

2 May 2019

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF SEADRAGON LIMITED

Notice is hereby given to all shareholders that a special meeting of shareholders (**Meeting**) of SeaDragon Limited (**SeaDragon** or **Company**) will be held in Auckland at the Centenary Lounge, Eden Park on Friday, 17 May 2019, at 10:30 a.m.

AGENDA

A. Apologies and Chairman's introduction

B. Resolutions

To consider and, if thought fit, pass the following ordinary resolutions:

Resolution 1 – Issue of ordinary shares on conversion of 2019 Pescado Loan

“That, for the purposes of Listing Rule 7.3.10(b)(ii), the Company may issue such number of ordinary shares to Pescado as may be required on conversion of the convertible loan notes issued under the 2019 Pescado Loan, being up to a maximum of 2,000,000,000 ordinary shares.”

Resolution 2 – Listing Rules and Takeovers Code

“That, for the purposes of Listing Rule 7.5 and rule 7(d) of the Takeovers Code, the issue of the ordinary shares to Pescado on conversion of the convertible loan notes issued under the 2019 Pescado Loan, is approved.”

Resolution 3 – Listing Rules

“That, for the purposes of Listing Rule 9.2.1, SeaDragon's entry into the transactions relating to the 2019 Pescado Loan, including the issue of convertible loan notes under the 2019 Pescado Loan, the issue of ordinary shares on conversion of the convertible loan notes issued under the 2019 Pescado Loan and the extension of the existing security arrangements over all of SeaDragon's and its subsidiaries assets, each as a Material Transaction with a Related Party (as those terms are defined in Listing Rule 9.2.2), is approved.”

Resolution 4 – Listing Rules

“That, for the purposes of Listing Rule 9.2.1, the waiver by each Existing Noteholder of its right to receive interest under the Existing Loans in respect of the period on and from 1 April 2019, as an amendment to a Material Transaction with a Related Party (as those terms are defined in Listing Rule 9.2.2), is approved.”

Please see the Explanatory Notes in respect of Resolutions 1, 2, 3 and 4 below.

Each of Resolutions 1, 2, 3 and 4 is interdependent, and requires that each of those Resolutions be passed by shareholders of the Company (**Shareholders**) in order for the transactions referred to in those resolutions being effected. If any of Resolutions 1, 2, 3 or 4 is not approved, then none of those Resolutions will have been approved.

The directors of the Company not associated with Pescado, BioScience or Comvita unanimously recommend that Shareholders vote in favour of all Resolutions

By Order of the Board

ENDS

Contact:

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Independent Director
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This notice of meeting is an important document and requires your immediate attention. It should be read in its entirety. It has been prepared to advise you of the forthcoming Meeting and to assist you in understanding the Resolutions to be put to Shareholders for consideration at the Meeting. The Directors encourage you to read this notice of meeting and exercise your right to vote.

If you do not understand any part of this document or are in doubt as to how to deal with it, you should consult your broker or other professional adviser as soon as possible.

Please call Bryan Mogridge at SeaDragon Limited on +64 21 931 355 if you have any queries about the Resolutions or this notice of meeting.

EXPLANATORY NOTES

These explanatory notes set out the details of the transactions the subject of Resolutions 1, 2, 3 and 4 and the approvals required by the Shareholders under the NZX Limited Main Board/Debt Market Listing Rules (the **Listing Rules**) and the Schedule to the Takeovers Regulations (the **Takeovers Code**).

Resolutions

1. If the Resolutions set out in the notice of meeting are passed:
 - (a) the issue of the ordinary shares referred to in the resolutions will be approved in terms of:
 - (i) Listing Rule 7.3.10(b)(ii);
 - (ii) Listing Rule 7.5; and
 - (iii) rule 7(d) of the Takeovers Code as an exception to rule 6 of the Takeovers Code;
 - (b) the entry into the transactions referred to below by the Company will be approved in terms of Listing Rule 9.2.1; and
 - (c) the waiver by each Existing Noteholder (as defined below) of its right to receive interest under the Existing Loans (as defined below) will be approved in terms of Listing Rule 9.2.1,

