

Hello Nova Scotia!

Cermaq Canada is thinking about expanding its salmon farming industry into Nova Scotia and wants to hear from you.

December 2019 Update

If this is your first newsletter – welcome! To our regular readers – welcome back. Here is a quick summary of Cermaq, our Options to Lease and where we are in the process

As you may have heard, Cermaq Canada is investigating the possibility of expanding our Atlantic salmon farming operations into Nova Scotia.

On April 3, 2019, we (Cermaq) announced that we had been awarded four Options to Lease – three in the Chedabucto Bay region, and one south of Digby in St. Mary’s Bay. The Options allow for six months of exclusive investigation into feasibility of the identified areas. For those lease areas, we applied for and were granted a six-month extension to allow for further engagement and data collection, which means we have until March 28, 2020 to complete our feasibility and engagement work in these areas and decide whether to proceed with an application.



On November 7, 2019, we announced that we had been awarded two additional Options to Lease; one encompassing the waters of Green Bay, Lunenburg Bay and the waters of Mahone Bay, and one in St. Margaret’s Bay.

We are moving forward with our site feasibility, public engagement and engagement with the Mi’kmaq of Nova Scotia – in all four areas.

Introducing our newest employee – Melinda Cole

We are happy to announce that Melinda Cole has joined Cermaq as our Sustainability Development Coordinator based out of our Guysborough office.

Melinda is bringing with her a wealth of knowledge and experience working in marine environmental sciences in various setting, including the commercial fishing industry, government and private companies such as laboratories. Melinda has also spent a number of years in a laboratory environment, testing and compiling data. She holds Bachelor of Science in Chemistry from St. Francis Xavier University in Nova Scotia and plans to further her education through a Masters in Coastal Management.



Melinda was born and raised in Canso, and is excited to be back home with her children - her son Damien is 12, and her daughter Destiny is six - after spending the last several years in Ontario.

She comes from a long line of commercial fishermen, and is excited to be learning more about aquaculture and the role it could play in Nova Scotia.

Welcome to the team Melinda – we are excited to have you.

One and done just isn’t our style. We are a “repeat engager” type of company.

We are hearing concerns about our delayed public engagement sessions, and we want to provide some clarity around our approach to engagement. We are committed to meeting with Nova Scotians, and want to hear from everyone.

We started with the groups we knew would be most impacted by any potential expansion – primarily the commercial fishing industry within the identified Option areas. We have been working to meet with commercial fishing associations, groups and individuals to gather feedback everything from commercial fishing activities, potential impacts, water behavior,



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areas of concerns and potential mitigations. We would also like to start working towards identifying potential offsets and shared opportunities.

We have been working around fishing seasons to allow for better engagement and ensure we are meeting with the correct representatives from all fisheries.

To date, we have met with associations and individuals involved in the commercial fishery in the Chedabucto Bay area, Guysborough and Richmond Counties, as well as the St. Mary's Bay region – **but we are far from done**. We will be coming back to meet with those groups as we further refine, and hoping to begin working on ways we can receive more feedback from those who know the bays best as well as start to talk about how we can add value and could potentially offset or mitigate for any planned operations. We plan to meet with each group, community and association multiple times before the end of the Option period to ensure we fully understand the concerns and opportunities.

Right now, lobster season is in full swing in the St. Mary's region, so we will be coming back to connect with those groups and members after the holiday season, into January. The same can be said for Chedabucto Bay. We will be going back to those groups and members in January.

For both Mahone Bay and St. Margaret's Bay we are working to identify commercial fishing associations and will be reaching out to meet with those groups and individuals in January as well.

Community meetings will be starting in January as well. We will be hosting meetings from January through to the end of March in many communities in and around the Option to Lease areas. We are currently working to book those dates and locations and we will share them shortly through www.HelloNovaScotia.ca, as well as social media and this newsletter.

Algae. The good, the bad, the harmful and the toxic.

