

ANNOUNCEMENT



SEA: NZX and Media Release

26 August 2015

SeaDragon convertible note assessed as ‘fair to non-associated shareholders’

Campbell MacPherson independent appraisal released with SeaDragon’s notice of meeting

SeaDragon’s issue of a \$2.5 million convertible loan to its 21.84% shareholder BioScience Managers, via One Funds Management (OFM), is fair to all non-associated shareholders in the company, an independent appraisal of the transaction has found.

In a report released today, Investment Bank and Corporate Finance Advisory Firm Campbell MacPherson noted it had reached its independent view “having given due consideration to all of the relevant factors”.

SeaDragon sought the independent appraisal report in accordance with rule 18 of the Takeovers Code and rules 1.7.2, 7.5.1 and 9.2 of the NZX listing rules. Briefly, these rules relate to investors with more than 20% of a company seeking to take a larger stake without mounting a full-takeover and material transactions.

The conversion of the loan is subject to shareholder approval at SeaDragon’s Annual Shareholders Meeting on September 17, and its key features include:

- The loan will automatically convert to ordinary shares in the company as part of the shortfall book build under SeaDragon’s ongoing rights offer;
- The conversion will be at the same price as the issue of rights in the rights offer of \$0.08 cents per right provided that at least \$5 million is raised in that offer and any related capital raising. If the company raises less than \$5 million, the conversion will be at a 20% discount to the rights offer price; and
- Interest will accrue on the outstanding balance at 18% per annum, reducing to 13% once shareholders have granted any required approvals to the conversion to equity.

SeaDragon has launched a 3-for-5 renounceable rights offer and a shortfall book build to raise a maximum of \$9.009 million in new equity capital. Proceeds from the capital raising will be used to fund ongoing construction of the company’s new Omega-3 plant in Nelson, add a fractionation plant to the facility (leading to a higher value, higher quality product), upgrade its existing Omega-2 plant, pay the costs of the rights offer and to meet working capital requirements.



In addition to the approval of the convertible loan, SeaDragon shareholders are being asked to re-elect Independent Chairman Colin Groves, Director Stuart MacIntosh, and Chief Executive Richard Alderton to the Board.

The independent report and the notice of meeting are attached and are also available at the company's website: www.seadragon.co.nz

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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.