

13 August 2019

## **NOTICE OF ANNUAL MEETING OF SHAREHOLDERS OF SEADRAGON LIMITED**

Notice is hereby given to all shareholders that the annual meeting of shareholders (**Meeting**) of SeaDragon Limited (**SeaDragon** or **Company**) will be held in Auckland at the Centenary Lounge, Eden Park on Friday, 13 September 2019, at 2:00 p.m.

### **AGENDA**

- A. Apologies and Chairman's introduction**
- B. Chief Executive's review and trading update**
- C. Financial statements**

To receive and consider the financial statements and the auditors' report for the year ended 31 March 2019 as contained in the Company's 2019 annual report.

- D. Resolutions**

To consider and, if thought fit, pass the following resolutions. Each resolution is an ordinary resolution other than resolution 1, which is a special resolution.

#### **Resolution 1 – Revocation of Existing Constitution and adoption of New Constitution**

*“That the existing constitution of the Company be revoked and the constitution tabled at the annual meeting of shareholders and signed by the Chairman for the purposes of identification be adopted with effect from the close of that meeting.”*

#### **Resolution 2 – Election of Mr. Bryan Mogridge as a director of the Company**

*“That Mr. Mogridge be elected as a director of the Company.”*

#### **Resolution 3 – Re-election of Mr. Stuart Macintosh as a director of the Company**

*“That Mr. Macintosh be re-elected as a director of the Company.”*

#### **Resolution 4 – Re-election of Mr. Matthew McNamara as a director of the Company**

*“That Mr. McNamara be re-elected as a director of the Company.”*

#### **Resolution 5 – Auditor fees and expenses**

*“That the directors of the Company be authorised to fix the fees and expenses of the Company's auditor.”*

#### **Resolution 6 – Issue of Share Options**

*“That, for the purposes of Listing Rule 4.2.1, the issue of 295,997,241 Share Options by the Company to the Option Holder under the Option Deed be approved.”*

Each resolution is discussed in the Explanatory Notes below.

***The directors of the Company (other than the Chairman in respect of Resolution 6) unanimously recommend that shareholders of the Company (Shareholders) vote in favour of all Resolutions***

**By Order of the Board**

**ENDS**

**Contact:**

Bryan Mogridge  
Independent Chairman  
Tel: +64 21 931 355

***This notice of meeting is an important document and requires your immediate attention. It should be read in its entirety. It has been prepared to advise you of the forthcoming Meeting and to assist you in understanding the Resolutions to be put to Shareholders for consideration at the Meeting. The Directors encourage you to read this notice of meeting and exercise your right to vote.***

***If you do not understand any part of this document or are in doubt as to how to deal with it, you should consult your broker or other professional adviser as soon as possible.***

***Please call Bryan Mogridge at SeaDragon Limited on +64 21 931 355 if you have any queries about the Resolutions or this notice of meeting.***

## EXPLANATORY NOTES

References in this notice of meeting to **Listing Rules** are to the listing rules set out in the NZX Listing Rules dated 1 January 2019. The Listing Rules may be viewed here: <https://www.nzx.com/regulation/nzx-rules-guidance/main-board-debt-market-rules>.

