





SeaDragon is New Zealand's largest refiner and blender of high-quality, internationally-certified Omega fish oils, sourced from fish caught in the clean and pure waters of New Zealand, the South Pacific and other trusted sources around the world.



A message from the CHAIRMAN AND CHIEF EXECUTIVE



“SEADRAGON HAS A
BRIGHT FUTURE”

SeaDragon offers its customers and the global market a unique proposition: agile, state-of-the-art fish oil refining capabilities; global supply relationships and the assurance of a reputation for producing high-quality marine-sourced bioactive compounds.

Our new state-of-the-art fish oil refinery in Nelson, at the heart of the New Zealand fishing industry, is at the core of our business. It is a highly-flexible facility that complements global refiners' high-volume plants in other parts of the world. It can offer continuous-process large-volume processing and tolling services through to single-batch processing of oil from different fish species.

Over the medium term we **intend** to extend our suite of products with the development of new boutique oil refining processes at our legacy facility in Nelson. We expect this plant to deliver short-run, customised bioactive products that leverage New Zealand's abundant, pure and sustainably-managed marine resources and the country's reputation for producing high-quality primary products.

Our close proximity to a key source of supply assists us to deliver a fresh product with Omega-3 characteristics that meet our customers' exacting specifications.

These capabilities position SeaDragon well to deliver on our vision.

Our target customers are varied. Ranging from large multinational Omega-3 oil refiners, through to fortified food and beverage manufacturers as well as branded Omega-3 supplement suppliers.

We are well supported by our shareholders, who recently advanced the company \$11.0 million through a rights issue. This has allowed us to significantly reduce debt and build working capital, enabling us to quickly respond to customer demand.

We will also be using this capital to develop the new boutique facility and to further invest in our product development and sales and marketing capabilities to ensure our product suite evolves with the market.

As we indicated late last year, we have elected to postpone the planned addition of a \$5 million fractionation plant to our new Omega-3 facility. We believe, in the medium term, we can meet demand for fractionated oils with our new boutique refining facilities. Meanwhile, the larger plant will focus on the high-volume demand for unfractionated oils from large refiners and food manufacturers. As volumes increase we may revisit these plans.

SeaDragon has a bright future. We have arrived at this point by building on a more than twenty-year history of refining Omega-2 fish oils for the nutraceutical industry. Our transition to growing Omega-3 markets over the last three years has put us in a position to take full advantage of the significant opportunities we see.

We are looking ahead with great confidence.


Colin Groves
Chairman


Dr Nevin Amos
Chief Executive



It all starts with the oil: LIFE-SUSTAINING BIOACTIVE COMPOUNDS FROM THE SEA

Omega-3s - EPA and DHA - are essential fatty acids abundant in fish and some shellfish. Their consumption, according to GOED, the global Omega-3 trade organisation, supports cardiovascular, eye and brain health. The health benefits of Omega-3s are supported by a vast body of scientific literature that includes more than 24,000 scientific papers and 2,700 randomised, controlled trials in humans.

GOED OMEGA-3 EPA + DHA DAILY INTAKE RECOMMENDATIONS

SeaDragon believes the research into Omega-3s is compelling. It supports our drive into the market, especially because we believe, over the long-term, our Omega-3 products can achieve a premium by leveraging New Zealand's association with clean, pure, fresh and cool, deep blue oceans and its reputation for producing food of the highest quality and purity.

IMPORTANT REMINDERS REGARDING INTAKE

Some governments recommend higher intakes than those listed⁶.

Intakes can be increased significantly without concern for adverse health effects, according to reports from Spherix⁷, EFSA⁸, and Norway's VKM⁹.

EPA and DHA Omega-3s are only part of the composition of Omega-3 rich oils (e.g. fish, krill, algal, etc).



