



Dear shareholder,

Special Meeting of SeaDragon shareholders

Earlier this year SeaDragon reached a conditional strategic agreement with NZX-listed natural health and beauty products company Comvita.

The agreement was a significant achievement for SeaDragon. It assured the successful completion of the company's 3-for-5 rights offer in September, giving the company the capital to achieve its strategic goals, including the completion of its new Omega-3 fish oil refinery in Nelson. It also put in place a strategic partnership that has the potential to deliver significant value to shareholders as well as the New Zealand fishing and aquaculture industries over the long term.

The key terms of the strategic agreement included:

- Comvita underwriting SeaDragon's rights offer;
- The issue to Comvita of an additional option, giving it the right to subscribe for a further 375 million shares at 0.8 cents per share at any time before 1 October 2017;
- SeaDragon offering Comvita rights of first refusal to all SeaDragon products at market rates;
- The appointment of a Comvita representative to the SeaDragon Board; and
- Comvita and SeaDragon cooperating to add value to the New Zealand fishing and aquaculture industries.

As a direct result of that agreement, and in accordance with the terms of the rights offer, Comvita subscribed to new shares at 0.8 cents a share and options giving it the right to subscribe to new shares at 1.5 cents a share at any time on or before 1 October 2018. The total consideration for these securities was \$3.29 million and Comvita's shareholding in the company now stands at 13.14% of SeaDragon's issued capital. Additionally, Comvita consultant and former Chief Executive Brett Hewlett joined the SeaDragon Board on 2 November 2015.

However, the issue to Comvita of the options obtained as part the rights offer and the additional options specified in the strategic agreement require the approval of shareholders not associated with Comvita (Non-Associated Shareholders). This approval is required because the exercise of these options could result in Comvita lifting its shareholding above 20% of SeaDragon's issued capital.

The New Zealand Takeovers Code prohibits an investor lifting its shareholding in a company above this threshold unless - among other exceptions - it obtains the approval of a simple majority of Non-Associated Shareholders.



SeaDragon is holding a special meeting of shareholders in the Heaphy Room of the Rutherford Hotel in Nelson at 12.00pm 17 December 2015 to obtain the required Non-Associated Shareholder approval.

The SeaDragon Directors not associated with Comvita (Non-Associated Directors) unanimously believe the issue of these options to Comvita is in the best interests of all SeaDragon shareholders. Additionally, Non-Associated Shareholders, holding just over 50% of SeaDragon's issued share capital, have indicated they support the terms of Comvita's investment in the company.

Comvita has led the way in showing how New Zealand companies can add value to commodity primary products. Through smart marketing, investment in supply chain management, manufacturing and distribution, it has transformed the market for New Zealand-sourced natural health products.

SeaDragon, through the strategic partnership and through Comvita's participation in the governance of the company, stands to reap considerable rewards from this expertise as it transitions to the production and marketing of sustainably-sourced New Zealand Omega-3 fish oils.

In accordance with the Takeovers Code, the Non-Associated Directors also commissioned investment bank and corporate finance advisory firm Campbell MacPherson to assess and report on the merits and fairness of Comvita's investment in SeaDragon.

Campbell MacPherson concluded: "having given due consideration to all the relevant factors, it is our opinion that the consideration and the terms and conditions of the Proposed Transaction are fair to the non-associated shareholders."

The Campbell MacPherson reports, as well as the Notice of Special Meeting of SeaDragon Shareholders, are attached. These are important documents and you should read them carefully. Should you be unsure of what action to take you should consult your financial and legal advisers.

Should you be unable to attend the Special Meeting, you can cast your vote online or using the proxy form attached to the notice of meeting. Please note proxy forms must be received by our share registrar Link Market Services no later than 12.00pm, 15 December 2015.

Non-Associated Directors look forward to your support.

Yours sincerely,

Colin Groves
Chairman