as applicable and as set out in the particular Resolution.
2. Based on management's current estimates, the funding available through the 2019 Pescado Loan (as defined below) if Resolutions 1, 2, 3 and 4 are approved, together with anticipated revenues arising from the Company's ordinary business, is currently expected to provide the Company with sufficient capital to meet its working capital and capital and operational expenditure requirements through to April/May 2020. These estimates are subject to a number of assumptions and expectations as to future events. If Shareholders do not approve Resolutions 1, 2, 3 and 4, then, it is highly likely that, on or about July 2019, SeaDragon will be unable to repay its debts as they fall due (including interest payable on the Existing Loans) and the directors will have no option but to place the Company into receivership or liquidation.
3. The effect that passing of Resolutions 1, 2, 3 and 4 may have on the number of shares held by Pescado Holdings Limited (**Pescado**) and the other Shareholders following the possible allotment of shares to Pescado on conversion of the convertible loan notes issued under the 2019 Pescado Loan is summarised at paragraph 22. Paragraph 22 also considers the effect of the possible allotment of shares:
 - (a) to Pescado on conversion of the convertible loan notes issued under the Existing Pescado Loan (as defined below);
 - (b) to BioScience (as defined below) on conversion of the convertible loan notes issued under the Existing BioScience Loan (as defined below); and
 - (c) to Comvita (as defined below) upon exercise of the Comvita Option (as defined below) and on conversion of the convertible loan notes issued under the Existing Comvita Loan (as defined below).

Please refer to section 1.7 of the IAR (as defined below) for a detailed analysis of the impact on the ownership of SeaDragon.

We encourage all Shareholders to read the IAR that accompanies this notice of meeting in full.

BACKGROUND

Existing Loans

4. Pescado, Comvita Limited (**Comvita**), One Funds Management Limited as trustee of Asia Pacific Healthcare Fund II (**OFM**), BioScience Managers Ventures Pty Ltd as general partner of BioScience Management Partnership LP (**BMV** and, together with OFM, **BioScience** and, together with Pescado and Comvita, the **Existing Noteholders**) and the Company entered into an amended and restated convertible loan note agreement (second amendment and restatement) originally dated 30 May 2016 as amended and restated as of 30 June 2018 and further amended and restated on 8 August 2018 (the **Existing Convertible Loan Note Agreement**). Pursuant to the Existing Convertible Loan Note Agreement:
 - (a) Pescado agreed to provide convertible loan note facilities (the **Existing Pescado Loan**) to SeaDragon of up to \$3 million, of which the full \$3 million has been advanced;
 - (b) BioScience agreed to provide convertible loan note facilities (the **Existing BioScience Loan**) to SeaDragon of up to \$3 million, of which the full \$3 million has been advanced; and
 - (c) Comvita agreed to provide convertible loan note facilities (the **Existing Comvita Loan**) to SeaDragon of up to \$3 million, of which the full \$3 million has been advanced,

together, the **Existing Loans**. The convertible loan notes that have been issued under the Existing Loans are convertible at 0.0033 per share. Unless previously repaid or converted, the Existing Loans will mature at 5:00 p.m. on 31 March 2020. On maturity, unless SeaDragon is in default under the Existing Loans or insolvent, the outstanding amount under the Existing Loans will automatically convert into ordinary shares in SeaDragon at \$0.0033 per share.

2019 Pescado Loan

5. On 25 March 2019, SeaDragon announced that it had entered into a term sheet with Pescado under which it committed, subject to definitive documentation (which would include drawdown conditions), to advance up to \$4 million via a new convertible loan note facility (the **2019 Pescado Loan**).
6. On 1 April 2019, SeaDragon announced that it had entered into a convertible loan note agreement 2019 (the **New Convertible Loan Note Agreement**) with Pescado to give effect to the 2019 Pescado Loan.
7. The New Convertible Loan Note Agreement requires SeaDragon to seek shareholder approval to the following terms:
 - (a) the convertible loan notes to be issued under the 2019 Pescado Loan are convertible at \$0.002 per share – on that basis, if the 2019 Pescado Loan is fully drawn from Pescado to the maximum of \$4 million, then the convertible loan notes issued by SeaDragon under the 2019 Pescado Loan could be converted into a maximum of 2,000,000,000 ordinary shares in SeaDragon for Pescado;
 - (b) interest on the 2019 Pescado Loan is nil prior to an event of default, and 9.95% per annum while an event of default is subsisting. Accrued and unpaid interest is payable in cash and does not convert to ordinary shares in SeaDragon. An event of default includes SeaDragon failing to pay amounts when due under documents relating to the 2019 Pescado Loan and/or the Existing Loans, SeaDragon committing a breach of undertakings or obligations under the same documents relating to the 2019 Pescado Loan and/or the Existing Loans, SeaDragon making materially untrue, inaccurate or misleading representations or warranties, and SeaDragon becoming insolvent;
 - (c) Pescado has the option to convert all outstanding amounts advanced by it under the 2019 Pescado Loan to ordinary shares in SeaDragon for so long as the 2019 Pescado Loan remains unpaid by SeaDragon;

