

27 May 2016

## Comvita increases interest in SeaDragon by way of convertible loan

The attached announcement was made to the market by SeaDragon (NZX: SEA) today.

By way of background, as part of the capital raising in September 2015, Comvita (NZX: CVT) purchased 13.1% of SeaDragon at a price of \$0.008 per share. In addition to the options issued as part of the capital raise at \$0.015 per share, Comvita was granted further options at \$0.008 per share which would potentially allow it to get to between 25.2% and 30.6% shareholding in SeaDragon, subject to other option uptake from existing shareholders. Both of these options were approved by special shareholder resolution in December 2015.

The additional issuance of an interest bearing convertible loan by SeaDragon to Comvita would, if consented by shareholders at the upcoming AGM, have the effect of increasing Comvita's shareholding in SeaDragon to between 30.6% and 36.6%, again subject to option uptake from existing shareholders.

Comvita CEO Scott Coulter says, "Comvita has long believed New Zealand fish oils can command a premium in the international market as the region is synonymous with clean, deep blue oceans and high quality, safe, product. Omega-3 from fish is an important building block in a healthy lifestyle. We are committed to a long term strategy working through SeaDragon and key players in the New Zealand fishing industry to develop a high quality source to shelf supply chain that will create sustainable value for the industry and our customers in global markets."

Ends

### For further information:

Comvita Chair, Neil Craig, 021 731 509

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Comvita Communications Manager, Julie Chadwick, 021 510 693

### Background information

**About Comvita** ([www.comvita.com](http://www.comvita.com))

Comvita (NZX:CVT) is a global natural health products company committed to the development of innovative products, backed by ongoing investment in scientific research.

# ANNOUNCEMENT



NZX / MEDIA RELEASE

27 May 2016

## **SeaDragon raises \$3.0 m from Comvita; confirms exit from Omega-2 market**

*Comvita convertible loan to provide liquidity as SeaDragon to focus on significant Omega-3 opportunities.*

SeaDragon (NZX.SEA), New Zealand's largest refiner and blender of high quality fish oils and fractions, announces its cornerstone investor Comvita has agreed to advance \$3 million via a convertible loan to assist the company through its staged exit of a currently difficult Omega-2 market and gradual build-up of the Omega-3 business.

SeaDragon Chairman Colin Groves said: "Over the last 12 months SeaDragon has transformed its business. With the completion of our new Omega-3 refinery, we have lifted the company's processing capacity from just over 200 tonnes to 5,000 tonnes per year.

"We now have the production capability in Omega-3 to look to firm up both supplier and customer agreements to deliver on our strategic objectives. The new refinery is performing well, we are steadily building Omega-3 raw material supply relationships and we are encouraged by the response we have received from potential customers.

"As we signalled in late April, volatility in Omega-2 markets has overshadowed these achievements, with SeaDragon experiencing an extension in the Omega-2 sales cycle, and a build-up in inventory. This has resulted in a slower transition from that market and a run-down of cash reserves.

"Comvita's agreement to advance \$3 million via a convertible loan allows this transition from Omega-2 to Omega-3 to occur in a smoother way. "SeaDragon's Board is delighted with today's agreement, it represents an extension of last-year's strategic partnership, which saw Comvita subscribe for \$3 million of new shares and agree to partner with SeaDragon to add value to the New Zealand fishing and aquaculture industries. Comvita's continuing support is very valuable" Mr Groves concluded.

Comvita CEO Scott Coulter said: "Omega-3 fish oils are a core ingredient platform for Comvita. We are committed to an on-going investment to establish a unique New Zealand sourced range of high quality fish oils and are happy to continue to partner SeaDragon to realise this opportunity"

The convertible loan will be subject to SeaDragon shareholder approval at the annual meeting scheduled for in August 2016. SeaDragon will update the market as soon as a date for this meeting has been set and additional information will be provided to shareholders in advance of that meeting.



SeaDragon expects to release its preliminary unaudited results for the year to 31<sup>st</sup> March 2016 on 30<sup>th</sup> May 2016.

For further information:

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About SeaDragon [www.seadragon.co.nz](http://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.