### **Resolution 1 – Revocation of Existing Constitution and adoption of New Constitution**

1. The existing constitution applicable to SeaDragon was adopted in October 2004 (the **Existing Constitution**) at a time when the relevant company was “Certified Organics Limited”. Since that time:
  - (a) that company has undergone several changes of business and names such that the current SeaDragon business is materially different from the business of Certified Organics Limited; and
  - (b) market practice for listed company constitutions and the laws applicable to SeaDragon have changed significantly, including the listing rules with which SeaDragon is required to comply. In particular, and on 1 January 2019, the NZX Limited Main Board/Debt Market Listing Rules (dated 1 October 2017) (the **Old Listing Rules**), were replaced by the Listing Rules.
2. For these reasons, SeaDragon proposes, with the approval of its shareholders, to revoke the Existing Constitution and to adopt a new constitution (the **New Constitution**), which reflects the requirements of the Listing Rules and certain changes to applicable legislation (including the Companies Act 1993 (the **Companies Act**)). SeaDragon is also taking this opportunity to propose other changes to the Existing Constitution, which, in broad terms, are more consistent with market practice and/or remove unnecessary repetition of matters contained in the Companies Act (with which SeaDragon is required to comply in any event). If Resolution 1 is not approved:
  - (a) the Existing Constitution will continue to be the Company’s constitution;
  - (b) the Existing Constitution must, in accordance with the Listing Rules, be read subject to the Listing Rules to the extent of any inconsistency between the Existing Constitution and the Listing Rules;
  - (c) the Existing Constitution will not adequately serve its function as the Company’s governing document because it does not reflect the requirements of the Listing Rules and certain changes to applicable legislation (including the Companies Act); and
  - (d) SeaDragon would propose that Shareholders revoke the Existing Constitution and adopt the New Constitution at the next meeting of Shareholders following the Meeting.
3. A copy of the New Constitution is available for viewing at SeaDragon’s website: [www.seadragon.co.nz/invest/#governance](http://www.seadragon.co.nz/invest/#governance).
4. The New Constitution does not impose or remove a restriction on the activities of SeaDragon, and accordingly, no shareholder buy-out rights arise under section 110 of the Companies Act.
5. Flacks & Wong has provided an opinion to NZX that it considers that the New Constitution complies with the Listing Rules.
6. A summary of the material differences between the Existing Constitution and the New Constitution is set out in the table below.

Clause in New Constitution	Subject matter	Proposed change
1.1	Definitions	Other than minor tidy up changes, certain additional terms have been included in the New Constitution which are

Clause in New Constitution	Subject matter	Proposed change
		defined by reference to the Listing Rules. In particular, the term “Security” has been replaced by “Financial Product” to align with a corresponding change in terminology in the Listing Rules.
		In addition, for consistency with the Listing Rules and market practice, the term “shares” as used in the Existing Constitution has been replaced in some cases with the broader term “Equity Securities”, which includes shares.
2.2	Incorporation of NZX Listing Rules	This clause clarifies that neither shareholders nor directors may vote on matters if they are prohibited from doing so by the Listing Rules.
3	Rights attaching to Equity Securities	Clause 3 of the New Constitution updates and simplifies the equivalent provisions of the Existing Constitution (clauses 3.1 to 3.2), including to reflect developments in market practice and to remove provisions that are repetitive of the rights and powers attaching to shares as mandated by the Companies Act. This amendment does not change the rights of shareholders.
6	Calls on shares	The New Constitution provides a process by which the Board may make calls on all amounts unpaid on shares and which are not payable at fixed times. Shareholders will remain liable to pay such calls notwithstanding any subsequent transfer of those shares in respect of which the call has been made.
8	Forfeiture of shares	The New Constitution provides that, if a call on a share is not paid when due or in compliance with a notice issued by the Board in accordance with the New Constitution, the Board may resolve that the relevant shares, including all dividends and other distributions in respect of those shares, are to be forfeited.
9	Transfer of Financial Products	Clause 9 of the New Constitution replaces and updates the provisions of the Existing Constitution relating to the transfer of shares to reflect amendments to the Companies Act, the Listing Rules and market practice that has developed since the adoption of the Existing Constitution.
9.6	Trusts not to be entered on registers	Consistent with the Companies Act, the New Constitution provides that trusts must not be entered on any register of Equity Securities maintained by SeaDragon.
9.7	Sale of less than minimum holding	This clause replaces clause 3.12 of the Existing Constitution. Consistent with the changes made to the Listing Rules, the clause 9.7 of the New Constitution allows for share parcels of less than a minimum holding to be sold on market (including through a broker on behalf of SeaDragon), rather than through NZX or in some other manner approved by NZX.
9.11	Untraced shareholders	The New Constitution includes new provisions that allow the Board to transfer dividends to a trust set up for that purpose where three or more dividends paid in respect of SeaDragon shares have remained unclaimed for at least one year. Any further shares issued in respect of the shares on which dividends have remained unclaimed may also be transferred to the trust. The Board may arrange the sale of those shares through the NZX where the shares in the trust remain unclaimed for a period of three years after the date on which the shares were transferred, with any proceeds arising from that sale belonging to SeaDragon.

