

## Disclosure of beginning to have substantial holding

*Section 276, Financial Markets Conduct Act 2013*

**To** NZX Limited  
and  
**To** SeaDragon Limited (the **Company**)

Date this disclosure made: 13 August 2019

Date on which substantial holding began: 13 August 2019

### **Substantial product holder(s) giving disclosure**

Full name(s): Bryan Mogridge

### **Summary of substantial holding**

Class of quoted voting products: Ordinary shares in the Company (**Shares**) with security code SEA

Summary for Bryan Mogridge

For this disclosure,—

- (a) total number held in class: 295,997,241
- (b) total in class: 4,843,304,727
- (c) total percentage held in class: 6.111%

### **Details of relevant interests**

Details for Bryan Mogridge

Nature of relevant interest(s): Bryan Mogridge has the conditional power to acquire 295,997,241 Shares pursuant to the Option Deed (as defined below in "Details of transactions and events giving rise to substantial holding"). A copy of the Option Deed (16 pages) is attached to this disclosure.

For that relevant interest,—

- (a) number held in class: 295,997,241
- (b) percentage held in class: 6.111%
- (c) current registered holder(s): not applicable
- (d) registered holder(s) once transfers are registered: not applicable

### **Details of transactions and events giving rise to substantial holding**

Details of the transactions or other events requiring disclosure: On 13 August 2019, Bryan Mogridge entered into an option deed with the Company (the **Option Deed**) pursuant to which he is, conditional on, and with effect from, approval of the Company's shareholders, to be issued 295,997,241 options to acquire Shares. Accordingly, Bryan Mogridge has the conditional power to acquire 295,997,241 Shares pursuant to the Option Deed.

**Additional information**

Address(es) of substantial product holder(s): 326 Sea View Road, Ostend,  
Waiheke Island 1081, New Zealand

Contact details: +64 21 931 355, bmogridge@xtra.co.nz

Name of any other person believed to have given, or believed to be required to give, a disclosure under the Financial Markets Conduct Act 2013 in relation to the financial products to which this disclosure relates: not applicable

**Disclosure has effect for purposes of directors' and senior managers' disclosure**

Bryan Mogridge is also a director of the Company. This disclosure also constitutes disclosure for the purposes of the directors' and senior managers' disclosure obligations.

**Certification**

I, Bryan Mogridge, certify that, to the best of my knowledge and belief, the information contained in this disclosure is correct and that I am duly authorised to make this disclosure by all persons for whom it is made.

# Option deed

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Bryan Mogridge (**Mogridge**)  
SeaDragon Limited (**Company**)

# Option deed

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# Details

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Date

13 August

2019

## Parties

Name	<b>SeaDragon Limited</b>
Short form name	<b>Company</b>
Notice details	12 Nayland Road, Stoke, Nelson 7011, New Zealand
Email	<a href="mailto:nevin.amos@seadragon.co.nz">nevin.amos@seadragon.co.nz</a>
Attention	Nevin Amos
Name	<b>Bryan Mogridge</b>
Short form name	<b>Mogridge</b>
Notice details	326 Sea View Road, Ostend, Waiheke Island 1081, New Zealand
Email	<a href="mailto:bmogridge@xtra.co.nz">bmogridge@xtra.co.nz</a>
Attention	Bryan Mogridge

## Background

Conditional on, and with effect from, approval of the Shareholder Resolutions, the Company has agreed to grant Mogridge an option to purchase ordinary shares in the Company in accordance with the terms of this Deed.

## Agreed terms

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### 1. Defined terms & interpretation

#### 1.1 Defined terms

In this Deed:

**2019 NOSM** means the notice of special meeting of shareholders of the Company dated 2 May 2019.

**2019 Pescado Loan** has the meaning given to that term in the 2019 NOSM.

**Board** means the board of directors of the Company.

**Business Day** means a day that is not a Saturday, Sunday or public holiday in Auckland, New Zealand.

**Companies Act** means the Companies Act 1993.

**Comvita Option** has the meaning given to that term in the 2019 NOSM.

**Conversion Ratio** means, in relation to the exercise of Share Options, the ratio of one Option Share issued for each Share Option exercised, as may be adjusted pursuant to clause 3.