500 mg

For the general healthy adult population, in order to lower the risk of coronary heart disease (CHD)¹



700-1000 mg

For pregnancy / lactation: 200 additional mg/day of DHA over recommendation for healthy adults²

For secondary prevention of CHD: 1000mg/day EPA + DHA³



>1000 mg

Higher intakes are supported for a range of additional health conditions (e.g. blood pressure⁴, triglycerides⁵)

References:

- 1 International Society for the Study of Fatty acids and Lipids (ISSFAL). Report of the sub-committee on recommendations for intake of polyunsaturated fatty acids in healthy adults [internet]. Washington, DC: ; 2004. Available from <http://www.issfal.org/news-links/resources/publications/PUFAIntakeReccomdFinalReport.pdf>
- 2 Koletzko B Cetin I Brenna JT for the Perinatal Lipid Intake Working Group (2007). Dietary fat intakes for pregnant and lactating women. Br J Nutr. 98:873-877.
- 3 Kris-Etherton PM Harris WS and Appel LJ for the American Heart Association Nutrition Committee (2002). Fish consumption, fish oil, omega-3 fatty acids, and cardiovascular disease [published correction appears in Circulation 2003;107:512]. Circulation 106:2747-2757.
- 4 Miller PE Van Elswyk M and Alexander DD (2014). Long-chain omega-3 fatty acids eicosapentaenoic acid and docosahexaenoic acid and blood pressure: a meta-analysis of randomised controlled trials. Am J Hypertens. 27:885-896. <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC4054797/pdf/hpu024.pdf>
- 5 Eslick GD Howe PR Smith C Preist R and Bensoussan A (2009). Benefits of fish oil supplementation in hyperlipidemia: a systematic review and meta-analysis. Int J Cardiol. 136:4-16
- 6 Global Organisation for EPA and DHA Omega-3s. Global recommendations for EPA and DHA intake [Internet]. Salt Lake City: ; 2014. Available from <http://geodomega3.com/files/download/363>
- 7 Spherix Consulting, Inc. Hazard characterisation of the long-chain polyunsaturated n-3 fatty acids, DHA [Internet]. Available from <http://geodomega3.com/files/download/247>. Prepared for the Global Organisation for EPA and DHA Omega-3s.
- 8 EFSA Panel on Dietetic Products, Nutrition and Allergies (NDA). Scientific opinion on the tolerable upper intake level of eicosapentaenoic acid (EPA), docosahexaenoic acid (DHA) and docosapentaenoic acid (DPA). EFSA Journal [Internet]. 10(7):2815. Available from http://efsa.europa.eu/sites/default/files/scientific_output/files/main_documents/2815.pdf
- 9 Norwegian Scientific Committee for Food Safety (VKM). Evaluation of negative and positive health effects of n-3 fatty acids as constituents of food supplements and fortified foods [Internet]. Available from: <http://www.vkm.no/dav/c7a41adb79.pdf>

SeaDragon has more than 20 years' experience processing fish oils into marine bioactive compounds and is committed to, and recognised for, the quality and purity of its products.

Our MISSION

SeaDragon is capturing value from processing fish into purified marine bioactives, for use in the functional foods, nutraceutical and pharmaceutical industries. In everything we do, we strive to maintain natural purity and uphold the principles of sustainability.

Our VISION

To be recognised by global customers as a valued supplier of unique and sustainably-harvested marine bioactives for use in supporting healthy lifestyles.

UNITY

Free to express our ideas. Speak with one voice. Support one another. Respect others and appreciate others' differences. We achieve unity if we believe in the company and its objectives and when our behaviours align with being accountable. Truly being unified means creating personal connections using our workplace as a catalyst. We provide opportunities for team members to fulfil their needs to connect and relate.

We are:

- A team.
- Honourable.
- Passionate.
- Accountable.
- Good communicators.
- Positive.
- Focussed; we have our eye on the ball.

Our VALUES



LEAD

Lead the market and ourselves. Act with professionalism. Ask why and innovate. Do more than is needed, go the extra mile.

We:

- Motivate and inspire ourselves and others.
- Drive for results in ourselves and others.
- Maintain a strategic perspective.
- Are trustworthy and collaborative.
- Develop and support ourselves and others.

HONESTY

Act with Integrity. Take Ownership.

We:

- Treat others as we would like to be treated.
- Act with integrity.
- Maintain confidentiality.
- Take ownership.