Clause in New Constitution	Subject matter	Proposed change
10	Transmission of Financial Products	Consistent with market practice, the New Constitution sets out the rights of joint holders of Financial Products, or Personal Representatives, where a holder of a Financial Product dies.
11.1	Method of holding meetings of shareholders	The New Constitution reflects the requirements for shareholder meetings set out in Schedule 1 to the Companies Act, which expressly cater for physical and/or electronic shareholder meetings.
12.3	Contents of notice of meetings of shareholders	The provisions of the New Constitution relating to the contents of notices provide that any notice of meeting must comply with the requirements for such notices under the Listing Rules. There is no change to a shareholder's right to receive a notice of meeting.
15	Voting at meetings of shareholders	The Listing Rules provide that voting at meetings of shareholders must be conducted by way of poll. The New Constitution accordingly replaces certain of the detailed voting provisions of clause 6.9 of the Existing Constitution and instead requires the chairperson to demand a poll on each resolution at a meeting of shareholders.
15.10	Electronic voting at meetings of shareholders	Consistent with amendments to the Companies Act, the New Constitution provides for the electronic appointment of proxies or Representatives and for votes to be cast by electronic means where permitted by law and the Board.
16.2	Form of proxy	This clause replaces and updates clauses 6.11(d), 6.11(e) and 6.11(i) of the Existing Constitution and reflects the form of proxy provisions in the Listing Rules, including that the proxy form must clearly state who is subject to voting restrictions on each resolution to be voted on by the shareholders.
20	Appointment and removal of Directors	Consistent with the Listing Rules, the New Constitution provides that, while SeaDragon is listed, the composition of the Board and the nomination and appointment of Directors must be in accordance with the Listing Rules. This includes a requirement for at least two Directors to be Independent Directors and for any appointment or election of a Director to be voted on individually.
20.5	Director rotation	Consistent with the Listing Rules, the New Constitution provides that a Director must not hold office (without re-election), past the third annual meeting after the Director's appointment or three years, whichever is longer. The Existing Constitution and the Old Listing Rules required one-third of Directors (or the number nearest to one-third) to retire from office at the annual meeting each year (but eligible for re-election at that meeting).
22	Managing Director	The provisions of the Existing Constitution relating to the appointment of a Managing Director (clause 2.6) have been replaced in the New Constitution. Clause 22 of the New Constitution is consistent with market practice and reflects changes in the Listing Rules. In particular, the Listing Rules no longer permit executive Directors to be exempt from the requirements for Director rotation.  Consistent with market practice, clauses 2.1 to 2.5 of the Existing Constitution have also been deleted as the matters covered by these clauses are expressly provided for in the Companies Act.
23	Proceedings of the Board	In addition to amendments that are required to reflect updated market practice and the provisions of the Companies Act (including the use of electronic

Clause in New Constitution	Subject matter	Proposed change
		communications to provide notices and conduct meetings), the Board quorum requirements of the Existing Constitution have been updated in the New Constitution to provide that the required quorum for Board meetings is three (not four) Directors and, in the case of an equality of votes at a meeting of the Board, the chairperson will no longer have a casting vote.
		The New Constitution also provides that acts of Directors are valid notwithstanding any defect in the appointment of a Director or any irregularity in a notice of meeting.
24	Directors' remuneration	Clause 24 of the New Constitution replaces clause 9 of the Existing Constitution in its entirety. The New Constitution provides simply that the Board may authorise remuneration and other benefits to be paid to the Directors in accordance with the requirements of the Listing Rules and the Companies Act.

