

ANNOUNCEMENT



SEA: NZX and Media Release

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SeaDragon raises \$4.1m; signs key refinery agreements

Australasia's largest refiner and blender of high-quality fish oils, SeaDragon (NZX:SEA), has received a very strong investor response to its Share Purchase Plan (SPP), raising \$4.1m well in excess of its \$2.5 million target.

SeaDragon has also executed a Heads of Agreement with Orange Building Group Ltd the prospective landlord of its new Nelson-based fish oil refinery and a contract with Desmet Ballestra for the supply of fish oil refining equipment. The new capital and the agreements ensure the company is in a strong financial position and remains on track for the completion of the refinery in the fourth quarter of this year.

SeaDragon Chairman Dr Doug Wilson said: "The strong investor support for the SPP, which closed on Friday bringing to a conclusion a highly successful three month capital raising programme, represents a significant endorsement of SeaDragon's management team and our strategy to expand our Omega-3 fish oil refining activities.

"After careful deliberation the SeaDragon Board has resolved to accept all applications for the SPP as it will allow SeaDragon to put in place a capital structure that will see us through our next phase of development. In addition, we wanted to reward the loyalty investors have shown to SeaDragon throughout this process. We are delighted with the outcome."

The capital raised from the SPP combined with the \$2.0 million raised with a placement to eligible investors in November 2013 and the \$2.5 million raised from the sale of its stake in Snakk Media¹ will be used to retire debt, provide working capital support and fund the new refined fish oil plant.

SeaDragon launched the SPP just before Christmas, offering all shareholders the opportunity to buy up to \$15,000 of shares at 1.6 cents per share, the same price offered to eligible investors who took part in the share placement.

SPP shares will be allotted today (Wednesday 29 January 2014) and holding statements will be despatched on Friday 31 January 2014.

SeaDragon Chief Executive Officer Ross Keeley said: "With key agreements for the refinery now completed we are looking forward to getting to work on the plant, which is the first step towards realising the significant opportunities we see in refining and distributing high-quality New Zealand-sourced Omega-3 fish oils."

The Heads of Agreement with Orange Building Group Ltd covers the construction of a new purpose-built refinery in Stoke about one kilometre southeast of SeaDragon's existing Nayland Road site. Orange Building Group Ltd has agreed to fund and construct the new building according to SeaDragon's specifications. It has also agreed to lease the premises to SeaDragon for an initial term of ten years with two rights of renewal for an additional twelve years, as well as unoccupied surrounding land enabling expansion at a later date.

¹ SeaDragon inherited 25 million Snakk shares when we joined the NZX by means of a reverse takeover of Claridge Capital in late 2012. It completed the sell down of that stake last week.



Meanwhile, the agreement concluded yesterday with Desmet Ballestra, a world leader in engineering and the supply of plant and equipment for the oils, fats and animal feed industries, covers the supply of fish oil refining equipment.

SeaDragon will outfit the new refinery for a total projected cost of around \$4 million. This sum includes the cost of the Desmet Ballestra equipment.

When completed, the new plant will have the capacity to produce in excess of 5000 tonnes of refined fish oil and could generate annual sales worth as much as \$50 million. The plant will produce oil high in Omega-3, primarily from Hoki, sourced from the clean Southern Ocean fishery. Such oil offers SeaDragon's customers the opportunity to differentiate their products from the anchovy-based oils which currently represent 83% of world Omega-3 fish oil supply.

"The new site in Stoke offers a number of significant advantages over the Richmond site we had earlier earmarked for development," Mr Keeley said. "The proposed lease offers better terms and the site offers much better infrastructure, notably better transport connections as well as access to a reticulated potable water and waste water supply. It also ensures minimal disruption for staff due to its proximity to the existing site as well as reducing business complexity.

"Additionally, Orange Building Group Ltd also owns our existing Nayland Road site, where we expect to continue to manufacture our shark liver oil products. The landlord understands the needs of our business including the need, over the longer term, to merge the two sites. Orange Building Group Ltd is an ideal partner for SeaDragon's next phase of growth."

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About SeaDragon www.seadragon.co.nz

SeaDragon (NZX:SEA) is Australasia'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.