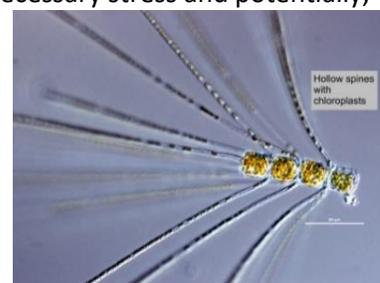
Algae and plankton are a normal part of a healthy marine ecosystem and can be found in both fresh and salt waters. Over here on the west coast of Canada, it is common to see algae blooms, or elevated levels of specific types of algae throughout the hot and dry summer months, and for some species, the shoulder seasons (spring and fall). Of particular concern for us farmers, are those algae which fall into the harmful or toxic category. Harmful algae are those that have a negative impact on overall fish health, usually through mechanical damage. Toxic algae are those that release toxins, which can be fatal to our fish.

Recently, we experienced elevated levels of two types of harmful algae - *Chaetoceros convolutus* and *Chaetoceros concavicornis* – at three of our farms off the west coast of Vancouver Island. These particular algae are harmful for our fish as they have tiny spines, which become embedded into the gills of our fish, inflicting serious damage. This, unfortunately, can be fatal.

Through our routine water sampling, we initially detected elevated levels at two farms located in Herbert Inlet, followed shortly after by another farm located in the adjacent Ross Pass.

To support the overall welfare of fish at the farm sites, we took immediate actions to try and minimize the impact on our fish by taking precautions such as slowing or stopping feeding to encourage our fish to stay lower within the farm. We reduced all activity on the farm system itself, as any activity – especially early on in the event – would have created additional and unnecessary stress and potentially, additional mortalities.

Cermaq continued to provide updates to the Ahousaht First Nation, in whose territory these farms are operated, as well as through social media during the event. The last of the mortalities associated with the harmful algae have been collected and were removed from site on November 22, 2019.



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So what about that video circulating?

We have seen the footage captured and shared of our work on the farm during the algae event, and we do want to provide some context and clarifications.

In the video, there is a surface sheen which can be seen and we don't dispute this. In order to support the health of our fish in the farm, and not cause stress, we delayed the start of mortality collection. This allowed for some preliminary breakdown of tissue, which can be seen as the sheen and a white matter on the surface of the water. Once we started collecting mortalities, this sheen resolved quickly. To help assist, we also used spill pads within the farm system to help mop up some of the sheen and matter.

In some video angles, the water near and around the farm also appears to be tinged a reddish brown colour. At the time of the event, the Clayoquot Sound region had been experiencing substantial rainfall, resulting in a reddish-brown run-off into the inlets where our farms are located. The farms are located within a bay with a back eddy, and the region was experiencing substantial rainfall, which creates run-off in the inlets which carries dirt and organic matter into the ocean waters.

There was also naturally occurring sea foam being seen in the Sound. When large amounts of algae begins to decay and wash up on shore, the surf churns the organic matter up, resulting in the foam commonly seen along shorelines. It is not harmful and has been seen in the past in other areas along the west coast.



2019 in review, a look at what we accomplished, and a look ahead to what we hope to achieve in 2020

2019 has been a busy year. We have travelled from one end of this beautiful province to the other and have met with many interesting, diverse and genuine people – all while enjoying the culture and warmth of the province.

Nova Scotia is a truly amazing province, unlike any other our team has experienced. The more we visit, the more we want to stay and become part of the Nova Scotia seafood story. There is so much potential in the province – we just want to ensure that by joining the story, we don't detract from any of the existing, vibrant and iconic industries.



As we have shared - we announced our four initial Options (three within Guysborough and Richmond Counties including Chedabucto Bay and one within St. Mary's Bay on April 3, 2019 and started reaching out to the commercial fishing industry, local governments and the Mi'kmaq of Nova Scotia.



We are continuing to look for opportunities to talk with these groups, while also acknowledging the need to work around commercial fishing seasons, hunting season and existing schedules.

In the past eight months, we have started to gain a better understanding of the priorities, concerns and needs of the commercial fishing industry. We are continuing to look for ways to further engage and learn more about the industry, current challenges and ways we might be able to add value, or at the very least, provide offsets for any potential or proposed operations.

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The Mi'kmaq of Nova Scotia have established an Aquaculture Advisory Committee, at which we have been invited to participate. Through this committee we continue to work with the Nation, provide information, look for opportunities and ways to mitigate or offset any potential impacts. We also want to learn about the Nations interests and priorities.

We have continued forward with data collection and made some headway in our feasibility work. We have started to refine and narrow our scope of interest, which includes being able to eliminate certain areas or regions due to conditions.