- (d) SeaDragon may repay its indebtedness under the 2019 Pescado Loan at any time in full. All payments under the 2019 Pescado Loan must be made *pari passu* with payments under the Existing Convertible Loan Note Agreement (under which SeaDragon may repay its indebtedness at any time in full). In other words, SeaDragon may only repay all indebtedness under the 2019 Pescado Loan if it also repays all indebtedness under the Existing Convertible Loan Note Agreement and *vice versa*;
- (e) unless previously repaid or converted, the 2019 Pescado Loan will mature at 5:00 p.m. on 31 March 2021. On maturity, unless SeaDragon is in default under the 2019 Pescado Loan or insolvent, the outstanding amount under the 2019 Pescado Loan will automatically convert into ordinary shares in SeaDragon at \$0.002 per share;
- (f) shares issued on conversion of the convertible loan notes issued under the 2019 Pescado Loan will be ordinary shares in SeaDragon and will rank equally with all other ordinary shares on issue;
- (g) all indebtedness under the 2019 Pescado Loan will be secured over all of the assets of SeaDragon and its subsidiaries, in each case under existing security arrangements (which secure indebtedness under the Existing Loans);
- (h) until the 2019 Pescado Loan is repaid in full or converted, the Company will be required to obtain the prior written approval of Pescado to the appointment, replacement or removal of any member of the senior management of the Company or any of its subsidiaries and the appointment by the board of SeaDragon of any person as a director of the Company or any of its subsidiaries. This Pescado approval right in respect of a director of the Company applies only to the appointment of such person by the board of SeaDragon and, therefore, does not restrict the right of Shareholders to nominate and appoint a director of the Company at SeaDragon's annual or special meeting of Shareholders; and
- (i) if Comvita has at any time exercised its contractual right (if any) to appoint a director to the board of SeaDragon who is not Mark Sadd or to remove or replace Mark Sadd as a director on the board of SeaDragon, then drawdown under the 2019 Pescado Loan is conditional on the Company procuring that the board of SeaDragon appoints an individual nominated by Pescado as a director of the Company. This Pescado appointment right in respect of a director of the Company applies only to the appointment of such person by the board of SeaDragon and, therefore, does not restrict the right of Shareholders to nominate and appoint a director of the Company at SeaDragon's annual or special meeting of Shareholders.

Interest Waiver

- 8. Drawdown under the 2019 Pescado Loan is also conditional on each Existing Noteholder waiving its right to receive interest under the Existing Loans in respect of the period on and from 1 April 2019 (the **Interest Waiver**). The interest rate on the Existing Loans was 7.95% per annum (post tax) prior to the Interest Waiver. The Interest Waiver is consistent with interest on the 2019 Pescado Loan being nil prior to an event of default, and alleviates the Company of paying interest of \$927,500 per annum (pre tax) on the maximum amount of the Existing Loans of \$9 million. As set out in Section 2.2 of the IAR, Simmons Corporate Finance Limited considers that the Interest Waiver "is extremely favourable to the Company (and therefore to the Other Shareholders [being the Shareholders not associated with Pescado, BioScience or Comvita])". The Company does not consider there to be any disadvantage to the Company (or the Other Shareholders) from the Interest Waiver. The Interest Waiver was received by the Company on 25 March 2019, but is conditional on approval of Shareholders in terms of Resolution 4.

Comvita Option

- 9. With effect on and from 8 August 2018, SeaDragon has granted Comvita an option to subscribe for 909,090,909 shares in SeaDragon at an exercise price of \$0.0033 per share (for an aggregate exercise price of \$3 million), exercisable by 5:00 p.m. on 31 March 2020 (the **Comvita Option**). The Comvita Option has mandatory exercise milestones which, if met, would enable the Company to require Comvita to exercise the Comvita Option. If the mandatory exercise milestones are met,

the Company is highly likely to require Comvita to exercise the Comvita Option. As at 2 May 2019, the Comvita Option has not been exercised.