### **Resolution 2 – Election of Mr. Bryan Mogridge as a director of the Company**

7. Mr. Mogridge was appointed by the board of directors of the Company (the **Board**) on 1 February 2019 and, in accordance with Listing Rule 2.7.1, offers himself for election at the Meeting.
8. Mr. Mogridge has been a public company director since 1984 and has a wealth of experience, both in executive and board roles. He has a BSc in Bio-chemistry and was instrumental in building a solid export base for New Zealand wine. In 1998 he was made an Officer of the New Zealand Order of Merit for his services to the wine industry and in 2008 was inducted into the New Zealand Wine Hall of Fame. Mr. Mogridge is currently a director of Mainfreight Limited and SeaDragon Limited, joining the Board in February 2019.
9. Mr. Mogridge was elected Chairman of the Company in April 2019.
10. The Board considers that Mr. Mogridge qualifies as an Independent Director (as that term is defined in the Listing Rules).

### **Resolution 3 – Re-election of Mr. Stuart Macintosh as a director of the Company**

11. Pursuant to Listing Rule 2.7.1, a director of the Company must not hold office (without re-election) past the third annual meeting following the director's appointment or 3 years, whichever is longer. Mr. Macintosh accordingly offers himself for re-election at the Meeting.
12. Mr. Macintosh has extensive manufacturing and general management experience in the meat, wood products and consumer goods sectors, including 11 years at multinational food group Cerebos Gregg's. Mr. Macintosh is the General Manager of the iconic Pic's Peanut Butter and joined the Board in June 2015. Mr. Macintosh is a director of, and controlling shareholder in, SDMO Trustee Limited, a cornerstone shareholder of SeaDragon.
13. The Board considers that Mr. Macintosh does not qualify as an Independent Director (as that term is defined in the Listing Rules).

### **Resolution 4 – Re-election of Mr. Matthew McNamara as a director of the Company**

14. Pursuant to Listing Rule 2.7.1, a director of the Company must not hold office (without re-election) past the third annual meeting following the director's appointment or 3 years, whichever is longer. Mr. McNamara accordingly offers himself for re-election at the Meeting.

15. Mr. McNamara is the Chief Investment Officer of one of SeaDragon's cornerstone shareholders, BioScience Managers. Since 2008, he has been the Fund Manager for the IB Australian Biosciences Fund I, Asia Pacific Healthcare Fund II, BioScience Managers Ventures I & BioScience Managers Translation Fund I. Mr. McNamara has more than 30 years' experience in the healthcare and medical sciences sector and is a director of several public and private healthcare companies in Australia and New Zealand. He joined the Board in October 2012.
16. The Board considers that Mr. McNamara does not qualify as an Independent Director (as that term is defined in the Listing Rules).

#### **Resolution 5 – Auditor fees and expenses**

17. PWC is automatically appointed as the auditor of the Company under section 207T of the Companies Act. Section 207S of the Companies Act provides that, if the auditor is appointed at a meeting of the company, the fees and expenses of the auditor must be fixed by the company at the meeting or in the manner that the company determines at the meeting. Resolution 5 accordingly authorises the directors of the Company to fix the fees and expenses of the auditor for the financial year ending 31 March 2020.

#### **Resolution 6 – Issue of Share Options**

18. The explanatory notes below set out the details of the transaction the subject of Resolution 6 and the approval required by Shareholders under the Listing Rules.

#### **Resolution 6**

19. If Resolution 6 is passed, the issue of 295,997,241 options to acquire ordinary shares in SeaDragon (**Share Options**) by the Company to Bryan Mogridge (the **Option Holder**) under the Option Deed (as defined in paragraph 21 below) will be approved in terms of Listing Rule 4.2.1.
20. The effect that passing of Resolution 6 may have on the number of ordinary shares held by the Option Holder and the other Shareholders following the possible issue of ordinary shares to the Option Holder (**Option Shares**) upon exercise of the Share Options under the Option Deed is summarised at paragraph 29. Please refer to section 2.6 of the IAR (as defined in paragraph 25(a) below) for an analysis of the impact on the shareholding levels of SeaDragon.