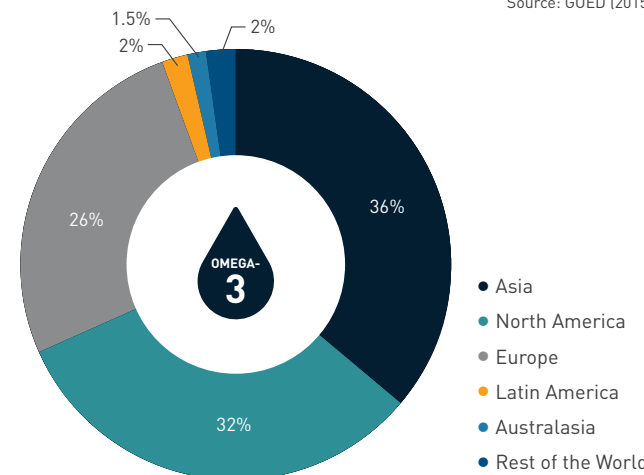


Our MARKETS

The global market for Omega-3 products is huge, growing and offers numerous market categories across a broad range of territories. Each year consumers spend US\$31.4 billion¹⁰ on Omega-3 products including functional foods, infant formula, supplements, and pharmaceuticals, according to GOED, the global Omega-3 trade organisation.

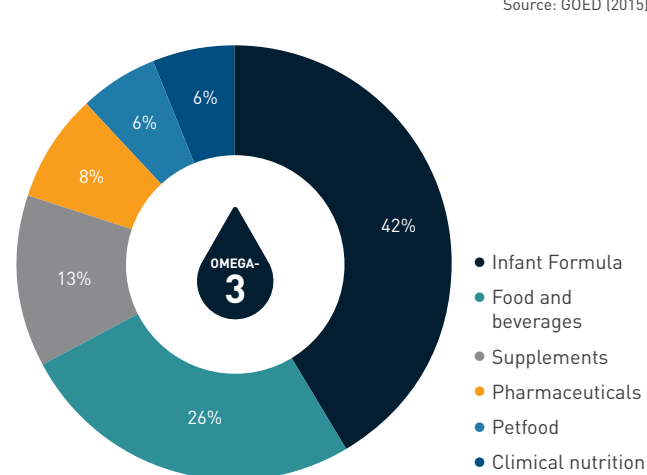
THE GLOBAL OMEGA-3 FINISHED PRODUCT MARKET

Source: GOED (2015)



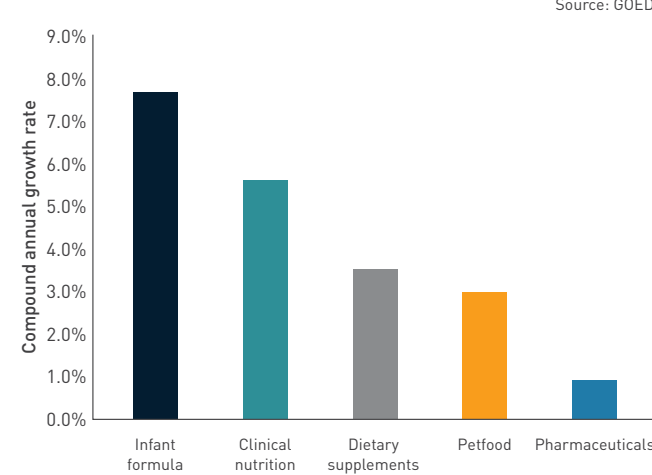
OMEGA-3 FINISHED PRODUCT CATEGORIES

Source: GOED (2015)



FORECAST GROWTH OF OMEGA-3 CATEGORIES 2015-2017

Source: GOED



¹⁰ GOED's 2015 estimate.

