

# ANNOUNCEMENT



SEA: NZX and Media Release

24 June 2015

## **SeaDragon raises up to \$2.5M with convertible loan; signals capital raising**

*Richard Alderton appointed Interim Chief Executive Officer*

SeaDragon Limited (NZX:SEA) today announces that one of its cornerstone shareholders, BioScience Managers, has agreed to advance the company up to NZ\$2.5 million via a convertible loan as a prelude to a further capital raising.

The company also announces it has appointed Richard Alderton as SeaDragon's Interim Chief Executive Officer, effective 27 July 2015. He replaces outgoing Chief Executive Officer Ross Keeley, who signalled his planned departure in early May.

SeaDragon Chairman Colin Groves said: "SeaDragon is pleased that BioScience Managers, a 22% shareholder that has supported the company for many years, has stepped up to increase its commitment.

"As previously signalled to the market, the development of the new Omega-3 fish oil refinery in Nelson, due to be commissioned later this year, has required significant investments over and above those originally budgeted.

"As these investments have stretched SeaDragon's balance sheet, the Board has moved quickly to secure additional funding, enabling SeaDragon to continue to pursue its strategic plan to transition to Omega-3 fish oil markets.

Mr Groves also said SeaDragon was delighted Richard Alderton had agreed to become interim CEO.

"Richard has extensive international supply chain and leadership experience. He was previously CEO at DeLaval Oceania, the New Zealand and Australian division of the world's largest developer of dairy farming solutions and will be a valuable addition to the company," Mr Groves said.

### **Convertible loan and proposed rights issue:**

As previously signalled to the market, the Board has been reviewing the capital structure of the company, including equity and debt raising options. As part of that review, the Board has approved the loan as a first step.

SeaDragon has entered into a term sheet for a convertible loan under which it will borrow up to NZ\$2.5 million from its shareholder BioScience Managers via a fund administered by One Funds Management Limited (as trustee for Asia Pacific Healthcare Fund II).



The loan will be used to fund SeaDragon's ongoing working capital requirements and, subject to shareholder approval, will convert to equity in conjunction with a proposed capital raising including a rights offer.

Key features of the loan include:

- The loan will automatically convert to ordinary shares in the company on the closing of a proposed rights offer, subject to any required shareholder approvals.
- The conversion will be at the same price as the issue of shares in the rights offer to be announced by SeaDragon provided that at least NZ\$5 million is raised in that offer and any related capital raising.
- The conversion will be at a 20% discount to the volume weighted average price of the shares over the 20 business days prior to the closing of the rights offer if the company raises less than NZ\$5 million.
- The loan will be drawn in two tranches of NZ\$1.25 million, with the first tranche will be drawn as soon as practicable. The second tranche is available to be drawn at any time prior to 30 September 2015.
- Interest will accrue on the outstanding balance at 18% per annum, reducing to 13% once shareholders have granted any required approvals to the conversion to equity.
- A special meeting of shareholders to vote on the loan's conversion rights is expected to be held in mid to late July. SeaDragon's Annual Meeting is also scheduled to be held on 24 August 2015.

The company is also considering other capital raising options, including the potential underwrite of the rights offer. Further details of the proposed capital raising will be announced shortly when finalised by the Board.

### **Leadership changes**

Richard Alderton will lead the management of SeaDragon until it finds a permanent CEO. His appointment to the board will be subject to a shareholder vote to be held at the Annual Meeting.

SeaDragon's retiring CEO, Ross Keeley, will continue to be involved with SeaDragon as a consultant to ensure the business has access to his considerable knowledge and experience.

Mr Alderton said: "I am excited to join the Board and to assist SeaDragon's management team through a transition period and as the company prepares for an exciting growth phase. SeaDragon has ambitious plans to transition to the Omega-3 fish oil market and the development of the new Omega-3 fish oil refinery opens up exciting new opportunities."



For further information contact:

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**About SeaDragon** [www.seadragon.co.nz](http://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.

**About BioScience Managers:** [www.biosciencemanagers.com](http://www.biosciencemanagers.com)

BioScience Managers is a leading life sciences investment firm, headquartered in Melbourne, Australia. Established in 2003, BioScience Managers offers a global, multi-disciplinary team, bringing an international perspective together with the track record, networks and expertise required to convert that perspective into informed, high return investment decisions.

It operates a high value-add model, providing assistance and support to portfolio companies via a global team and international network of independent industry advisors. With combined experience of over 170 investments, more than 40 IPO's/ reversals in Europe, the USA and Australia, and a diverse skillset specific to the bio-based industries. It aims to provide investee companies with significant value-add over and above capital invested.