**Deed** means this deed, including any Schedules.

**Exercise Date** means, in relation to a Share Option, the date on which Mogridge exercises that Share Option pursuant to clause 2.2.

**Exercise Price** means, in relation to a Share Option, \$0.005 per Share Option.

**Exercise Notice** means a notice in the form set out in Schedule 1.

**Existing Loans** has the meaning given to that term in the 2019 NOSM.

**Lapse Date** means the earliest to occur of:

- (a) 30 September 2023;
- (b) the date on which Mogridge ceases to be a director of the Company if such date falls prior to 1 April 2021, unless:
  - (i) Mogridge has ceased to be a director of the Company due to death, disability or serious ill health; and
  - (ii) 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 Mogridge'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 (but, for the avoidance of doubt, without affecting the commencement of the Option Period); and
- (c) the date falling six months after Mogridge ceases to be a director of the Company if such date falls on or after 1 April 2021.

**Listing Rules** means the NZX Listing Rules dated 1 January 2019 as amended or substituted from time to time.

**Option Period** means the period from 1 April 2021 to the Lapse Date.

**Option Shares** means, in relation to a Share Option, the number of Shares to be issued upon the exercise of that Share Option, calculated using the then applicable Conversion Ratio.

**Pescado** has the meaning given to that term in the 2019 NOSM.

**Reorganisation** means a consolidation, subdivision or similar proportionate reconstruction of the ordinary share capital of the Company.

**Share** means a fully paid ordinary share in the Company.

**Share Option** means an option to acquire Shares granted under this Deed.

**Shareholder Resolutions** means all resolutions of shareholders of the Company required to approve:

- (a) the issue of the Share Options; and
- (b) the matters contemplated by this Deed,

in each case under the Listing Rules.

## 1.2 Interpretation

In this Deed, unless the context otherwise requires, references to:

- (a) the singular includes the plural and vice versa;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;

- (c) any enactment includes statutes or statutory provisions or orders or regulations made thereunder, and includes:
  - (i) that statute, provision, order or regulation as amended, modified, re-enacted or replaced from time to time (whether before or after the date of this Deed); and
  - (ii) any previous statute, statutory provision, order or regulation amended, modified, re-enacted or replaced by that statute, provision, order or regulation;
- (d) a party to this Deed includes, so far as is consistent with the provisions of this Deed, that party's executors, administrators, successors in title and assigns;
- (e) a reference to NZ\$, dollar or \$ are references to New Zealand currency;
- (f) a reference to time is to New Zealand time;
- (g) a clause is a reference to a clause in this Deed;
- (h) headings are for ease of reference only and shall not affect the interpretation of this Deed; and
- (i) the meaning of general words is not limited by specific examples introduced by "including", "for example" or similar.

## **2. Option**

### **2.1 Option**

- (a) Conditional on, and with effect from, approval of the Shareholder Resolutions, the Company hereby grants Mogridge 295,997,241 Share Options.
- (b) This Deed is subject to the Board complying with section 49 of Companies Act.

### **2.2 Exercise at any time during Option Period**

Subject to clause 2.4, Mogridge may exercise one or more Share Options at any time during the Option Period by:

- (a) completing an Exercise Notice for those Share Options; and
- (b) paying the Exercise Price for those Share Options in immediately available cleared funds to the Company's nominated account without any set-off, deduction or withholding within 10 Business Days of the date of the relevant Exercise Notice.

### **2.3 Partial, multiple exercise permitted**

Mogridge may exercise Share Options on one or more occasions during the Option Period.

### **2.4 Minimum exercise**

The minimum number of Share Options that may be exercised by Mogridge 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).

### **2.5 Lapse**

If any Share Options have not been exercised on or before the end of the Option Period, those Share Options automatically terminate and lapse at the end of the Option Period.

