

DEED IN RELATION TO HARBOUR TRANSFORMATION PROJECT

Summary of key terms

The Company is a party to a deed in relation to the Ōpōtiki Harbour Transformation Project between itself, Ōpōtiki District Council (ODC) and Eastern Sea Farms Limited (ESL) ("Harbour Transformation Deed"). ESL holds resource consents for an offshore sea farm near Ōpōtiki ("Sea Farm"). The Company is developing the water space by establishing and expanding the Sea Farm and plans to establish a mussel processing factory ("Factory") and service facilities in the Ōpōtiki District.

The Ōpōtiki Harbour Transformation Project aims to create a navigable harbour entrance, enabling Ōpōtiki to become a service and processing base for aquaculture and other marine related industries. ODC has obtained resource consent for creation of a new entrance including two training walls east of the existing harbour mouth.

Under the Harbour Transformation Deed, the Company:

- Committed to develop its aquaculture business near Ōpōtiki if the Harbour Transformation Project proceeds.
- Committed to provide a final business case for formal approval by ODC for the establishment of a mussel processing factory not later than 24 January 2018.
- Confirmed it intends to enter into a formal agreement with a land owner, or land owners, for an interest in land at the proposed location of the wharf facilities or in some other location acceptable to the Company in the Ōpōtiki District to enable construction and operation of the Factory in the future. The Company agreed to use its best endeavours to provide ODC with a copy of the formal agreement by 31 December 2017.
- Committed to building and using the Factory capable of employing 200 full time equivalent employees from no later than 31 December 2022, if the Harbour Transformation Project proceeds.
- Committed to using its best endeavours to have lodged an application for resource consent or necessary planning approval to build the Factory by no later than 30 June 2018.
- Undertook to mitigate any flood risk to the Factory to the satisfaction of Bay of Plenty Regional Council's Chief Executive (acting reasonably).

Under the Deed, ESL committed to ensuring that if it allows any other party to use the Sea Farm that those parties will be required to undertake all related processing at the Factory, equivalent to the net output of the Sea Farm and within the capability and capacity of the Factory.

These commitments are subject to the Company and ESL each determining that they wish for development to proceed and being satisfied that sufficient funding has been secured for development of the Sea Farm and Factory.

Under the Deed, the parties acknowledged that ODC or the entity that owned the harbour infrastructure would charge a toll or usage charge to harbour users (including the Company and/or ESL) for use of the infrastructure relating to the Harbour Transformation Project. The toll or usage charge to ESL and/or WMOL, in combination with other fees and usage charges payable by other harbour users, and targeted rates, will enable ODC to pay interest and repay over a 25 year period the loan that will fund its own contribution to the Harbour Transformation Project and pay the operating, maintenance and depreciation costs of the Harbour Transformation Project.

ODC is required to consult with the Company and ESL before setting any tolls, usage charges or fees. That consultation procedure has not yet begun. Once the Harbour User Charges have been fixed, the Company will be in a position to finalise the business case for the Factory, for consideration by Ōpōtiki District Council. ODC is also required to set fees, usage charges and targeted rates for other harbour users that are equitable in comparison with those charged to the Company and/or ESL.

The Deed was executed 20 March 2017, approved by the shareholders of ESL and the Company in April 2017, and remains in force for six years from date of execution, or until agreed by the parties.