Shareholders are encouraged to read the IAR that accompanies this notice of meeting in full, together with SeaDragon's most recent announcements.

PURPOSE AND CONSIDERATION FOR THE ISSUE OF SHARES

10. In respect of Resolutions 1, 2 and 3, the consideration for the issue of shares on conversion of the convertible loan notes issued under the 2019 Pescado Loan to ordinary shares in the Company is the payment of \$0.002 per share.
11. As set out in more detail in the independent adviser's and appraisal report prepared by Simmons Corporate Finance Limited (the **IAR**), the price for the issue of shares of \$0.002 represents a 33% discount to SeaDragon's closing price as at 22 March 2019 of \$0.003 (see section 2.5 of the IAR).
12. The purpose for the convertible loan notes to be issued under the 2019 Pescado Loan and, subsequently, the shares to be issued on conversion of those convertible loan notes pursuant to the Resolutions set out in this notice of meeting is to assist the Company with meeting its immediate and medium term funding requirements (being working capital, operational expenditure and capital expenditure requirements), and to continue to target sales growth.
13. The following Shareholders have advised that they intend to vote in favour of:
 - (a) Resolutions 1, 2 and 3:
 - (i) BioScience, holding 15.18% of total voting rights;
 - (ii) Comvita, holding 8.49% of total voting rights;
 - (iii) SDMO Trustee Limited (associated with director Stuart Macintosh), holding 9.05% of total voting rights; and
 - (iv) Tamahere Limited (associated with director Colin Groves), holding 0.62% of the total voting rights.

Together, these Shareholders hold 40.49% of total number of voting rights able to be voted on Resolutions 1, 2 and 3 (since Pescado is not entitled to vote on those Resolutions).

- (b) Resolution 4: SMDO Trustee Limited and Tamahere Limited. Together, these two Shareholders hold 16.48% of total number of voting rights able to be voted on Resolution 4 (since none of Pescado, BioScience and Comvita is entitled to vote on that Resolution).

CONSEQUENCES IF RESOLUTIONS NOT APPROVED

14. If any of the Resolutions set out in this notice of meeting are not approved, then, it is highly likely that, on or about July 2019, SeaDragon will be unable to repay its debts as they fall due (including interest payable on the Existing Loans) and the directors will have no option but to place the Company into receivership or liquidation. Please see section 2.4 of the IAR for further details.
15. Each of Resolutions 1, 2, 3 and 4 is interdependent, and requires that each of those Resolutions be passed by Shareholders in order for the transactions referred to in those resolutions being effected. If any of Resolutions 1, 2, 3 or 4 are not approved, then none of those Resolutions will have been approved.

TAKEOVERS CODE

16. Under rule 6 of the Takeovers Code, a person who holds or controls:

- (a) no voting rights, or less than 20% of the voting rights, in a code company may not become the holder or controller of an increased percentage of the voting rights in the code company unless, after that event, that person and the person's associates hold or control in total not more than 20% of the voting rights in the code company; or
 - (b) 20% or more of the voting rights in a code company may not become a holder or controller of an increased percentage of the voting rights in the code company.
17. There are a number of exceptions to this rule. These include where a person becomes the holder or controller of voting rights in a code company by allotment of shares that have been approved by an ordinary resolution pursuant to rule 7(d) of the Takeovers Code.
 18. SeaDragon is a code company as it is a listed issuer that has financial products that confer voting rights quoted on a licensed market (being NZX).
 19. Pescado currently holds 855,433,823 ordinary shares in SeaDragon, comprising 17.66% of SeaDragon's voting rights.
 20. As a result of the proposed allotments of shares on conversion of the convertible loan notes issued under the 2019 Pescado Loan as referred to in Resolutions 1, 2 and 3, Pescado would become the holder of an increased percentage of the voting rights in SeaDragon.
 21. The total percentage of the voting rights in the Company held by Pescado after the allotment will vary depending on:
 - (a) the amount drawn down by SeaDragon under the 2019 Pescado Loan from Pescado and whether that amount is repaid prior to maturity;
 - (b) the extent to which the amount drawn down under the Existing Loans is repaid prior to maturity; and
 - (c) whether the Comvita Option is exercised.
 22. The two tables below show the effect on the number of shares held by Pescado and other Shareholders following the allotment of shares to Pescado on conversion of the convertible loan notes issued under the 2019 Pescado Loan – please refer to section 1.7 of the IAR for the complete analysis.