Looking ahead to 2020

In 2020, we will be ramping up community and public engagement alongside the engagement work already underway with the groups we have starting conversations with including the commercial fishing industry and the Mi'kmaq of Nova Scotia.

We are in the process of finalizing meeting dates and locations and we will be sharing those shortly after the holiday season through this newsletter, our website (www.HelloNovaScotia.ca) and social media.

We also look forward to working with communities, the commercial fishing industry and other interested parties to determine ways we could potentially add value to Nova Scotia – through possible improved marine infrastructure improvements, economic development, support industry creation, employee and family attraction and retention as well as community participation.

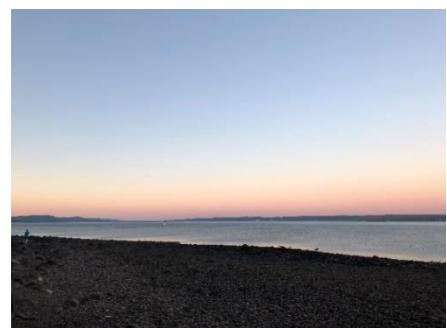


We have an extended deadline on March 28, 2020 for our original Options to Lease in Chedabucto Bay and St. Mary's Bay, which means we are not able to apply for any additional extensions. We need to ensure that our feasibility work and engagement with communities, industry, government and the Mi'kmaq of Nova Scotia has been completed and is able to provide us with enough information as to whether or not to proceed with an application for aquaculture leases.

We will be holding community information sessions and meeting with as many associations, groups and communities that will meet with us. If you are interested in meeting with us in the coming months, please reach out to Amy Jonsson at amy.jonsson@cermaq.com, or call her (collect calls will be accepted) at 1-250-202-7680.

The Options to Lease for both Mahone Bay and St. Margaret's Bay are set to expire in mid-April. We would like to be far enough down the road in those communities and with the commercial fishing industry to be able to identify whether we will need to ask for an extension before proceeding to possible application or allowing the Option to expire.

We will be in a position to make this decision into the New Year when we have started to meet with members of the community, the commercial fishing industry, the Mi'kmaq of Nova Scotia and local government.



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Community participation – we are proud to be a part of the communities in which we live and work

Along with our community sponsorship programs, we are proud of our participation in community-based events. If we were to expand into Nova Scotia, we would continue with this same approach.

We have started reaching out to various events in our areas of interest and are proud to say that to date, we have provided over \$38,000 in support to 12 community-based events in 10 communities in 2019. Events ranged from community festivals – such as Digby Lobster Fest and Stan Fest in Canso, to support for local food banks and the annual Grand Frondo in Baie Sainte-Marie.

Each year, we commit well over \$250,000 to the communities in which we live in work across Vancouver Island through a combination of financial support, the donation of salmon, employee participation, resource sharing and in-kind support.

We have donated \$4,000 through Feed Nova Scotia to help support a brighter holiday season for families needing a helping hand this holiday season.

- *Bridgewater*
- *Canso*
- *Chester*
- *Digby*
- *Sydney*
- *Guysborough*
- *Lunenburg*
- *Mahone Bay*

Happy Holidays and all the best for the New Year from Cermaq Canada



We would like to acknowledge and thank everyone who has taken the time to meet with us, visit our website, or read this newsletter. We have had a great year – learning more about Nova Scotia, the commercial fishing industry, the culture, traditions and sampling all of the delicious foods and drinks on offer.



We would like to wish all Nova Scotians a safe and happy holiday season, and all the best for the upcoming New Year.

Thank you from the team at Cermaq. We look forward to continuing to work with you in 2020.

Pictured is the Cermaq Canada holiday tree in the Campbell River Festival of Trees, supporting the Campbell River Hospital Foundation. The theme of the tree this year is Connecting Canada – from coast to coast. The left side (or the west coast side) of the tree representing BC, while the right side (or the east coast side) of the tree represents Nova Scotia.

What we have heard and learned so far

We continue to receive lots of great questions and feedback through our website, email (questions@cermaq.com) and our Facebook page. We use this feedback to build our monthly updates, frequently asked questions and public information. If you have a question that hasn't been addressed - we want to hear from you.

If you have any additional questions, or content you would like to see in an upcoming newsletter, please contact Amy at 250-202-7680, or by email at amy.jonsson@cermaq.com.