

ANNOUNCEMENT



NZX / MEDIA RELEASE

14 June 2018

SeaDragon enters into term sheet to raise up to \$6.0m from cornerstone shareholders

SeaDragon Limited (NZX:SEA) announced on 15 May 2018 that its Board was negotiating new funding arrangements with cornerstone shareholders BioScience Managers (One Funds Management Limited) (“BioScience”) and Pescado Holdings Limited (a member of the Masthead group of companies) (“Pescado”).

SeaDragon is pleased to announce that it has agreed a term sheet with those parties, together with Comvita Limited. Under the terms agreed BioScience and Pescado have committed to advance up to \$3 million each via a new convertible loan note facility (the “New CLN”) to assist the company with its immediate and medium term funding requirements.

SeaDragon Chairman Colin Groves said: “The continued support of our cornerstone shareholders is very valuable to SeaDragon. These facilities will allow SeaDragon to continue to target sales growth in FY19”.

The New CLN will have the following features:

- **Maturity** – 31 March 2020.
- **Drawdown** – Limited to an aggregate amount of \$1.75 million until shareholder approval of the terms and conditions, including conversion to ordinary shares and provision of security from SeaDragon subsidiaries, is obtained.
- **Default** – The New CLN will be repayable in full if shareholder approval is not received on or before 15 August 2018.
- **Conversion** – The New CLN and the existing Comvita convertible loan note will convert to ordinary shares in SeaDragon at a conversion price of \$0.0033 per share. The strike price of Comvita’s existing \$3 million Additional Option is to be amended to be the same \$0.0033 per share and the exercise period extended to 31 March 2020. This conversion price represents an 18.77% discount to the 20 day VWAP for SeaDragon shares as of 8 June 2018.
- **Security**: All indebtedness under the convertible loan note facilities to each of BioScience, Comvita and Pescado will be secured over all of SeaDragon’s and, subject to shareholder vote, its subsidiaries assets.
- **Comvita CLN and Option Amendments** – The existing \$3 million convertible loan note facility with Comvita (current fully drawn) and the existing option to purchase \$3 million of ordinary shares in SeaDragon are to be amended, including to move the maturity / expiry dates out to 31 March 2020 and to amend the conversion / strike price (as noted above).

As previously announced, SeaDragon will use the proceeds from the initial drawdown under the New CLN to repay the short-term \$1 million aggregate amount of bridge facilities provided by BioScience and Pescado in May 2018, with the repayment date extended to 6 July 2018.

The New CLN will be subject to the parties agreeing and entering into documentation reflecting the term sheet, as well as shareholder approval being obtained at the 2018 annual meeting for the New CLN

and the various amendments to the terms of the existing Comvita convertible loan note facility and its existing \$3 million option as noted above. SeaDragon will update the market as soon as a date for this meeting has been set and additional information will be provided to shareholders in advance of that meeting.

The Board also wishes to advise shareholders that, subject to shareholders approving the New CLN terms, it has agreed in principal that all current shareholders will be provided with an opportunity to participate in a follow-on 1-for-1 renounceable pro rata rights offer at a price equal to the conversion price noted above for the New CLN. SeaDragon will announce further details once they have been finalised.

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.