### **2.6 Rights**

Upon the issue of the Option Shares to Mogridge, such Option Shares will carry such rights, and otherwise rank equally with, all other Shares then on issue.



## **2.7 Options not transferable**

- (a) Except as set out in clause 2.7(b), clause 2.7(c) and clause 2.7(d), no Share Option:
  - (i) is transferable; and
  - (ii) may be exercised by or on behalf of any person other than Mogridge.
- (b) Notwithstanding clause 2.7(a), if:
  - (i) Mogridge ceases to be a director of the Company on or prior to 1 April 2021 due to death and, in accordance with paragraph (b)(ii) of the definition of “Lapse Date” in clause 1.1, the Board has determined that the Lapse Date is extended to 30 September 2021; or
  - (ii) Mogridge ceases to be a director of the Company on or after 1 April 2021 due to death,

Share Options may be:

  - (iii) transferred to the executor of Mogridge’s estate in accordance with his will or by operation of law; and
  - (iv) exercised by the executor of Mogridge’s estate prior to the applicable Lapse Date.
- (c) Notwithstanding clause 2.7(a), if Mogridge ceases to be a director of the Company due to disability or serious ill health, the Board may, at its sole and absolute discretion, approve the transfer of Share Options to the trustees of a family trust of which Mogridge and/or Mogridge’s close relatives are beneficiaries, in which case Share Options may be exercised by the trustees of that family trust prior to the applicable Lapse Date.
- (d) Notwithstanding clause 2.7(a), Mogridge is entitled to transfer the Share Options without the written consent of the Company pursuant to:
  - (i) a takeover offer regulated by the Takeovers Code; or
  - (ii) a scheme of arrangement pursuant to the Companies Act 1993.

## **2.8 Taxation**

Mogridge:

- (a) is solely responsible for any income tax or other tax that may become payable in connection with the creation of any rights, the issue or exercise of Share Options, the issue of any Option Shares, or otherwise in connection with this Deed; and
- (b) irrevocably indemnifies the Company for any amount of tax or other amount (including any penalties) that arise under any of the circumstances referred to in clause 2.8(a) above.

## **2.9 Company’s obligations**

If Mogridge exercises Share Options, the Company must, as soon as reasonably practicable after the Company has received the Exercise Price for those Share Options from Mogridge:

- (a) issue the relevant number of Option Shares to Mogridge in accordance with the Companies Act, the Company’s constitution and the Listing Rules;
- (b) make the relevant announcements required under the Listing Rules; and
- (c) register notice of the issue of the Option Shares with the Companies Office.

### 3. Adjustments to Conversion Ratio

#### 3.1 2019 Pescado Loan, Existing Loans and Comvita Option

- (a) The parties acknowledge and agree that the Conversion Ratio has been determined on the assumptions that:
  - (i) the full amount is drawn down by the Company under the 2019 Pescado Loan from Pescado and the relevant convertible loan notes are converted into 2,000,000,000 Shares;
  - (ii) the convertible loan notes issued under the Existing Loans are converted into Shares; and
  - (iii) the Comvita Option is not exercised.
- (b) If any such assumption is not correct, the Conversion Ratio will be adjusted accordingly such that, if Mogridge 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:
  - (i) the conversion of convertible loan notes issued under the 2019 Pescado Loan; or
  - (ii) the conversion of convertible loan notes issued under the Existing Loans; or
  - (iii) the exercise of the Comvita Option.

#### 3.2 Reorganisation

If there is a Reorganisation, 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. For example, if there were a 20-for-1 consolidation of Shares, then the Conversion Ratio is to be consolidated to a ratio of one Option Share issued for every 20 Share Options exercised.

### 4. Dispute resolution

#### 4.1 Procedure

If a party considers that there is a dispute or difference arising out of or relating to any provision of this Deed, the parties must follow the procedures set out in Schedule 2, any such dispute or difference being a **Dispute**.