***We encourage all Shareholders to read the IAR that accompanies this notice of meeting in full.***

#### **BACKGROUND**

##### *Option Deed*

21. On 13 August 2019, the Option Holder and the Company entered into an option deed (the **Option Deed**) for the issue of 295,997,241 Share Options by the Company to the Option Holder. The Option Deed requires SeaDragon to seek Shareholder approval to the following terms:
  - (a) subject to paragraph (g) below, the Option Holder may exercise one or more Share Options at any time during the period from 1 April 2021 to the "Lapse Date" (as described in paragraph (b) below) (the **Option Period**);
  - (b) the Lapse Date is the earliest to occur of:
    - (i) 30 September 2023;
    - (ii) the date on which the Option Holder ceases to be a director of the Company if such date falls prior to 1 April 2021, unless:
      - (A) the Option Holder has ceased to be a director of the Company due to death, disability or serious ill health; and

- (B) the Board, at its sole and absolute discretion and after taking into account the amount of time that has passed from the issue of the Share Options and the Option Holder's contribution to the success of the Company in that time, determines that the relevant date for the purposes of this paragraph (B) and, therefore, the Lapse Date is 30 September 2021; and
- (iii) the date falling six months after the Option Holder ceases to be a director of the Company if such date falls on or after 1 April 2021;
- (c) the exercise price per Share Option is \$0.005 (the **Exercise Price**);
- (d) the number of Option Shares to be issued upon the exercise of a Share Option is calculated on the basis of the then applicable "Conversion Ratio" (as described in paragraph (f) below);
- (e) Option Shares will carry such rights, and otherwise rank equally with, all other ordinary shares in the Company;
- (f) the Conversion Ratio is one Option Share issued for each Share Option exercised, subject to adjustment in the following circumstances:
  - (i) that initial Conversion Ratio has been determined on the assumptions that:
    - (A) the full amount is drawn down by the Company under the 2019 Pescado Loan (as defined in paragraph 23 below) from Pescado Holdings Limited (**Pescado**) and the relevant convertible loan notes are converted into 2,000,000,000 ordinary shares in the Company;
    - (B) the convertible loan notes issued under the Existing Loans (as defined in paragraph 22 below) are converted into ordinary shares in the Company; and
    - (C) the Comvita Option (as defined in paragraph 24 below) is not exercised;

If any such assumption is not correct, the Conversion Ratio will be adjusted accordingly such that, if the Option Holder exercises all Share Options, the number of Option Shares to be issued upon the exercise of those Share Options equals 3% of the number of Shares then on issue (for the avoidance of doubt, on a post exercise basis), but excluding any Shares issued otherwise than as a result of:

    - (D) the conversion of convertible loan notes issued under the 2019 Pescado Loan; or
    - (E) the conversion of convertible loan notes issued under the Existing Loans; or
    - (F) the exercise of the Comvita Option; and
  - (ii) if there is a consolidation, subdivision or similar proportionate reconstruction of the ordinary share capital of the Company, the Conversion Ratio for any subsequent exercise of a Share Option is to be consolidated or subdivided in the same ratio, including any necessary rounding to the number of Option Shares following such exercise;
- (g) the minimum number of Share Options that may be exercised by the Option Holder on any one occasion is 100,000,000 (unless fewer than 100,000,000 Share Options are held, in which case the minimum number is all Share Options held); and
- (h) the Option Holder may not transfer the Share Options other than, in broad terms:
  - (i) pursuant to a takeover offer or a scheme of arrangement; or



- (ii) to the executor of the Option Holder's estate if the Option Holder ceases to be a director of the Company due to death; or
- (iii) at the sole and absolute discretion of the Board, to the trustees of a family trust of which the Option Holder and/or his close relatives are beneficiaries if the Option Holder ceases to be a director of the Company due to disability or serious ill health.

#### *Existing Loans*

22. Pescado, Comvita Limited (**Comvita**), One Funds Management Limited as trustee of Asia Pacific Healthcare Fund II (**OFM**), BioScience Managers Ventures Pty Ltd as general partner of BioScience Management Partnership LP (**BMV** and, together with OFM, **BioScience** and, together with Pescado and Comvita, the **Existing Noteholders**) and the Company entered into an amended and restated convertible loan note agreement (second amendment and restatement) originally dated 30 May 2016 as amended and restated as of 30 June 2018 and further amended and restated on 8 August 2018 (the **Existing Convertible Loan Note Agreement**). Pursuant to the Existing Convertible Loan Note Agreement:

