Aqua Bounty Tech Inc - Debt Financing

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Aqua Bounty Technologies, Inc.
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AquaBounty Technologies, Inc.
("AquaBounty" or "the Company")

Debt Financing

AquaBounty Technologies, Inc. (AIM: ABTU; OTC: AQBT), a biotechnology company focused on enhancing productivity in the aquaculture market and a majority-owned subsidiary of Intrexon Corporation ("Intrexon"), is pleased to announce that yesterday it executed a Debt Financing Agreement with Intrexon to provide the Company with up to US$10.0 million in funding (the "Financing").

Background

The Company's New Animal Drug Application for AquAdvantage® Salmon received approval from the U.S. Food and Drug Administration ("FDA") in November 2015.

As stated in the Company's interim results announcement of 4 August 2015, the Company had cash and cash equivalents of US$4.7 million as at 30 June 2015. It also noted that the Intrexon equity subscription made in June 2015 would provide the Company with sufficient cash resources to continue operating to early 2016 at its rate of spending.

Given the Company's need for funds, the Board determined that a debt facility was the most appropriate source of funding for the Company's current working capital requirements.

Following FDA approval, the Board is finalizing its proposed commercialization strategy. A number of options are being considered, one of which could include the Company exploring capital raising opportunities to fund expansion.

Financing

Pursuant to the Debt Financing Agreement, AquaBounty has agreed to an unsecured, convertible bridge loan (the "loan") of US$10.0 million from Intrexon to cover the Company's immediate working capital requirements. The terms of the loan include an interest rate of 10%, a maturity date of 1 March 2017, and conversion into the Company's common shares at a price of 23 pence per share, representing the closing price of the Company's Ordinary Shares on AIM on 23 February 2016.

Following the receipt of the loan, AquaBounty will have sufficient capital to allow the Company to continue operations at least until the end of 2016.

Related party transaction

Two Directors of the Company, Jack A. Bobo and Rick Sterling, as employees of Intrexon (the "Intrexon Directors"), the majority shareholder, recused themselves from the vote by the Board to approve and authorize the Company to enter into the Debt Financing Agreement. The Directors other than the Intrexon Directors (the "Independent Directors"), along with the Company's officers, negotiated the terms of the Financing on behalf of the Company.

As Intrexon is a "substantial shareholder" of the Company, its participation in the Financing constitutes a "related party transaction" under the AIM Rules. The Independent Directors consider, having consulted with the Company's nominated adviser, Stifel Nicolaus Europe, that the terms on which Intrexon is participating in the Financing are fair and reasonable insofar as the Company's shareholders are concerned.

For further information, please contact:

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