



20 August 2015

Client Market Services
NZX Limited
Level 1, NZX Centre
11 Cable Street
WELLINGTON 6011

Notice of Offer of Same Class Financial Products for Issue

SeaDragon Limited (**SeaDragon**) intends to undertake a pro rata 3 for 5 renounceable rights offer of ordinary shares and options to acquire ordinary shares (the **Rights Offer**), together with a shortfall bookbuild of rights not taken up under the Rights Offer (**Shortfall Bookbuild**), to collectively raise approximately \$7.5 million (the Rights Offer and the Shortfall Bookbuild are referred to together as the **Offer**).

The Rights Offer is an offer to eligible SeaDragon shareholders (those with registered addresses in New Zealand as at 5:00pm, 20 August 2015 (**Record Date**)) (**Eligible Shareholders**) of the right to acquire (i) one new ordinary share; and (ii) one option to acquire a new share (an **Option**), each a **Right**. Eligible Shareholders will be granted 3 Rights for every 5 existing shares held on the Record Date at a price of \$0.008 per Right.

Pursuant to clause 20 of Schedule 8 of the Financial Markets Conduct Regulations 2014 (**Regulations**) and clause 19 of Schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**), SeaDragon advises that:

1. The Offer is being made in reliance upon the exclusion in clause 19 of Schedule 1 of the FMCA.
2. SeaDragon is giving this notice (**Cleansing Notice**) under clause 20(1)(a) of Schedule 8 of the Regulations.
3. As at the date of this Cleansing Notice, SeaDragon is in compliance with:
 - (a) the continuous disclosure obligations that apply to it in relation to SeaDragon's quoted financial products; and
 - (b) its "financial reporting obligations" within the meaning set out in clause 20(5) of Schedule 8 of the Regulations.
4. As at the date of this Cleansing Notice, there is no information that is "excluded information" within the meaning set out in clause 20(5) of Schedule 8 of the Regulations.

5. The potential effects that the Offer and the grant of the Rights will have on the “control” (within the meaning of clause 48 of Schedule 1 of the FMCA) of SeaDragon and the consequences of those effects are as follows:
- (a) As at the date of this Cleansing Notice, One Funds Management Limited (as trustee for the Asia Pacific Healthcare Fund II, a fund established by BioScience Managers Pty Limited) (**One Funds**) holds:
 - (i) 409,870,967 shares in SeaDragon (lodged with New Zealand Central Securities Depositories Limited), comprising 21.84% of the voting rights in the company; and
 - (ii) \$2,500,000 of convertible notes, which could convert into between 312,500,000 and 404,730,313 ordinary shares in SeaDragon (depending on the conversion price and whether One Funds elect to convert the amount of interest accrued on the convertible notes into ordinary shares).
 - (b) Although One Funds will not participate in the Rights Offer, it has agreed to participate in the Shortfall Bookbuild by converting the convertible notes. As part of the terms of the Offer (in which One Funds will participate through the Shortfall Bookbuild) One Funds will receive an Option to acquire an ordinary share in SeaDragon for each new share subscribed for under the Offer.
 - (c) An ordinary resolution of shareholders is to be put to shareholders of SeaDragon at the Annual General Meeting scheduled to take place on 17 September 2015 to approve the issue of shares on the conversion of the convertible loan notes and on the exercise of the Options issued to One Funds, to allow One Funds to increase its effective control of SeaDragon under the Offer pursuant to NZX Listing Rule 7.5, and also to allow One Funds to increase its control in the voting securities of SeaDragon for the purposes of rule 7(d) of the Takeovers Code.
 - (d) If One Funds is the only party to participate in the Offer (i.e. no other person takes up its rights under the Offer), One Funds capitalises all interest accrued on the convertible loan, and One Funds exercises all of its Options, then, together with One Funds’ current holding of ordinary shares, it will hold 45.4% of the ordinary shares in SeaDragon. This will allow One Funds to block a special resolution which requires passing by 75% or more of the votes of holders of securities who are eligible to vote and voting.
 - (e) Accordingly, subject to shareholder approval being granted at the Annual General Meeting as described in (c) above, the Offer may result in One Funds being in a position to exercise, or control the exercise, of 45.4% of the voting securities of SeaDragon.



A copy of the Offer Document for the Offer is available at www.nzx.com under stock code SEA. Eligible shareholders will be sent a copy of the Offer Document together with a Letter of Entitlement and Acceptance on 21 August 2015.

Yours faithfully

Colin Groves
Chairman

For further information contact:

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About SeaDragon www.seadragon.co.nz

SeaDragon Limited (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.