- (a) Pescado agreed to provide convertible loan note facilities (the **Existing Pescado Loan**) to SeaDragon of up to \$3 million, of which the full \$3 million has been advanced;
- (b) BioScience agreed to provide convertible loan note facilities (the **Existing BioScience Loan**) to SeaDragon of up to \$3 million, of which the full \$3 million has been advanced; and
- (c) Comvita agreed to provide convertible loan note facilities (the **Existing Comvita Loan**) to SeaDragon of up to \$3 million, of which the full \$3 million has been advanced,

together, the **Existing Loans**. The convertible loan notes that have been issued under the Existing Loans are convertible at 0.0033 per share. Unless previously repaid or converted, the Existing Loans will mature at 5:00 p.m. on 31 March 2020. On maturity, unless SeaDragon is in default under the Existing Loans or insolvent, the outstanding amount under the Existing Loans will automatically convert into ordinary shares in SeaDragon at \$0.0033 per share.

#### *2019 Pescado Loan*

23. On 1 April 2019, SeaDragon entered into a convertible loan note agreement (the **2019 Convertible Loan Note Agreement**) with Pescado to give effect to a new \$4 million convertible loan note facility (the **2019 Pescado Loan**), the terms of which were approved by Shareholders on 17 May 2019. As at 13 August 2019, \$2 million has been advanced under the 2019 Convertible Loan Note Agreement. The convertible loan notes that have been issued under the 2019 Pescado Loan are convertible at 0.002 per share. Unless previously repaid or converted, the 2019 Pescado Loan will mature at 5:00 p.m. on 31 March 2021. On maturity, unless SeaDragon is in default under the 2019 Pescado Loan or insolvent, the outstanding amount under the 2019 Pescado Loan will automatically convert into ordinary shares in SeaDragon at \$0.002 per share.

#### *Comvita Option*

24. With effect on and from 8 August 2018, SeaDragon has granted Comvita an option to subscribe for 909,090,909 shares in SeaDragon at an exercise price of \$0.0033 per share (for an aggregate exercise price of \$3 million), exercisable by 5:00 p.m. on 31 March 2020 (the **Comvita Option**). The Comvita Option has mandatory exercise milestones which, if met, would enable the Company to require Comvita to exercise the Comvita Option. If the mandatory exercise milestones are met, the Company is highly likely to require Comvita to exercise the Comvita Option. As at 13 August 2019, the Comvita Option has not been exercised.

***Shareholders are encouraged to read the IAR that accompanies this notice of meeting in full, together with SeaDragon's most recent announcements.***

## PURPOSE AND CONSIDERATION FOR THE ISSUE OF SHARE OPTIONS

25. The purpose for the issue of the Share Options is to appropriately incentivise and compensate the Option Holder in his capacity as Chairman for future contributions to significant increases in Shareholder returns (measured by a significantly increased SeaDragon share price) on the basis that:
- (a) the consideration for each Option Share (i.e., the Exercise Price) is \$0.005 per Share Option. As set out in more detail in the independent appraisal report prepared by Simmons Corporate Finance Limited (the **IAR**), the Share Options will be granted significantly out of the money and, in order for the Option Holder to derive value from the Share Options, the Company's share price will need to appreciate by over 250% by the time the Option Holder exercises the Share Options, in which case all current Shareholders will benefit from an appreciation in the value of their investments in SeaDragon (see section 2.4 of the IAR);
  - (b) the Option Holder has agreed to receive materially less remuneration for acting as Chairman than the previous Chairman. In particular, the Option Holder's annual remuneration is \$75,000 (plus \$500 per half day for any additional work over the normal expected duties of Chairman) and the previous Chairman's annual remuneration was \$102,000 (plus \$500 per half day for any additional work over the normal expected duties of Chairman). The \$500 per half day remuneration will cease to apply upon the issue of the Share Options;
  - (c) the Option Holder is, in conjunction with the Chief Executive Officer, responsible for developing and executing a business strategy that significantly increases SeaDragon's revenue, and earnings before interest, tax depreciation and amortisation, such that a SeaDragon share price of greater than \$0.005 is achieved by 30 September 2023; and
  - (d) in executing the business strategy, the Option Holder is expected to undertake additional work over the normal expected duties of non-executive chairmen, with the Company not remunerating the Option Holder in cash for such additional work.

