

ANNOUNCEMENT



NZX / MEDIA RELEASE

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SeaDragon – Market Update

Omega-3 update; Omega-2 sales slow; Revised financial guidance

SeaDragon Limited (NZX:SEA) is pleased to update the market on the following recent events.

Omega-3 Refinery

As previously noted to the market, the commissioning of SeaDragon’s new Omega-3 refinery has been successfully completed, with the plant meeting performance expectations. The refinery’s risk management programme has been registered by the Ministry for Primary Industries (and ongoing verification audits have produced acceptable outcomes to date). SeaDragon has also obtained Marine Stewardship Council Chain of Custody certification for both Omega-3 and Omega-2 refineries.

SeaDragon believes the quality of the oil produced through its new Omega-3 refinery is of a high standard and can confirm that it has completed commercial sales of Omega-3 product to existing and new customers.

Chairman Colin Groves said: “Our tuna oil customers require a DHA content of at least 25% and the majority also require that strict EU eligibility requirements be met. The new Omega-3 refinery has demonstrated its ability to deliver refined oil that meets these high standards, which has generated significant interest from some of the world’s major buyers. We are working with a number of companies to attain preferred-supplier or vendor-endorsement status. Once achieved, we anticipate that additional orders will follow.”

The final cost of the Omega-3 refinery will be included in the company’s year end results due to be released in late May. Management currently expects the total cost of the Omega-3 refinery to be approximately \$10.6 million (in excess of the \$9.15 – \$9.55 million previously indicated), subject to finalising certain costs still in negotiation with suppliers and including capitalisation of qualifying SeaDragon expense items.

Omega-2 Update

The Omega-2 market has proved to be challenging in the last few months of the financial year, with SeaDragon experiencing an extension in the sales cycle due to what we believe is a short term softening in demand which has resulted in downward pressure on prices.

Mr Groves said: “Based on conversations with customers, we are confident that we will be able to achieve sales of our Omega-2 inventory, however this process will take longer than expected.”



As a result, Omega-2 inventory levels are higher than usual at year end, resulting in reduced cash reserves. SeaDragon expects that FY16 earnings before interest, tax, depreciation and amortisation (EBITDA) will be lower than previously indicated to the market. Audited FY16 results will be released in late May.

Fractionation Plant

SeaDragon has progressed the proposal for a new fractionation plant to complement the recently completed Omega-3 refinery – the next stage of detailed design proposals and quotations are expected in the near future.

Completion and commissioning of the new fractionation plant is now expected to be in mid 2017.

Tuna Supply

SeaDragon has recently secured sources of unrefined tuna oil, including up to 700 tonnes over the next 12 months.

NZTE Exporter of the Year – 2015

SeaDragon was named New Zealand Trade & Enterprise Exporter of the Year at the Natural Products New Zealand annual conference.

Search for New CEO Continues

SeaDragon's search for a CEO continues. In the meantime, SeaDragon is very pleased to confirm that Rich Alderton has agreed to stay on as interim CEO.

For further information contact:

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About SeaDragon www.seadragon.co.nz

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.