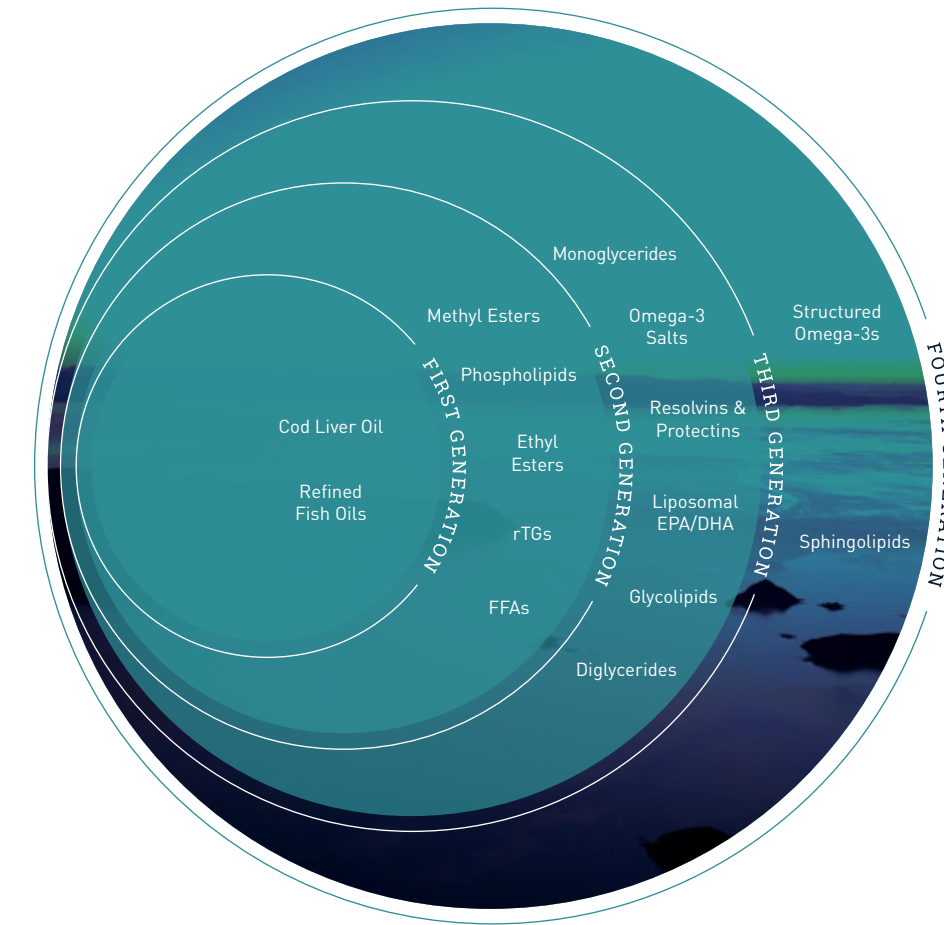


Omega-3 MARKET EVOLUTION

Omega-3 markets are constantly evolving from commodity fish oils to highly differentiated supplements including: concentrated, sustainably-sourced fish oils; Omega-3 concentrates, pharmaceutical-grade Omega-3 ethyl and methyl esters as well as Omega-3 fish oils structured to specific applications.

This evolution reflects several important trends including:

- A growing body of research that supports supplementing diets with Omega-3 fish oils;
- Customer demand for Omega-3 supplements derived from sustainably-sourced and traceable fish stocks as well as Omega-3 products that offer higher potency and smaller, more-convenient pill sizes;
- Manufacturers determination to move into higher value niches in Omega-3 markets;
- The development and growing demand for fish-derived bioactives for specific applications; and
- Clinicians determination to prescribe 'clinically relevant' dosages of EPA and DHA, the key active ingredients of Omega-3 fish oils.



SeaDragon is determined to evolve with the market to ensure it is always extracting the highest-value from New Zealand's precious marine resources. This approach is in line with our vision to be recognised by global customers as a valued supplier of unique and sustainably harvested marine bioactives.