For these reasons, the Remuneration Subcommittee considers that the consideration for and terms of issue of the Share Options and the Option Shares are fair and reasonable to the Company and to all existing Shareholders. The implementation of the Option Deed also allows the Company to conserve cash in the near-term.

26. The following Shareholders have advised that they intend to vote in favour of Resolution 6:
- (a) Pescado, holding 17.66% of total voting rights;
  - (b) BioScience, holding 15.18% of total voting rights;
  - (c) Comvita, holding 8.49% of total voting rights;
  - (d) SDMO Trustee Limited (associated with director Stuart Macintosh), holding 9.05% of total voting rights; and
  - (e) Tamahere Limited (associated with director Colin Groves), holding 0.62% of the total voting rights.

Together, these Shareholders hold 51.00% of total number of voting rights able to be voted on Resolution 6.

## CONSEQUENCES IF RESOLUTION 6 NOT APPROVED

27. If Resolution 6 is not approved, the Option Holder may resign from his position as Chairman (and as a director the Company) unless the Option Holder and the Company can agree an alternative remuneration arrangement. In this context, Shareholders should be aware that any further increase in the Option Holder's remuneration for acting as Chairman is constrained by the existing

remuneration for directors of the Company approved by Shareholders (which is \$225,000 per annum payable to all directors of the Company in aggregate). Put another way, an increase in the Chairman's fee would likely require further Shareholder approval.

28. If the Option Holder resigns from his position as Chairman (and as a director the Company), the Board considers that it would be prudent for the Company to engage, and pay for, additional resource to perform the duties and obligations proposed to be carried out by the Option Holder (as described in paragraph 25(c) above).

#### **DILUTIONARY IMPACT OF THE ISSUE OF OPTION SHARES**

29. The total percentage of the ordinary shares in the Company held by the Option Holder after the issue of Option Shares will vary depending on the number of Share Options that are exercised by the Option Holder. Whether or not:

- (a) the full amount is drawn down by SeaDragon under the 2019 Pescado Loan from Pescado and the relevant convertible loan notes are converted into 2,000,000,000 ordinary shares (the **Pescado Allotment**); or
- (b) the convertible loan notes issued under the Existing Loans are converted into ordinary shares; or
- (c) the Comvita Option is exercised,

if the Option Holder exercises all Share Options (and assuming that there are no other changes to SeaDragon's capital structure), the Option Holder will hold 3% of the ordinary shares of the Company. As set out in section 2.6 of the IAR:

- (a) the issue of the Option Shares will result in Shareholders' proportionate shareholdings in the Company being diluted by 3%; and
- (b) Simmons Corporate Finance Limited does not consider this level of dilution to be of significance to highlight it as a negative aspect of the Share Options.

#### **INDEPENDENT APPRAISAL REPORT**

30. As required by Listing Rule 7.8.5, SeaDragon has commissioned an independent appraisal report on the issue of the Share Options.
31. Simmons Corporate Finance Limited has prepared the IAR and a copy of the IAR accompanies this notice of meeting.
32. Section 2.2 of the IAR contains the following summary of Simmons Corporate Finance Limited's evaluation of the fairness of the Share Options (referenced as "the Mogridge Options" in the IAR) under the Listing Rules:

"In our opinion, after having regard to all relevant factors, the terms and conditions of the Mogridge Options are fair to the Non-associated Shareholders."

For this purpose, the "Non-associated Shareholders" are those Shareholders not associated with the Option Holder.

***We encourage all Shareholders to read the IAR that accompanies this notice of meeting in full.***

#### **LISTING RULE 4.2.1**

33. Listing Rule 4.2.1 requires approval of the issue of Share Options to the Option Holder by an ordinary resolution of Shareholders.