The two tables below assume that:

- (a) the full amount is drawn down by SeaDragon under the 2019 Pescado Loan from Pescado and the relevant convertible loan notes are converted into 2,000,000,000 ordinary shares (the **Pescado Allotment**);
- (b) the convertible loan notes issued under the Existing Loans are converted into ordinary shares; and
- (c) there are no other changes to SeaDragon's capital structure.

The first table below assumes that the Comvita Option is exercised. The second table below assumes that the Comvita Option is not exercised.

Impact on shareholding levels – Comvita Option exercised					
	Pescado	BioScience	Comvita	Other Shareholders	Total
Current	855,433,823	735,264,802	410,987,830	2,841,618,272	4,843,304,727
%	17.66%	15.18%	8.49%	58.67%	100.00%
Comvita Option exercised	-	-	909,090,909	-	909,090,909
Conversion of Existing Loans	909,090,909	909,090,909	909,090,909	-	2,727,272,727
Pescado Allotment	2,000,000,000	-	-	-	2,000,000,000
Potential shareholding levels	<u>3,764,524,732</u>	<u>1,644,355,711</u>	<u>2,229,169,648</u>	<u>2,841,618,272</u>	<u>10,479,668,363</u>
%	35.92%	15.69%	21.27%	27.12%	100.00%

Impact on shareholding levels – Comvita Option not exercised					
	Pescado	BioScience	Comvita	Other Shareholders	Total
Current	855,433,823	735,264,802	410,987,830	2,841,618,272	4,843,304,727
%	17.66%	15.18%	8.49%	58.67%	100.00%
Comvita Option not exercised	-	-	-	-	-
Conversion of Existing Loans	909,090,909	909,090,909	909,090,909	-	2,727,272,727
Pescado Allotment	2,000,000,000	-	-	-	2,000,000,000
Potential shareholding Levels	<u>3,764,524,732</u>	<u>1,644,355,711</u>	<u>1,320,078,739</u>	<u>2,841,618,272</u>	<u>9,570,577,454</u>
%	39.33%	17.18%	13.79%	29.69%	100.00%

23. Under the Takeovers Code, Pescado may increase its percentage of the voting rights in SeaDragon by the allotment of shares referred to in Resolutions 1, 2 and 3 if the allotment is approved by an ordinary resolution of Shareholders.
24. The information required under rule 16 of the Takeovers Code is set out in Appendix 1 of this notice of meeting.

INDEPENDENT ADVISER'S REPORT / APPRAISAL REPORT

25. As required by rule 18 of the Takeovers Code, SeaDragon has commissioned an independent adviser's report on the issues of the shares referred to in the Resolutions.
26. The Takeovers Code requires that, where shareholders are being asked to give their approval under rule 7(d) of the Takeovers Code, the directors must obtain a report from an independent adviser on the merits of the proposed allotment having regard to the interests of those persons who may vote to approve the allotment.
27. The independent adviser's report is also an appraisal report for the purposes of:
- (a) Listing Rule 6.2.2 in relation to the resolutions required by Listing Rule 7.5 (Resolution 2);
 - (b) Listing Rule 9.2.5 in relation to the resolutions required by Listing Rule 9.2.1 (Resolution 3); and
 - (c) Listing Rule 9.2.5 in relation to the resolutions required by Listing Rule 9.2.1 (Resolution 4).
28. Simmons Corporate Finance Limited has prepared the IAR and a copy of the IAR is attached to this notice of meeting.
29. Section 1.9 of the IAR contains the following summary of Simmons Corporate Finance Limited's evaluation of merits of the Pescado Allotment under the Takeovers Code:

“In our opinion, after having regard to all relevant factors, the positive aspects of the 2019 Pescado Loan (including the Pescado Allotment) significantly outweigh the negative aspects from the perspective of the Company's shareholders not associated with Pescado (the **Non-Pescado Shareholders**).”