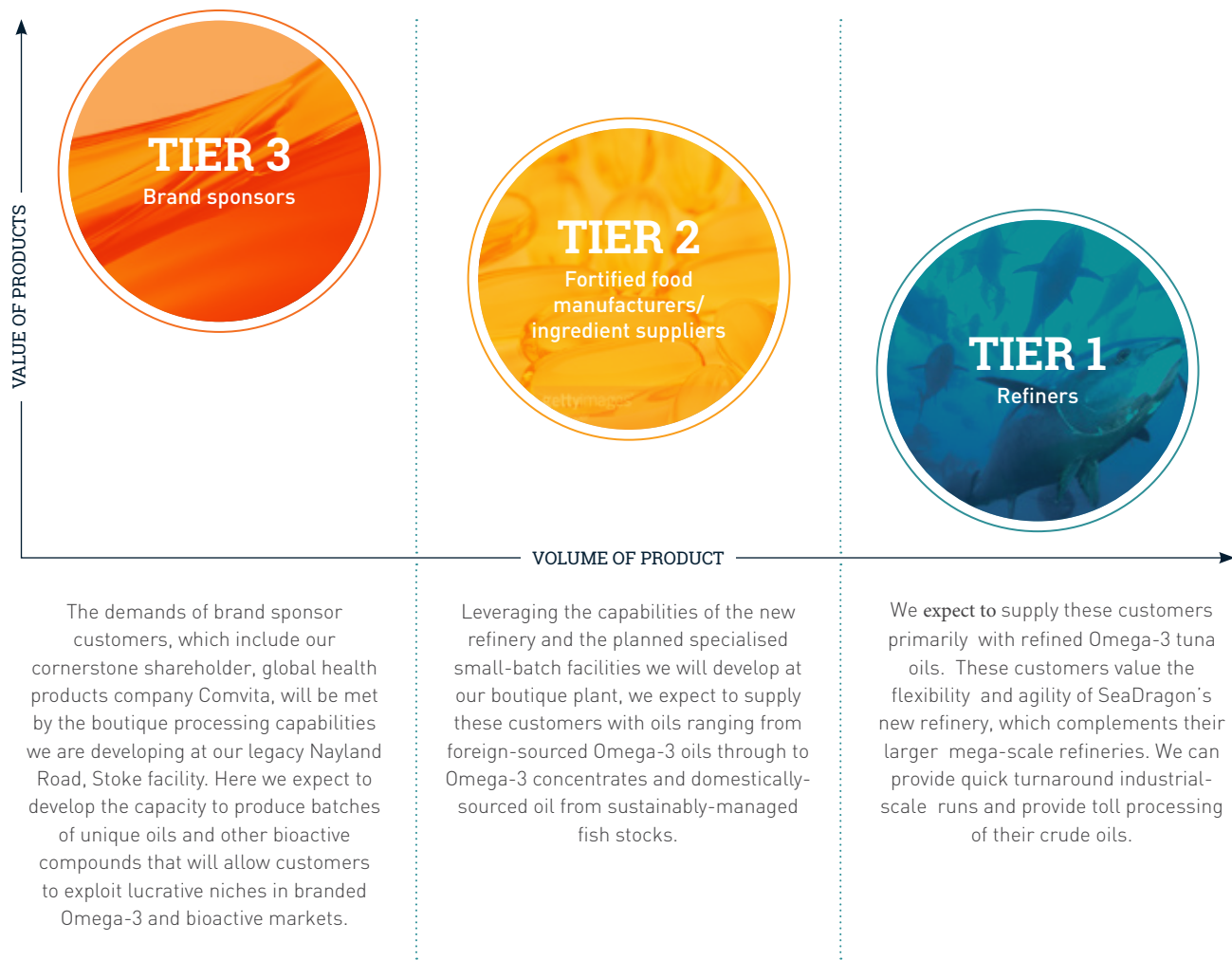
Our CUSTOMERS

With the completion of our new Omega-3 refinery, which has the capacity to produce up to 5,000 tonnes of refined Omega-3 fish oils each year, we occupy a strong position to meet demand for the first generation of Omega-3 fish oil products. The planned re-development of our legacy Omega-2 facilities into a boutique Omega-3 production facility will allow us to meet the growing demand for differentiated fish-oil derived bioactive compounds.

We are focusing on three core sets of customers: refiners; fortified food manufacturers and ingredient suppliers and brand sponsors. We expect all will turn to SeaDragon because we provide the assurance of an internationally-recognised food safety and quality regime, independently-audited chain of custody certification, a reputation for excellence in refining marine bioactive compounds and a strong and growing network of crude oil supply relationships.



SEADRAGON'S CUSTOMER SEGMENTS

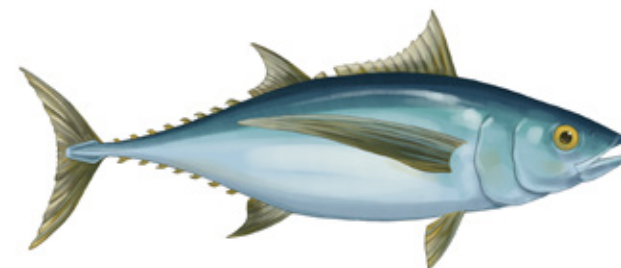


These core relationships are aligned with our determination to drive capacity utilisation in our new fish oil refinery and build demand for higher-value customised products. The approach also reflects our determination to maintain a diversity of customers and markets to ensure we are protected against external supply fluctuations and changes in customer demands and other market trends.

