



**SeaDragon Special Shareholders Meeting  
Eden Park Auckland  
17 May 2019 10:30am**

**Bryan Mogridge, Chairman**

Welcome to this a Special Meeting of the Shareholders of SeaDragon Ltd. The objective of today's meeting is to consider and if thought fit to pass 4 very important resolutions which if passed will assist SeaDragon in avoiding a cash flow crisis and the likelihood of being placed into receivership or liquidation.

As mentioned in explanatory note 2 of the notice of meeting, management's current estimates have SeaDragon unlikely to pay its debts as they fall due sometime during July this year unless a capital injection is provided.

Fortunately for SeaDragon our cornerstone shareholder Pescado, largely owned by one of our directors Mark Stewart has agreed to provide \$4m under a Convertible Loan Note structure with a number of conditions, one of which requires the existing Convertible Loan Note holders, including Pescado, to forego interest. This action saves your company approximately \$1million over the next year and coupled with the \$4m of convertible loan note effectively provides \$5million over the next 12 months should the full amount be required.

SeaDragon needs this injection of funds because the results for the past 12 months have not been what was anticipated. Despite revenue being some 50% higher than the previous year we anticipate a loss of around \$6.6m after tax from operations, being provisionally recorded. This provisional loss is before final audit and any potential balance sheet adjustments that may impact the profit and loss account.

The strategic plan for the company to move its production output further up the value chain toward the omega 3 markets is fundamentally still valid but the time to achieve an acceptable level of profitability will be longer than first thought. In order to compliment this slower than planned uptake of the high value omega 3 products SeaDragon will need to undertake some lower margin contract processing (sometimes called toll processing) for other fish oil producers. This should assist in providing extra recovery of overheads and keep the plant operating at optimal efficiency while building a base upon which the higher value products can build.

Explanatory note 2 of the notice of meeting also mentions that based on management's current estimates that this cash injection should be sufficient to see the company through until April/May 2020. Our goal for management is to endeavour to make this injection last much longer and maybe take the company to a position of cash independence. We will update the market on this as required.

Should the 4 resolutions be passed today it is highly likely that these new Convertible Loan Notes will convert into SeaDragon equity on March 31<sup>st</sup> 2021. With the existing convertible loan notes held by Comvita, Pescado and BioScience converting in March 2020, and assuming the options held by Comvita are not exercised and that no further equity is issued then the shareholding position will be as displayed behind me; [SCREEN SHOT OF SHARES]

Pescado will hold 39.33%

BioScience will hold 17.18%

Comvita will hold 13.79%

Other holders will hold collectively 29.69%

We will now move to the formal section of the meeting and consideration of the 4 resolutions that are the focus of this meeting.