30. Section 1.9 of the IAR contains the following summary of Simmons Corporate Finance Limited's evaluation of fairness of the 2019 Pescado Loan (including the Interest Waiver) under the Listing Rules:

“In our opinion, after having regard to all relevant factors, the consideration and the terms and conditions of:

- the 2019 Pescado Loan are fair to the Non-Pescado Shareholders; and
- the Interest Waiver are fair to the Other Shareholders.”

We encourage all Shareholders to read the IAR that accompanies this notice of meeting in full.

LISTING RULE 7.3.10(b)(ii)

31. Listing Rule 7.3.10(b)(ii) requires approval of the issue of shares to Pescado on conversion of the convertible loan notes issued to Pescado under the 2019 Pescado Loan on the terms and conditions of the 2019 Pescado Loan (which are set out in paragraphs 7 and 8 of this notice of meeting) (the **Conversion Shares**) by an ordinary resolution of Shareholders. If Resolutions 1, 2 and 3 set out in this notice of meeting are passed, the requirements of Listing Rule 7.3.10(b)(ii) will be met.

LISTING RULE 7.5

32. The issue of the Conversion Shares to Pescado requires approval by ordinary resolution of Shareholders in accordance with Listing Rule 7.5 because:
- (a) it is possible that the issue of the Conversion Shares will result in Pescado materially increasing its ability to exercise, or direct the exercise of, effective control of the Company (see Appendix 2 of this notice of meeting); and

- (b) Pescado currently holds more than 1% of the Company's ordinary shares.

LISTING RULE 9.2.1

33. Listing Rule 9.2.1 prohibits SeaDragon from entering into a Material Transaction (as defined in Listing Rule 9.2.2), which includes:
- (a) the issue of securities having a market value in excess of 10% of the Average Market Capitalisation¹ of SeaDragon;
 - (b) borrowing money or incurring an obligation of an amount in excess of 10% of the Average Market Capitalisation¹ of SeaDragon; and
 - (c) giving any security for or of obligations which could expose SeaDragon to liability in excess of 10% of the Average Market Capitalisation¹ of SeaDragon,

if a Related Party is a party to at least one of a related series of transactions of which the Material Transaction forms part.

Resolution 3

Pescado is a Related Party of the Company because it holds a Relevant Interest (as that term is defined in the Financial Markets Conduct Act 2013) in more than 10% of the shares of the Company.

SeaDragon's entry into the transactions relating to the 2019 Pescado Loan, including the issue of convertible loan notes under the 2019 Pescado Loan, the issue of ordinary shares on conversion of the convertible loan notes issued under the 2019 Pescado Loan and the extension of the existing security arrangements over all of SeaDragon's and its subsidiaries assets, may each be considered to be a Material Transaction that requires approval by ordinary resolution of Shareholders in accordance with Listing Rule 9.2.1.

Resolution 4

Each of Pescado, BioScience and Comvita is a Related Party of the Company because it holds a Relevant Interest (as that term is defined in the Financial Markets Conduct Act 2013) in more than 10% of the shares of the Company. Comvita's Relevant Interest in more than 10% of the shares of the Company arises because:

- (a) it is the registered holder and beneficial owner of, and has the power to exercise a right to vote attached to, 8.49% shares of the Company; and
- (b) it has the power to acquire 909,090,909 shares of the Company by exercising the Comvita Option,

and, accordingly, Comvita has a Relevant Interest in 22.95% of the shares of the Company (assuming there are no other changes to SeaDragon's capital structure).

The Interest Waiver constitutes, or may constitute, an amendment to a Material Transaction with a Related Party (as those terms are defined in Listing Rule 9.2.2) and, accordingly, requires approval by ordinary resolution of Shareholders in accordance with Listing Rule 9.2.1.

¹ Average Market Capitalisation is defined in the Listing Rules as the volume weighted average market capitalisation of an issuer's equity securities carrying votes calculated from trades on the NZX over the 20 business days before the earlier of the day the transaction is entered into or is announced to the market. The Average Market Capitalisation of the Company as at 22 March 2019 was approximately \$12.83 million.

LOCK-UP ARRANGEMENTS

34. Pescado is not subject to a lock-up arrangement in respect of any Conversion Shares. Accordingly, following the issue of any Conversion Shares, Pescado will be able to trade those Conversion Shares (subject to compliance with relevant legislation and the Listing Rules).

