SeaDragon plans to produce a range of Omega 3 rich fish oils at the refinery, and believes a significant opportunity exists for oils produced from sustainably harvested Hoki and Tuna sourced from New Zealand and other South Pacific waters.

Due to the reallocation of costs from the landlord to SeaDragon, changes in building regulations following the 2013 Seddon earthquake, the addition of extra equipment and reconfiguration of some of the internal layout, the cost of the refinery to SeaDragon has increased and SeaDragon now expects a final cost of around \$9.2 million compared with the \$6.0 million originally forecast. SeaDragon is considering a number of funding alternatives including using existing cash flows, debt and equipment leasing and new equity.

SeaDragon Chief Executive Ross Keeley said: "SeaDragon is on the verge of closing out a satisfying 2015 financial year in terms of the growth in our revenue. Our Squalene operations have demonstrated their potential, when not constrained by the supply of raw materials.

"The considerable effort we have made to overcome prior supply difficulties has been rewarded with a strong trading performance for the 2015 financial year, and the new supply agreements we have announced today.

"Meanwhile, we are delighted with the progress we have made on the new Omega 3 fish oil factory. The installation of the new processing vessels this week represents a major milestone in a project that will open up new growth opportunities for the company."



“SeaDragon is entering the 2016 financial year with some exciting opportunities ahead of it,” Mr Keeley said.

SeaDragon will report its results for the 12 months to 31 March 2015 in late May 2015.

For more information contact

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About SeaDragon www.seadragon.co.nz

SeaDragon (NZX:SEA) is New Zealand’s largest refiner and blender of high-quality, internationally certified concentrated fish oils and fractions, including Omega-3 oils. Our oils are sourced from fish caught in the clean and pure waters around New Zealand, in the Southern Ocean, and elsewhere. We have more than 20 years’ experience processing fish oils and we are recognised for the quality and purity of our products. We supply health supplement manufacturers around the world to meet the burgeoning demand for pure, high-quality fish oils, which are scientifically proven to deliver significant human health benefits such as lowering the risk of heart disease, improving brain function and joint health. The majority of our supply is exported.