



Questions and Answers about Nordic Aquafarms, Inc.'s
plans for a world-class, land-based salmon farming operation
in Belfast, Maine USA

1. *Who is Nordic Aquafarms?*

Nordic Aquafarms (NAF), based in Norway, is one of the world's largest investors and developers of land-based seafood production. We are dedicated to the highest environmental and quality standards in the industry, while we invest in disruptive technologies for the future.

We have some of the largest facilities in the world in various development stages in Norway and Denmark. In 2017, we established a new, 100 percent company-owned subsidiary in the U.S., Nordic Aquafarms, Inc., to pursue the expansion in Maine.

The company's shareholders include some of the most prominent investors in the Norwegian industrial and shipping sectors.

2. *What is NAF planning to build in Maine?*

We are building a land-based facility for salmon, where the fish are raised indoors in large tanks. We will emphasize fish welfare, product quality and a green footprint in our operations. The production method and product are rated as "best choice" by the Monterey Bay Aquarium Seafood Watch (www.seafoodwatch.org).

Our plan is to have a 33,000 ton (66 million pounds) annual production capacity, to be built in several phases. Phase 1, with a capacity of some 13,000 tons, will be the largest land-based facility project ever built in one construction phase. It will house the largest aquaculture tanks in the world, currently being designed in Norway. Construction is expected to start in 2019, with operations commencing in 2020.

The facility will provide high quality, super fresh Atlantic salmon to the regional market. The planned annual capacity of the facility when fully built out equals approximately 8 percent of U.S. consumption of salmon. The U.S. has a significant trade deficit on seafood and salmon, and this facility will contribute to closing that gap.

3. *How much will NAF invest in this project and how many jobs will be created?*

The initial investment is \$150 million (USD), and is expected to create 60 new high-skill jobs. More jobs will be created through future expansion and indirect jobs and economic development through partnerships with companies in Maine. When fully built out, the facility will represent a total capital investment of \$450 to \$500 million (USD) and be based on proprietary designs under development. It will be an end-to-end operation, including hatcheries and fish processing.

4. *Why was Maine chosen for the investment?*

We conducted an international market assessment in early 2017. We then moved on to a search of locations throughout the U.S. We chose Maine for its pristine environment, cold water conditions, its long history as a leader in the seafood industry and its proximity to major consumer markets in the Northeast United States.

The Belfast area's abundant ocean and fresh water resources provide a good match for the land-based aquaculture operation we are planning to build.

5. *Where will the NAF facility be built?*

It will be built on the outskirts of the City of Belfast, Maine, where we have signed agreements to acquire over 40 acres of land on Northport Avenue (Route 1). The land we are planning to acquire includes approximately 26 acres that now belong to the Belfast Water District and another 14 acres of abutting land from a private landowner.

6. *What will happen before a final closing of the transaction ?*

We believe that the chosen site has suitable qualities for a land-based seafood farm based on initial due diligence, but we must complete final due diligence and permitting for the property before a final closing later this year. We aim to have our necessary permits in hand by the end of this year, with construction starting in 2019 in collaboration with partners in Maine. That would allow operations to start in 2020.

7. *What are the advantages of land-based fish farming?*

Land-based production is a rapidly emerging method for sustainable production of salmon. The method is based on indoor production in large tanks and water treatment systems. The benefits of the land-based production include:

- The ability to recycle and treat water on site to reduce overall water consumption
- Cleaning of all discharged water
- Recycling of waste resources
- Application of renewable energy concepts
- Prevention of fish escape into the sea and co-mingling with wild species
- Prevention of sea lice and parasites
- No smell or noise related to production
- A shorter distance to market, reducing the carbon footprint of air and land transport
- A high quality, fresh product for local and regional markets

Developing and operating a facility like this is complex. We will therefore have close collaboration with the Norwegian operation and invest in a highly skilled local work force.

8. *Is land-based production competitive with sea-pen production?*

Yes, our facility will be competitive in terms of both investment and production costs. The large scale of the facility and its proprietary designs are key to its competitiveness.

9. *Are there any adverse environmental impacts?*

No. All water and waste go through stringent treatment processes to minimize environmental impact and prevent the risk of potential harm to humans or other fisheries, such as lobster. The facility will not use antibiotics or chemicals that in any way could be harmful to the environment.

Nordic Aquafarms has been recognized for its dedication to the environment through a number of prestigious grants in Norway and Europe, and continuously pursues innovation to apply solutions for the future.

10. What will the impact be on neighbors?

The land in question has few neighbors and is shielded by land-buffer zones. We do not see any immediate impact to neighbors, but increased activity during construction will be noticeable.

The lakeside areas with trails on the site will be preserved for recreation, and there will be forest buffer zones between the recreational lands and our facility.

11. Will the sale of the water district land have any impact on water rates?

No. According to the terms of agreements with the Belfast Water District, this sale should not increase rates for water district customers in Belfast and Northport. In addition to purchasing the land, NAF has also agreed to purchase a volume of water from the district, giving it new annual revenue.

The Belfast Water District is communicating directly with all of its ratepayers about the terms of the sale and its plan to move to a newer, more modern facility.

12. Where can people get more information?

We will be organizing Informational meetings in the weeks ahead to address any questions or potential concerns from neighbors and other Belfast residents.

In the meantime, please visit our website at nordicaquafarms.com or email at us post@nordicaquafarms.com.

We are grateful to the City of Belfast, Maine & Company, Ransom Environmental, the State of Maine and members of Maine's Congressional Delegation for their assistance and support, and we look forward to being an active and responsible member of the Maine business community.

Erik Heim
President
Nordic Aquafarms INC