Our SUPPLY

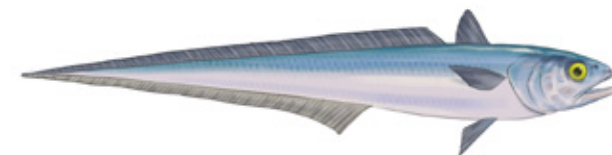
We are targeting three species for crude oil supply: Tuna; Hoki and marine-farmed Salmon. Each of our key target markets has specific requirements for traceability through the supply chain from fishing vessels forward. We continue to identify suitable and reliable sources of unrefined Omega-3 oil for many of these key target markets.

TUNA



We are developing sources from the Indian Ocean and the South and East Pacific Ocean

HOKI



New Zealand

SALMON



New Zealand



Our FACILITIES

OMEGA-3 REFINERY

SeaDragon's new Omega-3 fish oil refinery was fully commissioned in 2016. The state-of-the-art facility, built with Desmet Ballestra's refining technology, has the capacity to produce 5,000 tonnes of Omega-3 fish oil each year. It is a highly flexible plant offering customers continuous process refining and quick-turnaround batch processing runs. These capabilities complement large-scale refiners' processing capabilities and meet the demands of bioactive ingredients brokers and fortified food manufacturers.

The plant has the certifications necessary to export products to key target markets including Australia, many Asian markets including China and Japan, the European Union, the US and Canada as well as independently-audited chain of custody quarantine certifications. A plan to add a fractionation (winterisation) capability to the plant has been shelved for the short term as we see significant opportunities in markets such as toll processing and the supply of ingredients for fortified foods and infant formula, where fractionation is unnecessary.



Inside SeaDragon's new Omega-3 refinery



Continuous process
refining and quick
turn-around batch
processing runs



Capacity:
5,000 tonnes
per annum

BOUTIQUE REFINERY

SeaDragon is looking to re-purpose its legacy Nayland Road Omega-2 facility to become a boutique refinery to produce smaller volumes, specialised and premium Omega-3 products tailored to the demands of our customers. These products are expected to include single-species sustainably-sourced New Zealand Omega-3 fish oils, Omega-3 concentrates and re-esterified and fractionated Omega-3 supplements. We are currently scoping technical requirements with an eye to implementing these capabilities at the boutique refinery in the 2018 financial year.



Inside SeaDragon's Nayland Road facilities



The opening of SeaDragon's Omega-3 refinery, 2016

REFINERY ACCREDITATIONS



Ministry Of Primary Industries
- Approved Risk Management
Programme (RMP)



Ministry Of Primary Industries
- Approved Transitional
Facility



Marine Stewardship Council
(MSC) Chain of Custody
Certification

Our STORY

SeaDragon 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 of New Zealand, the South Pacific and other trusted sources around the world.

20 years

We have more than 20 years' experience processing fish oils and we are recognised for the quality and purity of our products.



We supply nutraceutical and functional food manufacturers around the world to meet the growing demand for pure, high quality, marine-sourced bioactive compounds, which are scientifically proven to deliver significant human health benefits such as lowering the risk of heart disease, improving brain function and joint health.



Most of our product is exported.

2004



SeaDragon established with the acquisition of SeaDragon Fish Oils.

**2004
to
2012**



SeaDragon builds a position in the production and marketing of specialist fish oils including Omega-2 and Deep Sea Shark Liver Oil (DSSL0) for the nutraceutical and functional food industries.

2012



Lists on the New Zealand stock exchange via the reverse takeover of Claridge Capital and introduces specialist life sciences investor BioScience Managers to its share register and the SeaDragon board.



Announces a plan to transition to Omega-3 rich fish oil markets.

2015



Completes construction of a 5,000 tonne per annum Omega-3 fish oil refinery in Nelson.



Global natural health products company Comvita joins the SeaDragon share register.



Announces plans to exit Omega-2 operations using unsustainably-sourced supplies

2016



Fully commissions new Omega-3 refinery in Nelson.



