

3.0 FINANCIAL CAPACITY

3.1 Estimated Costs

The estimated total cost to bring the proposed development from design through completion is \$500 million. Two major phases are contemplated, Phase 1 at \$269.75 million and Phase 2 at \$230.25 million, these are itemized by cost category and further detailed per construction milestone within the major Phases in **Table 3-1**.

Estimated Development Costs (\$Million)	Phase 1				Phase 2				Total Project
	Tranche 1	2	3	Total Phase 1	4	5	6	Total Phase 2	
	Prep and Environmental	Assets thru Mod 1&2	Assets Mod 3		Prep and Environmental	Assets Mod 4&5	Assets Mod 6		
Permitting and Design	\$ 5.00			\$ 5.00	\$ 3.00			\$ 3.00	\$ 8.00
Land Acquisition	\$ 2.00			\$ 2.00	\$ -			\$ -	\$ 2.00
Site Clearing	\$ 1.50			\$ 1.50	\$ 0.50			\$ 0.50	\$ 2.00
Soil Erosion Control Implementation and Mtc	\$ 1.00			\$ 1.00	\$ 0.50			\$ 0.50	\$ 1.50
ACOE prescribed winter work premium	\$ 1.50			\$ 1.50	\$ -			\$ -	\$ 1.50
Site piping	\$ 2.50			\$ 2.50	\$ -			\$ -	\$ 2.50
Roads and site finishes	\$ 1.00			\$ 1.00	\$ 1.00			\$ 1.00	\$ 2.00
Infrastructure*		\$ 15.00		\$ 15.00		\$ 7.00		\$ 7.00	\$ 22.00
Buildings and process equipment*		\$ 166.97	\$ 56.03	\$ 223.00		\$ 144.97	\$ 56.03	\$ 201.00	\$ 424.00
Insurances and other project overhead**	\$ 5.75	\$ 5.75	\$ 5.75	\$ 17.25	\$ 5.75	\$ 5.75	\$ 5.75	\$ 17.25	\$ 34.50
Total Phase 1 and Phase 2 Est. Development Cost	\$ 20.25	\$ 187.72	\$ 61.78	\$ 269.75	\$ 10.75	\$ 157.72	\$ 61.78	\$ 230.25	\$ 500.00

Table 3.1 - Estimated Development Cost

*Building, infrastructure and fixed asset purchases for commercial operations, unrelated to environmental and natural resource protection and conservation

**Premiums and other overhead costs related to the project

Measures taken to minimize or prevent adverse effects on the environment during construction and operation include a 50% cost increase in typical soil erosion and sedimentation control measure implementation and maintenance amounting to \$1.0 million, a 10% cost increase to conduct coastal work in the winter time amounting to \$1.5 million, a \$0.25 million investment in binder course road material to reduce soil erosion and sedimentation during construction, and \$0.5 million in wetland compensation or mitigation for a total of \$3.25 million in preventative measures.

3.2 Financing

Nordic Aquafarms Inc is a wholly owned subsidiary of Nordic Aquafarms AS of Norway. Financial support for the project will follow the two phases and be a mix of three sources of funding: equity capital, debt and cash flow from operations. Detail for the financial support is provided in **Appendix 3-A** and is summarized below.

Nordic Aquafarms AS, the Norway parent, has had great success in raising equity capital for previous projects due to investor interest in land-based RAS projects. Historically, the entity has issued in excess of 25 million shares with a market value of \$63.0 million. Each offering has been fully subscribed. An independent audit report from BDO verifies the shares and is provided in **Appendix 3-D**. NAF, AS expects further investment from our current shareholder base as well as another offering directed at institutional investors for the Belfast project. To demonstrate support for this potential, Carnegie and Pareto Securities, both leading investment banks in the Nordics, writes in a memo (**Appendix 3-B**) that we are “well positioned to secure the required funding” from investors for further land-based salmon farming projects.

Nordic Aquafarms AS is also in discussion with both Norwegian and U.S. lenders. Banks are interested in a syndicated credit facility accompanied with an Export Credit Guaranty. This is a popular debt

arrangement in Europe when exporting goods and services to other countries. Given that a substantial portion of our design and sourcing of RAS equipment is from our experienced team at Nordic Aquafarms DK AS (NAF, Inc's sister company in Denmark), we are working with EKF Denmark to provide the Export Credit Guaranty side of the debt. To that end, EKF has sent a "letter of interest" (**Appendix 3-C**) demonstrating the possibility of participating in such a credit facility.

Cash flow from operations will also contribute to financial support in the later stages of construction along with additional infusion of equity capital and debt.

3.3 Certificate of Good Standing

Nordic Aquafarms Inc. is a Delaware corporation, wholly owned by Nordic Aquafarms AS of Norway. Certificates of Good Standing provided by both the Delaware Secretary of State (**Appendix 3-E**) and the Maine Secretary of State (**Appendix 3-F**) affirm that Nordic Aquafarms Inc. is in good standing and authorized to conduct business in the State of Maine.

APPENDIX 3-A

Financial Capacity Letter

APPENDIX 3-B

Carnegie and Pareto Memo

APPENDIX 3-C

EKF Credit Guarantee

APPENDIX 3-D

BDO Audit Report

APPENDIX 3-E

Delaware Certificate of Good Standing

APPENDIX 3-F

Maine Certificate of Good Standing