IMPORTANT INFORMATION

Proxies

Any Shareholder who is entitled to attend and vote at the Meeting may appoint a proxy to attend and vote instead of him or her. A proxy does not need to be a Shareholder. If you appoint a proxy you may either direct your proxy how to vote for you or you may give your proxy discretion to vote as he or she sees fit. If you wish to give your proxy discretion then you must mark the appropriate boxes on the form to grant your proxy that discretion. If you do not tick any box for a particular resolution, then the proxy will vote or abstain from voting as he or she sees fit. Any person associated with any person prohibited from voting on a resolution cannot vote on that resolution as a discretionary proxy.

The Chairman of the Meeting is willing to act as proxy for any Shareholder who wishes to appoint him. To appoint the Chairman simply tick the box allocated next to “The Chairman of the Meeting” on your proxy form.

If the Chairman is appointed as a proxy and you have given your proxy discretion to vote as he or she sees fit, the Chairman will vote in favour of all Resolutions.

If you wish to mail the Proxy Form then please send it to our Share Registrar, Link Market Services Limited, using the reply-paid envelope provided. Alternatively, New Zealand based Shareholders may fax the form to (09) 375 5990 and overseas Shareholders may fax it to +64 9 375 5990 or post it to Link Market Services Limited, PO Box 91976, Auckland 1142, New Zealand.

The completed Proxy Form must be received by our Share Registrar no later than 10:30 a.m. (New Zealand time) on 15 May 2019. Any Proxy Form received after that time will not be valid for the Meeting.

Shareholders can elect to vote their proxies online. To appoint your proxy and vote online, please visit the Link Market Services Investor Centre at <http://investorcentre.linkmarketservices.co.nz/voting/SEA>. You will require your CSN/Holder number and FIN to securely access the website. Follow the prompts to complete your proxy appointment and vote.

Ordinary resolution

The business for the Meeting is to pass the ordinary resolutions set out in the preceding pages. An ordinary resolution is a resolution passed by a simple majority of the votes of those Shareholders entitled to vote and voting on the resolutions.

No motions from the floor

The only matters being discussed and voted on at the Meeting are the Resolutions set out in this notice of meeting. No motions from the floor will be allowed during the Meeting.

Voting

Voting entitlements for the Meeting will be determined as at 5:00 p.m. (New Zealand time) on 15 May 2019. Registered Shareholders at that time will be the only persons entitled to vote at the Meeting and only the shares registered in those Shareholders’ names at that time may be voted at the Meeting.

Voting restrictions

Neither Pescado, nor any of its Associated Persons (as that term is defined in the Listing Rules), is entitled to vote, appoint a proxy or exercise discretionary proxies in respect of Resolutions 1, 2 or 3, in accordance with Listing Rule 9.3.1.

Neither Pescado, nor any of its associates (as that term is defined in the Takeovers Code), is entitled to vote, appoint a proxy or exercise discretionary proxies in respect of Resolution 2, in accordance with rule 17(2) of the Takeovers Code.

None of Pescado, Comvita, BioScience, nor any of their respective Associated Persons (as that term is defined in the Listing Rules), is entitled to vote, appoint a proxy or exercise discretionary proxies in respect of Resolution 4.

For the purposes of Listing Rule 1.8.3, each of Mark Stewart and Warwick Webb is an Associated Person of Pescado, each of Matthew McNamara and Jeremy Curnock Cook is an Associated Person of BioScience and Mark Sadd is an Associated Person of Comvita. Accordingly:

- (a) neither Mark Stewart nor Warwick Webb is entitled to vote, appoint a proxy or exercise discretionary proxies in respect of any Resolution; and
- (b) none of Matthew McNamara, Jeremy Curnock Cook and Mark Sadd is entitled to vote, appoint a proxy or exercise discretionary proxies in respect of Resolution 4.

More information

If you have any questions, or for more information, please contact Bryan Mogridge at SeaDragon Limited on +64 21 931 355.