#### **LOCK-UP ARRANGEMENTS**

34. The Share Options are not generally transferable, except in the circumstances described in paragraph 21(h) above.
35. The Option Holder is not subject to a lock-up arrangement in respect of any Option Shares (i.e., the ordinary shares in the Company to be issued upon exercise of Share Options). Accordingly, following the issue of any Option Shares, the Option Holder will be able to trade those Option Shares (subject to compliance with relevant legislation and the Listing Rules).

## IMPORTANT INFORMATION

### Proxies

Any Shareholder who is entitled to attend and vote at the Meeting may appoint a proxy to attend and vote instead of him or her. A proxy does not need to be a Shareholder. If you appoint a proxy you may either direct your proxy how to vote for you or you may give your proxy discretion to vote as he or she sees fit. If you wish to give your proxy discretion then you must mark the appropriate boxes on the form to grant your proxy that discretion. If you do not tick any box for a particular resolution, then the proxy will vote or abstain from voting as he or she sees fit. Any person associated with any person prohibited from voting on a resolution cannot vote on that resolution as a discretionary proxy.

If, in appointing a proxy, you do not name a person as your proxy but otherwise complete the proxy form in full, or your named proxy does not attend the meeting:

- (a) the Chairman of the Meeting will act as your proxy and may only vote in accordance with your express direction; and
- (b) the Chairman of the Meeting (if Bryan Mogridge) will not vote on Resolution 6 if granted a discretion on how to vote on that Resolution.

The Chairman of the Meeting or any director is willing to act as proxy for any Shareholder who wishes to appoint him. To appoint the Chairman of the Meeting simply tick the box allocated next to "The Chairman of the meeting" on your proxy form. To appoint any director as your proxy, include the name of that director in the space provided on your proxy form.

If the Chairman of the Meeting or any director is appointed as a proxy and you have given your proxy discretion to vote as he or she sees fit, such person will vote in favour of all Resolutions (except in respect of Resolution 6 if such person is Bryan Mogridge, who is subject to the voting restrictions described below for Resolution 6).

If you wish to mail the Proxy Form then please send it to our Share Registrar, Link Market Services Limited, using the reply-paid envelope provided. New Zealand based Shareholders may also fax the form to (09) 375 5990, and overseas Shareholders may fax the form to +64 9 375 5990. The form may also be emailed to [meetings@linkmarketservices.co.nz](mailto:meetings@linkmarketservices.co.nz) or posted to Link Market Services Limited, PO Box 91976, Auckland 1142, New Zealand.

The completed Proxy Form must be received by our Share Registrar no later than 2:00 p.m. (New Zealand time) on 11 September 2019. Any Proxy Form received after that time will not be valid for the Meeting.

Shareholders can elect to vote their proxies online. To appoint your proxy and vote online, please visit the Link Market Services Investor Centre at <http://investorcentre.linkmarketservices.co.nz/voting/SEA>. You will require your CSN/Holder number and FIN to securely access the website. Follow the prompts to complete your proxy appointment and vote.

### Resolutions

The business for the Meeting is to pass the ordinary resolutions set out in the preceding pages (being all Resolutions other than Resolution 1) and the special resolution set out in the preceding pages (being Resolution 1). An ordinary resolution is a resolution that is approved by a simple majority of the votes of those Shareholders entitled to vote and voting on the resolution. A special resolution is a resolution approved by a majority of 75% of the votes of those Shareholders entitled to vote and voting on the resolution.

### No motions from the floor

The only matters being discussed and voted on at the Meeting are the Resolutions set out in this notice of meeting. No motions from the floor will be allowed during the Meeting.

## **Voting**

Voting entitlements for the Meeting will be determined as at 5:00 p.m. (New Zealand time) on 11 September 2019. Registered Shareholders at that time will be the only persons entitled to vote at the Meeting and only the shares registered in those Shareholders' names at that time may be voted at the Meeting.

## **Voting restrictions**

Neither Bryan Mogridge, nor any of his Associated Persons (as that term is defined in the Listing Rules), is entitled to vote, appoint a proxy or exercise discretionary proxies in respect of Resolution 6, in accordance with Listing Rule 6.3.

## **More information**

If you have any questions, or for more information, please contact Bryan Mogridge at SeaDragon Limited on +64 21 931 355.