#### 4.2 Notice

If a party considers that a Dispute has arisen, the party may send the other party a notice in writing (**Dispute Notice**) setting out a full description of the matters in dispute or in respect of which there is a difference.

#### 4.3 Parties to resolve

The parties must personally or through nominees try to resolve the Dispute.

#### 4.4 No proceedings

The parties may not begin court proceedings in respect of a Dispute (except to seek interlocutory relief) before the procedures in Schedule 2 have been followed in full.

## 5. Warranties

### 5.1 Capacity and powers

Each party represents and warrants to the other party that each of the following statements is true and accurate as at the date of this Deed:

- (a) if the Company, it is validly existing under the laws of its place of incorporation or registration;
- (b) it has the power to enter into and perform its obligations under this Deed and to carry out the transactions contemplated by this Deed;
- (c) subject, in the case of the Company, to the Shareholder Resolutions being obtained, it has taken all necessary action to authorise its entry into and performance of this Deed and to carry out the transactions contemplated by this Deed;
- (d) its obligations under this Deed are legal, valid, binding and enforceable against it in accordance with their terms; and
- (e) it has entered into this Deed on the basis of its own independent investigation and assessment and after making its own enquiries in relation to the financial, legal and tax effect of entering into and complying with the terms of this Deed.

## 6. Notices and other communications

### 6.1 Service of notices

An Exercise Notice, demand, consent, approval or communication under this Deed (**Notice**) must be:

- (a) in writing, in English and signed by a person duly authorised by the sender; and
- (b) hand delivered or sent by prepaid post or email to the recipient's address for Notices specified in the Details, as varied by any Notice given by the recipient to the sender.

### 6.2 Effective on receipt

An Exercise Notice given in accordance with clause 6.1 takes effect when taken to be received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, on the third Business Day after the date of posting (or on the seventh Business Day after the date of posting if posted to or from a place outside New Zealand); and
- (c) if sent by email, on the date and time at which it enters the recipient's information system (as shown in a confirmation of delivery report from the sender's information system, which indicates that the email was sent to the email address of the recipient notified for the purposes of this clause),

but if the delivery, receipt or transmission is not on a Business Day, or is after 5:00 p.m. on a Business Day, the Notice is taken to be received at 9:00 a.m. on the next Business Day.

## 7. Announcements

A public announcement in connection with this Deed or any transaction contemplated by it must be agreed by the parties before it is made, except if required by law or a regulatory body

(including under any applicable Listing Rules), in which case the party required to make an announcement must, to the extent practicable, first consult with and take into account the reasonable requirements of the other party.

## **8. Miscellaneous**

### **8.1 Alterations**

This Deed may be altered only in writing signed by each party. Unless expressly agreed, no variation shall constitute a general waiver of any provision of this Deed nor shall it affect any rights, obligations or liabilities under this Deed which have already accrued up to the date of variation.

### **8.2 Transaction costs**

Each party must pay its own costs of negotiating, preparing and executing this Deed.

### **8.3 Counterparts**

This Deed may be executed in counterparts (including by electronic transmission). All executed counterparts constitute one document. The parties agree for the purposes of Part 4 of the Contract and Commercial Law Act 2017 to be bound by any agreement reached through electronic means.

### **8.4 No merger**

The rights and obligations of the parties under this Deed do not merge on completion of any transaction contemplated by this Deed.

### **8.5 Entire agreement**

- (a) This Deed constitutes the entire agreement between the parties in connection with its subject matter and supersedes all previous agreements, representations, undertakings, contracts, arrangements, promises or understandings between the parties in connection with its subject matter.
- (b) The parties have not relied on any representation, warranty or agreement relating to the subject matter of this Deed that is not expressly set out in this Deed, and no such representation, warranty or agreement has any effect from the date of this Deed.

### **8.6 Further action**

Each party must do, at its own expense, everything reasonably necessary (including executing documents and passing all resolutions) to give full effect to this Deed and any transaction contemplated by it.

