

18 September 2020

NOTICE OF SALE OF MINIMUM HOLDINGS AND CROWDFUNDING OFFER

Dear Shareholder

As announced on 3 September 2020, under the constitution of SeaDragon Limited (**SeaDragon** or the **Company**), SeaDragon has the right to exercise a power of sale of shares in SeaDragon that are held by any person with less than a "Minimum Holding". A "Minimum Holding" means such number of SeaDragon shares having a value of at least \$1,000¹ and, for the purposes of and as at the date of this notice, means 33,334 SeaDragon shares. Our records show that you hold less than 33,334 SeaDragon shares as at 18 September 2020.

While SeaDragon appreciates the support of all of its shareholders (**Shareholders**), SeaDragon is increasingly aware of the low liquidity of its shares and that this makes it difficult for small Shareholders to sell their SeaDragon shares. SeaDragon's board of directors (the **Board**) also considers that the cost of maintaining a large share register relative to SeaDragon's size is not the best use of SeaDragon's resources.

Therefore, in accordance with clause 9.7 of SeaDragon's constitution, the Board hereby gives notice to you that, after 18 December 2020 (being the expiration of three months after this notice, the **Notice Period**), the Board may (but is not obliged to) exercise the power of sale of individual holdings of less than 33,334 SeaDragon shares in the manner described below.

You have three months from the date of this notice to make a decision in respect of your small shareholdings by choosing one of the following two options:

Option 1: Increase your shareholding

During the Notice Period, you may choose to increase your shareholding in SeaDragon to at least 33,334 SeaDragon shares by:

- (a) acquiring SeaDragon shares on market through USX; and/or
- (b) subscribing for new SeaDragon shares (**New Shares**) being offered by SeaDragon from today via the crowdfunding platform Snowball Effect (the **Crowdfunding Offer**). Only existing Shareholders may participate in the Crowdfunding Offer. Details of how to participate in the Crowdfunding Offer are set out immediately below.

Crowdfunding Offer

Given the low liquidity of SeaDragon shares, the Board is conscious that Shareholders wishing to increase their respective shareholdings may not be able to do so by acquiring SeaDragon shares on market through USX. Accordingly, the Board wishes to provide existing Shareholders with a further opportunity to increase their respective shareholdings by participating in the Crowdfunding Offer. The Crowdfunding Offer is open to all Shareholders (including you) from today.

No brokerage is payable by you in subscribing for New Shares through the Crowdfunding Offer.

The full terms of the Crowdfunding Offer are set out in the information published by SeaDragon (the **Offer Documents**) on Snowball Effect's website at <https://www.snowballeffect.co.nz/offers/seadragon-2020> (the **Snowball Website**). In particular, and as set out in the Offer Documents:

- (a) the Crowdfunding Offer is open for subscription by you from today until 2 October 2020 (the **Offer Period**);
- (b) the minimum aggregate subscription amount per Shareholder is \$1,000.02 (i.e., 33,334 New Shares), while the maximum aggregate subscription amount per Shareholder is \$49,999.98 (i.e., 1,666,666 New Shares); and

¹ Pursuant to the Company's constitution, calculated as the volume weighted average price of SeaDragon shares listed on the Unlisted Securities Exchange operated by Efficient Market Services Limited (**USX**) calculated from trades through USX over the 20 working days before the date of this notice.

- (c) if the amount raised by SeaDragon from the Offer exceeds \$1,250,000.01, SeaDragon will scale back some or all applications for New Shares as follows (**Scaling**):
- (i) first, each Shareholder who has subscribed for New Shares must receive New Shares with an aggregate subscription amount of \$1,000.02 (or such number as close to \$1,000.02 as is mathematically possible); and
 - (ii) secondly, any remaining New Shares are to be allocated to Shareholders subscribing for New Shares in such manner as the Board, at its absolute discretion, considers equitable and in the interests of SeaDragon, having regard to the number of SeaDragon shares held by them as at the time immediately prior to the Offer Period.

The steps you must take to participate in the Crowdfunding Offer (including how to become a member of Snowball Effect if you have not already signed up) are set out below.

If you need help to sign up to Snowball Effect, to use the Snowball Website or to participate in the Crowdfunding Offer, please contact Snowball Effect at info@snowballeffect.co.nz or see the answers to certain Frequently Asked Questions at <https://www.snowballeffect.co.nz/frequently-asked-questions>.

Step 1: Sign up to Snowball Effect

In order to use the Snowball Website, and participate in the Crowdfunding Offer, you must first sign up as a Snowball Effect member. You can do this at <https://www.snowballeffect.co.nz/auth/register>.

There is no charge to sign up as a Snowball Effect member.

There are a number of legal documents that you will need to read and accept before you are able to become a member of Snowball Effect. This includes an “Investor Agreement” between you and Snowball Effect, which sets out the key terms of your relationship with Snowball Effect and the process of investing in offers made (including by SeaDragon) through the Snowball Website. It is important that you read all of these documents carefully.

Step 2: Participate in the Crowdfunding Offer

Once you are a registered Snowball Effect member, you will be able to browse the Crowdfunding Offer. By visiting <https://www.snowballeffect.co.nz/offers/seadragon-2020> you will be able to view the Offer Documents and choose whether or not to invest. Please note that the Crowdfunding Offer is a private offer and is only accessible via the link above. It will not be available by visiting the Snowball Effect website.

If, having reviewed the Offer Documents, you decide to invest in the Crowdfunding Offer, simply click “invest now” and complete the relevant information.

Before you can complete your subscription for New Shares, you must:

- (a) verify your identity by providing a copy of your New Zealand passport or drivers licence. In certain circumstances (for example, where you are investing as trustee of a trust) Snowball Effect may ask you for further information to satisfy its legal obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009; and
- (b) submit a one-off direct debit authority, authorising Snowball Effect to debit the relevant subscription price for the New Shares subscribed by you (**Subscription Price**).

Once you have completed the subscription process, Snowball Effect will debit the Subscription Price from your account and hold those funds on trust until the Offer Period ends.

You will be notified when the Offer closes and whether or not any Scaling is required. If Scaling is required, SeaDragon has directed Snowball to refund the relevant part of the Subscription Price (if any) to the relevant Shareholder.

Option 2: Do nothing and SeaDragon may (but is not obliged to) sell your SeaDragon shares
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If, at the end of the Notice Period, the Board determines to sell holdings that are less than the Minimum Holding, the Company will arrange for the sale of your SeaDragon shares (including on market through a broker on behalf of the Company) at a sale price of \$0.03 per SeaDragon share.

SeaDragon will pay the proceeds from the sale of your SeaDragon shares to you after deducting reasonable sale expenses. If the sale expenses exceed the proceeds received from the sale of your

SeaDragon shares, you will not receive any return from the sale of your SeaDragon shares (however SeaDragon will also not seek to recover the excess sale costs).

Any proceeds due to you following the sale of your SeaDragon shares will be deposited into the bank account Link Market Services (the Company's share registrar) has on record for you as soon as practicable after the sale of your shares. You should therefore ensure these details are up to date. Bank account details can be updated online by visiting the Link Investor Centre at www.linkmarketservices.co.nz. If no bank account is recorded, your payment will be held by SeaDragon until such time as you provide a bank account.

Any tax consequences from the sale of your SeaDragon shares will be your responsibility.

By order of the Board

ENDS

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