Appendix 1 – Information required by rule 16 of the Takeovers Code

Pursuant to rule 16 of the Takeovers Code (with the sub-paragraphs below corresponding to the sub-paragraphs in rule 16), the Company advises as follows:

- (a) Pescado Holdings Limited (**Pescado**) is the proposed allottee of the shares;
- (b) the particulars of the voting securities to be allotted are as set out in Appendix 2 of this notice of meeting;
- (c) no voting securities of a body corporate other than the Company are to be allotted;
- (d) the \$0.002 per share issue price for the voting securities to be allotted to Pescado is payable in full on conversion of the convertible loan notes issued under the 2019 Pescado Loan as set out in the section “2019 Pescado Loan” in the explanatory notes of this notice of meeting;
- (e) the reason for the allotment is to secure funding arrangements that assist the Company with meeting its immediate and medium term funding requirements (being working capital, operational expenditure and capital expenditure requirements), and to continue to target sales growth;
- (f) the allotment under Resolution 2, if approved, will be permitted under rule 7(d) of the Takeovers Code as an exception to rule 6 of the Takeovers Code;
- (g) Pescado has confirmed that there is no agreement or arrangement (whether legally enforceable or not) that has been, or is intended to be, entered into between it and any other person (other than between it and the Company in respect of the matters referred to in paragraphs (a) to (e)) relating to the allotment, holding, or control of the voting securities to be allotted, or to the exercise of voting rights in the Company;
- (h) attached to this notice is a report from an independent adviser in compliance with rule 18 of the Takeovers Code; and
- (i) the directors of the Company make the following statement for the purposes of rule 19 of the Takeovers Code:

The directors of the Company recommend that the Shareholders approve the proposed allotment of shares to Pescado on conversion of the convertible loan notes issued under the 2019 Pescado Loan. The grounds for this recommendation are that:

- *without shareholder approval, it is highly likely that, on or about July 2019, the Company will be unable to repay its debts as they fall due (including interest payable on the Existing Loans) and the directors will have no option but to place the Company into receivership or liquidation; and*
- *the provision of the additional loan will strengthen the Company’s financial position for the reasons set out above.*

Appendix 2 – Particulars of voting securities to be allotted

Pursuant to Schedule 5 of the Takeovers Code, the Company advises as follows:

Note: the particulars below are based on the assumptions that the Existing Loans are converted into voting securities (i.e. ordinary shares in the Company), the 2019 Pescado Loan is fully drawn and converted into voting securities (i.e., ordinary shares in the Company) and no “Employee Share Options” (referenced in section 4.4 of the IAR) are exercised. See further assumptions at (g) below.

(a) The maximum number of voting securities that could be allotted (the approved maximum number)	If Resolutions 1, 2, 3 and 4 are approved, the maximum number of voting securities that could be allotted to Pescado is 2,000,000,000 voting securities (i.e., ordinary shares in the Company).
(b) the percentage of the aggregate of all existing voting securities and all voting securities that could be allotted that the approved maximum number represents	19.08%.
(c) the maximum percentage of all voting securities that could be held or controlled by Pescado after completion of the allotment	3,764,524,732 being 39.33%.
(d) the maximum aggregate of the percentages of all voting securities that could be held or controlled by Pescado and its associates after completion of the allotment (not including voting securities of any of Pescado’s associates who are also relying on rule 7(d) in relation to the allotment (the relying associates)*)	Same as (c) above. * Note that no associate of Pescado holds any shares in the Company nor are any such associates relying on rule 7(d). Accordingly, there are no “relying associates”.
(e) if there are relying associates, the maximum aggregate of the percentages of all voting securities that could be held or controlled by Pescado and its associates after completion of the allotment	There are no “relying associates”.
(f) the date used to determine the information referred to in this Appendix (the calculation date)	1 May 2019.
(g) the assumptions on which the particulars in paragraphs (a) to (f) are calculated	<ul style="list-style-type: none"> (i) that the number of voting securities is the number of voting securities on issue on the calculation date; (ii) that there is no change in the total number of voting securities on issue between the calculation date and the end of the allotment period (other than as a result of the allotment); (iii) that, in relation to paragraphs (a) to (c), Pescado is allotted the approved maximum number under the allotment; (iv) that, in relation to paragraph (d), Pescado and each of its associates (not including the relying associates) are allotted the maximum number of voting securities; (v) that Pescado and its associates do not acquire or dispose of any additional ordinary shares prior to the allotment date; (vi) that, in relation to paragraph (b), the Comvita Option is exercised; and (vii) that, in relation to paragraphs (c) and (d) above, the Comvita Option is not exercised.