### **8.7 Severability**

To the extent that any term or part of a term of this Deed would be valid or enforceable under the law if that term was read down, then that term must be read down to the minimum extent necessary to achieve that result. If that term cannot be read down, then that term may be severed from this Deed and the remaining terms or parts of the term of this Deed continue in force.

### **8.8 Waiver**

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

## 8.9 Relationship

This Deed does not create a relationship of employment, trust, agency or partnership between the parties.

## 8.10 Governing law and jurisdiction

This Deed is governed by the law of New Zealand and each party irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of New Zealand.

## 8.11 Property Law Act

For the purposes of section 9 of the Property Law Act 2007, and without limiting any other mode of delivery, this Deed will be delivered by each of the parties (each a **Delivering Party**) immediately on the earlier of:

- (a) physical delivery of an original of this Deed executed by the relevant Delivering Party, into the custody of the other party (or their respective solicitors); or
- (b) transmission by the relevant Delivering Party or its solicitors (or any other person authorised in writing by the relevant Delivering Party) of a facsimile, photocopied or scanned and emailed copy of an original of this Deed, executed by the relevant Delivering Party, to the other party (or their respective solicitors).

# Schedule 1 – Exercise Notice

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## Exercise Notice

To SeaDragon Limited (the **Company**)

Date [year]

I, Bryan Mogridge, hereby irrevocably elect to exercise [number]/[all] Share Options in accordance with the terms and conditions of the option deed dated [●] 2019 between me and the Company, for a total exercise price of \$[number], being \$0.005 per Share Option.

**BRYAN MOGRIDGE:**

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Bryan Mogridge

# Schedule 2 – Mediation

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## 1. Refer to Mediation

If clause 4.1 applies and the parties cannot resolve the Dispute within 10 Business Days after a party receives a Dispute Notice (**Initial Period**), then the parties must promptly refer the Dispute to:

- (a) a mediator, as agreed between the parties; or
- (b) if the parties cannot agree on the appointment of a Mediator two Business Days after the Initial Period, then the Mediator will be nominated by the chair of Resolution Institute (or his or her nominee),

(the **Mediator**).

## 2. Appointment

Once the Mediator has been selected by agreement of the parties or nominated under clause 1 of this Schedule 2, the parties must do all things within their power to effect the appointment (including signing the mediation agreement in the form approved by Resolution Institute, subject to any changes agreed by the parties and agreeing to pay the fees and expenses of the Mediator in accordance with clause 4 of this Schedule 2).

## 3. Mediation binding

The outcome of the mediation will be final and binding on the parties.

## 4. Costs

Each party must pay its own costs in complying with this Schedule, and pay the costs of the Mediator equally, except if agreed otherwise.

# Signing page

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**EXECUTED** as a deed.

**SIGNED** on behalf of **SEADRAGON LIMITED** by:



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Signature of director

Stuart Macintosh

---

Name of director

---

Signature of director

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Name of director

**BRYAN MOGRIDGE:**

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Bryan Mogridge

---

Signature of witness

---

Name of witness

---

Occupation of witness

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City/town of residence



## Signing page

EXECUTED as a deed.

SIGNED on behalf of SEADRAGON LIMITED by:

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Name of director

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Name of director

Mark Francis Sneld

BRYAN MOGRIDGE:

\_\_\_\_\_  
Bryan Mogridge

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
Occupation of witness

\_\_\_\_\_  
City/town of residence

# Signing page

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**EXECUTED** as a deed.

**SIGNED** on behalf of **SEADRAGON LIMITED** by:


\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Name of director

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Name of director

**BRYAN MOGRIDGE:**

  
\_\_\_\_\_  
Signature of witness

*Tracey Castleton*  
\_\_\_\_\_  
Name of witness

*Accountant.*  
\_\_\_\_\_  
Occupation of witness

*Nelson, NZ.*  
\_\_\_\_\_  
City/town of residence

  
\_\_\_\_\_  
Bryan Mogridge