

ANNOUNCEMENT



SEA: NZX and Media Release

28 September 2015

Comvita and SeaDragon reach strategic agreement to add value to New Zealand produce

Comvita agrees to partial underwrite SeaDragon rights offer and shortfall bookbuild.

Comvita (NZX:CVT) and SeaDragon (NZX:SEA) today announce they have reached agreement to facilitate the successful completion of SeaDragon's capital raising and give Comvita access to a supply of New Zealand-produced, high-quality refined fish oils.

Comvita has agreed to participate in the shortfall bookbuild associated with SeaDragon's three-for-five rights offer. Comvita's commitment, together with acceptances received as at Friday 25 September, means the issue has exceeded the minimum target of \$5.0 million.

This capital, combined with the \$2.5 million already committed by SeaDragon's 21.8% shareholder BioScience Managers, will provide SeaDragon in excess of \$7.5 million. The shortfall book build, undertaken on Tuesday 29 September, will provide an opportunity to increase the capital raise towards the maximum target of \$9.09 million.

The capital raised will be sufficient to meet SeaDragon's investment requirements for the immediate future including:

- The completion of its new Omega-3 refinery in Nelson;
- The addition of a fractionation plant to the new refinery;
- The upgrade of SeaDragon's existing manufacturing facility;
- The company's ongoing working capital requirements; and
- The costs associated with the rights offer.

SeaDragon and Comvita are committed to working with the wider New Zealand fishing industry in the pursuit of maximising value from sustainably harvested local seafood resources. Additionally, a Comvita representative will join the SeaDragon board after the completion of the rights offer.

SeaDragon Chairman Colin Groves said: "This investment commitment from Comvita is a big win for adding value to New Zealand's primary sector and a significant endorsement of SeaDragon's strategy.

"It brings together two New Zealand-owned companies with complementary expertise to develop the greatest value from the country's precious primary resources.



“Comvita, with its extensive international distribution network and premium brand image, particularly in fast-growing Asian markets, has the capability to make the most of this opportunity.

“Comvita will become a significant domestic customer, while its standing in New Zealand’s export community and its contribution to the SeaDragon Board will also assist SeaDragon to achieve its growth ambitions both here and offshore. We are looking forward to working with the Comvita team.

Comvita Chairman Neil Craig said: “Comvita has long-believed New Zealand fish oils can command a premium in international markets as the region is synonymous with clean, deep, blue oceans and high quality primary sector exports.

“Omega-3 fish oils have become a core ingredient platform for Comvita, but until now we have not been able to consistently source local supply to establish a unique New Zealand-sourced range. SeaDragon, as New Zealand’s largest refiner and blender producer of high quality fish oils, provides Comvita with long-term security of supply.”

Key agreement terms:

- Investment

SeaDragon is seeking to raise up to \$9.09 million in new equity capital with its rights offer and shortfall bookbuild. The rights offer closed last Friday 25 September 2015 and the shortfall bookbuild opens on Tuesday 29 September 2015.

Comvita has undertaken to subscribe to at least \$2.0 million of shares attributable to unexercised rights offered as part of the shortfall bookbuild. The final amount will depend on the amount of rights exercised and the extent of participation in the bookbuild by other investors.

SeaDragon will scale Comvita’s final investment commitment in the shortfall bookbuild to ensure it obtains sufficient shares through the rights offer together with options attaching to the shares issued through the rights offer, to obtain a 19.9% stake in SeaDragon¹.

- Option agreement

SeaDragon has agreed to grant to Comvita an option to subscribe to additional ordinary shares at a price per share of \$0.008 per share resulting in an aggregate subscription price of \$3 million. The option may only be exercised in full and it must be exercised by Comvita before 1 October 2017.

¹ This 19.9% stake is post exercise of the options and assumes all other options associated with the rights offer issued to third parties are exercised.



The issuance of the option, in line with the Takeovers Code and NZX Listing Rules, will be conditional on the approval of SeaDragon shareholders not associated with Comvita. Additionally, SeaDragon may require Comvita to exercise the option if certain milestones are achieved.

Those milestones include: an operating cash flow target; commissioning of additional plant; confirmation of finished product quality and raw material supply milestones. All of these milestones need to be achieved before SeaDragon can require Comvita to exercise this option.

- Supply agreement:

Comvita and SeaDragon have also undertaken to negotiate and enter into a supply agreement giving Comvita rights of first refusal to all SeaDragon products. The price for supply has yet to be agreed but it is to be based on a market rate to be established with reference to a range of benchmarks.

Shortfall bookbuild:

The Shortfall bookbuild, for SeaDragon securities that are attributable to unexercised rights, as described in the offer document, will open at 10am on Tuesday 29 September, and close at 3:00pm, on the same day.

Investors interested in participating in the shortfall bookbuild process may do so by contacting an NZX Primary Market Participant Firm, or contacting the Lead Manager Beale Capital Consultants directly (details below). All participants must be Eligible Bookbuild Investors as defined in the offer document.

Share consolidation:

Finally, SeaDragon announces it has decided to delay the previously announced 20 to 1 share consolidation. The board will consider the merits of a share consolidation after the completion of the rights offer and the shortfall bookbuild.

Offer timetable

Shortfall bookbuild	Tuesday 29 September 2015
New shares and options allotted	Friday 2 October 2015
Expected date of quotation of new shares	Friday 2 October 2015
Shareholder statements dispatched to successful applicants no later than:	Thursday 8 October 2015



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About SeaDragon:

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. For more information visit: www.seadragon.co.nz

About Comvita:

Comvita (NZX:CVT) is a global natural health company committed to the development of innovative products, backed by ongoing investment in scientific research. We are the world leaders in Manuka (leptospermum) honey and fresh picked Olive Leaf Extract, which are at the core of the Comvita product range. We have approximately 50% of honey supply under direct ownership or control, with the balance of supply from long term contractual and partnership arrangements. Comvita pioneered the development and use of medical grade Manuka honey and was the first to receive FDA approval (2007). We partner with US wound care company Derma Sciences, Inc. (NASDAQ:DSCI), the global licensee for Medihoney® specialist wound care products, which are used in hospitals and medical centres around the world. Comvita's freshly picked Olive Leaf Extract is grown, harvested, extracted and bottled at the world's largest specialised olive leaf grove, with over one million olive trees. Comvita sells into more than 18 countries through a network of our own branded retail locations, online (seven country specific e-commerce websites) and third-party outlets. We have over 500 staff located in New Zealand, Australia, Hong Kong, Japan, Taiwan, South Korea, the United Kingdom and the USA. For more information visit: www.comvita.co.nz