

ANNOUNCEMENT



USX / MEDIA RELEASE

03 September 2020

Item 1: CAPITAL RAISE AND MINIMUM SHAREHOLDINGS ACTION

Capital Raising:

Today SeaDragon signed a subscription agreement with its largest shareholder Pescado Holdings Limited (“Pescado”) to subscribe for 83,333,334 new shares, conditional on shareholder approval and at a share price of 3 cents (which is approximately equal to the volume weighted average price of SeaDragon shares calculated from trades through Unlisted (or “USX”) (“VWAP”) over the 20 working days before 3 September 2020) with the aggregate subscription price of \$1 million for 33,333,334 of those new shares to be paid in cash by Pescado and the aggregate subscription price of \$1.5 million for the remaining 50 million shares to be satisfied by the Company repaying \$1.5 million of its existing secured loan with Pescado.

A group of SeaDragon’s directors and senior management has committed to subscribe for \$450,000 of new capital, also at a share price of 3 cents, this amount will be settled on or before September 20th. This subscription is not conditional on shareholder approval.

SeaDragon intends to offer, via the crowdfunding platform Snowball Effect, all shareholders the opportunity to participate in a capital raise, also at a share price of 3 cents, with the amount of capital to be raised via the crowdfunding platform capped at \$1.25 million. Only shareholders may participate in this offer.

In SeaDragon’s FY 2020 annual report the “Outlook” was given as “The SeaDragon team is committed to an ongoing concerted effort to get the business to a positive operating cashflow as soon as possible. Some quality sales have been secured for this year plus significant cost reductions have been made. The Management team will continue to seek higher value sales and reduce costs that do not provide value or align with future business”. At this stage, SeaDragon sees no reason to alter that outlook statement, except to state that it needs extra cash to achieve that positive operating cashflow, which is the reason for the capital raising initiatives described above.

Sale of less than minimum shareholdings:

Under clause 9 of SeaDragon’s constitution, SeaDragon may give notice to each shareholder holding less than a “minimum holding” that, if that shareholder does not increase his, her or its holding to that minimum holding three months after the date of that notice, SeaDragon may (but is not obliged to) arrange for the sale of that shareholder’s shares (including on market through a broker on behalf of SeaDragon) and for the net sale proceeds to be paid to that shareholder. A minimum holding is SeaDragon shares having a value of at least \$1,000, calculated at VWAP over the 20 working days before the date of the relevant notice.

A shareholder holding less than a minimum holding may increase his, her or its holding by acquiring existing shares on USX. Given the low liquidity of SeaDragon shares, the proposed crowd funding capital raise is intended to provide a further opportunity for shareholders to increase their respective shareholdings to the minimum holding.

This announcement does not constitute a notice for the purposes of clause 9 of SeaDragon's constitution.

Timetable:

SeaDragon intends to give a notice under clause 9 of its constitution (regarding the sale of less than minimum holdings) to relevant shareholders on or about 18 September 2020, at which time the crowd funding capital raise is intended to also open.

Since SeaDragon is still a "code company" for the purposes of the Takeovers Code, the issue of new shares to Pescado is conditional on, and requires, shareholder approval. The relevant notice of meeting seeking that shareholder approval (including an independent adviser's report) is expected to be sent to shareholders on or about 22 September 2020 with the virtual special meeting of shareholders to held on or about 7 October 2020 (the "SSM").

Should the issue of shares to Pescado be approved and \$1.25 million be raised from shareholders via crowd funding, upon the conversion of Pescado's existing convertible loan notes on 31 March 2021 to 20 million further shares, there will be 235,705,829 shares on issue, of which Pescado will own 120,978,581 (representing 51.33% of the then-total issued shares).

The indicative timetable above is subject to change at SeaDragon's discretion (as a result of market conditions or otherwise) and due to any other legal or regulatory requirements (including those of USX).

Annual General Meeting:

SeaDragon must hold an AGM before the end of September 2020 and intends holding a virtual AGM on or about 24 September 2020, details of which will be dispatched on or before 8 September 2020. Unfortunately, and because of the independent adviser's report requirements, it is not possible to seek shareholder approval for the issue of new shares to Pescado at the AGM – hence the need for the SSM on or about 7 October 2020.

Item 2: CHANGE OF AUDITORS

Seadragon Limited (Seadragon), board of directors have appointed Baker Tilly Staples Rodway Audit Limited as the auditor of the Seadragon Group, effective 31 August 2020.

With Seadragon now transitioned from the NZX to the USX, the company considered a mid-tier audit provider to be closer aligned to its needs.

The appointment follows the resignation of PricewaterhouseCoopers (PwC) as auditor of the Seadragon Group, effective 28 August 2020. PwC have been the auditor of Seadragon for the past five years and Seadragon appreciates and thanks PwC for their expertise and support during this time.

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