Completes exit from Omega-2 processing using unsustainably-sourced supplies

MASTHEAD

Masthead joins the share register as a cornerstone investor.



Announces plans to redevelop legacy Omega-2 facilities into a boutique Omega-3 refinery.

2017



Boutique plant operational.



Leveraging the scale of the refined fish oil plant.



BOARD



INDEPENDENT CHAIRMAN: COLIN GROVES

Colin is a professional director and investor. He has spent most of the last 25 years as Director of Mergers and Acquisitions at Tetra Laval. He has also held roles at Informix Software, and US healthcare multinational Johnson & Johnson. A chartered accountant and former English Colts rugby international, Mr Groves is currently Chairman of New Zealand's largest mobile app development companies MEA Mobile, the Agri Group of Companies, which includes dairy consumables business Deosan. He is also Chairman of Waikato Rugby and Oriens Capital. He is an Independent Director of VetSouth, and is on the boards of the Cornish Pirates Rugby and the Agri-Tech developer, Sprout. Colin joined the SeaDragon board as Chairman in June 2015.

DIRECTORS:

RICHARD ALDERTON (INDEPENDENT)

Richard's career spans the pharmaceutical and food manufacturing and processing industries. He was formerly SeaDragon's interim Chief Executive. He joined the board in July 2015.

PATRICK GEALS (INDEPENDENT)

Patrick has held leadership positions in the pharmaceutical and food industries. He joined the board in July 2014.

BRETT HEWLETT

Brett is a professional director and consultant. He is a former Chief Executive of SeaDragon's cornerstone shareholder, the global health products company Comvita. He joined the board in November 2015.

STUART MACINTOSH

Stuart is a Director and controlling shareholder in SDMO Trustee, a major shareholder in the company. He joined the board in June 2015.

MATTHEW McNAMARA

Matt is the Chief Investment Officer of SeaDragon's cornerstone shareholder Bioscience Managers. He joined the board in October 2012.

ALTERNATE DIRECTORS:

JEREMY CURNOCK COOK

Jeremy is Managing Director of Bioscience Managers, he is an alternate director for Matt McNamara. He joined the board in October 2012.

MARK SADD

Mark Sadd is Chief Financial Officer of Comvita. He is an alternate director for Brett Hewlett. He joined the board in November 2015.



MANAGEMENT



CHIEF EXECUTIVE: DR NEVIN AMOS

Nevin has a wealth of experience in adding value to New Zealand's primary products in the forestry, food, nutraceutical, health and beauty, natural products, apiary, and fruit industries. He is a former Chief Executive of a forest products processor. Prior to that, he spent nearly a decade at global natural health company and SeaDragon's cornerstone shareholder Comvita, where he held a number of senior roles including General Manager Asia and Chief Supply Chain Officer. He has also held senior roles at Kiwifruit exporter Zespri and sat on numerous boards, including the board of Natural Products New Zealand, the national industry organisation representing the natural products, functional foods, complementary medicines, and nutraceuticals industries. Nevin joined SeaDragon in August 2016.

EXECUTIVE TEAM:

DIRECTOR OF SALES: CAMPBELL BERRY-KILGOUR

COMMERCIAL MANAGER: TRACEY CASTLETON



SEADRAGON REGISTERED OFFICE

12 Nayland Road Stoke, Nelson 7011

Ph: (03) 547 0336

Fax: (03) 547 0337

Postal Address:

12 Nayland Road, Stoke, Nelson 7011

Company Number 310577

Incorporated 31 July 1986

Securities Issued

4,513,618,718 Ordinary Shares
375,000,000 Options - expire 31 Oct 2018
1,240,874,851 Options - expire 28 Sep
2018 1,500,000 Convertible loan notes

SHARE REGISTRAR:

Link Market Services

PO Box 91976, Auckland 1142

Phone: 09 375 5998

SOLICITORS:

Minter Ellison Rudd Watts

88 Shortland St, Auckland 1140

AUDITOR:

PricewaterhouseCoopers

113-119 The Terrace, Wellington 6140

BANKERS:

Bank of New Zealand

PO Box 1075, Wellington 6140

SeaDragon: **RESPONSIBLY PURE**





www.seadragon.co.nz