

Appendix “I”

(7 of 7)

Gray Aqua Group site appraisal for Ernst and Young October 25, 2016

These values are an opinion report based on information provided by the owner/operator on site conditions, that are time and date sensitive. For a more detailed and thorough evaluation of the sites in question, a much more rigorous inspection and evaluation process would be required. The receivership market value greatly impacted by the limited number of potential purchasers and on current and future production needs of prospective buyers in NL and site desirability in NB.

	Site	Ordinary Liquidatin Value	Forced Liquidation Value	Receivership Market Value
NL	Goblin Bay	\$ 952,000.00	\$ 448,000.00	\$ 95,200.00
	Butter Cove	\$ 1,156,000.00	\$ 544,000.00	\$ 115,600.00
	Pass My Can	\$ 1,020,000.00	\$ 480,000.00	\$ 102,000.00
	Wallace Cove	\$ 867,000.00	\$ 408,000.00	\$ 86,700.00
	Indian Tea Point	\$ 969,000.00	\$ 456,000.00	\$ 96,900.00
	Mare Cove South	\$ 1,360,000.00	\$ 640,000.00	\$ 136,000.00
	Jervis Island	\$ 952,000.00	\$ 448,000.00	\$ 95,200.00
	Cul de Sac	\$ -	\$ -	\$ -
	Stone Island	\$ -	\$ -	\$ -
	Fox Island	\$ -	\$ -	\$ -
	Mare Cove North	\$ -	\$ -	\$ -
	Bob Locke North	\$ -	\$ -	\$ -
	Devil Bay	\$ -	\$ -	\$ -
	Grassy Cove	\$ -	\$ -	\$ -
	Copper Head	\$ -	\$ -	\$ -
	Tickle Point	\$ -	\$ -	\$ -
	Allan Cove	\$ -	\$ -	\$ -
	Bob Locke South	\$ -	\$ -	\$ -
	Rencontre West	\$ -	\$ -	\$ -
	The Gorge	\$ -	\$ -	\$ -
	Little Bay	\$ -	\$ -	\$ -
	Stanley Cove	\$ -	\$ -	\$ -
	Cape Mark	\$ -	\$ -	\$ -
	Lampidoes Passage	\$ -	\$ -	\$ -
	Roti Bay #2	\$ -	\$ -	\$ -
	Collins Head	\$ -	\$ -	\$ -
	NL Total	\$ 7,276,000.00	\$ 3,424,000.00	\$ 727,600.00
NB	Hog Island	\$ 380,800.00	\$ 179,200.00	\$ 19,040.00
	Hospital Island	\$ 404,600.00	\$ 190,400.00	\$ 20,230.00
	Douglas Island	\$ 348,840.00	\$ 164,160.00	\$ 17,442.00
	NB Total	\$ 1,134,240.00	\$ 533,760.00	\$ 56,712.00
	Total	\$ 8,410,240.00	\$ 3,957,760.00	\$ 784,312.00



SIMCorp Risk Matrix Site Valuation

Site Identification				Production Capacity		R ¹ Risk Factor (%)	Base Value / Fish	Value / Fish	Ordinary Liquidation Value	Forced Liquidation Value	Receivership Market Value
Location	ID#	Name		Species	Capacity						
NI	1040	Goblin Bay		Atlantic Salmon	1,000,000	28.0	\$4.00	\$1.12	\$952,000	\$448,000	\$95,200.0
NI	1041	Butter Cove		Atlantic Salmon	1,000,000	34.0	\$4.00	\$1.36	\$1,156,000	\$544,000	\$115,600.0
NI	1043	Pass My Can		Atlantic Salmon	1,000,000	30.0	\$4.00	\$1.20	\$1,020,000	\$480,000	\$102,000.0
NI	1106	Wallace Cove		Atlantic Salmon	750,000	34.0	\$4.00	\$1.36	\$867,000	\$408,000	\$86,700.0
NI	1107	Indian Tea Point		Atlantic Salmon	750,000	38.0	\$4.00	\$1.52	\$969,000	\$456,000	\$96,900.0
NI	1096	Mare Cove South		Atlantic Salmon	1,000,000	40.0	\$4.00	\$1.60	\$1,360,000	\$640,000	\$136,000.0
NI	1042	Jervis Island		Atlantic Salmon	1,000,000	28.0	\$4.00	\$1.12	\$952,000	\$448,000	\$95,200.0
NI	1092	Cul de Sac		Atlantic Salmon	1,000,000	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NI	1091	Stone Island		Atlantic Salmon	1,000,000	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NI	1104	Fox Island		Atlantic Salmon	1,000,000	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NI	1102	Mare Cove North		Atlantic Salmon	1,000,000	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NI	1102	Bob Locke North		Atlantic Salmon	1,000,000	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NI	1095	Devil Bay		Atlantic Salmon	1,000,000	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NI	0	Grassy Cove		Atlantic Salmon	1,000,000	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NI	0	Copper Head		Atlantic Salmon	1,000,000	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NI	0	Tickle Point		Atlantic Salmon	750,000	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NI	0	Allan Cove		Atlantic Salmon	750,000	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NI	0	Bob Locke South		Atlantic Salmon	1,000,000	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NI	0	Rencontre West		Atlantic Salmon	1,000,000	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NI	0	The Gorge		Atlantic Salmon	1,000,000	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NI	0	Little Bay		Atlantic Salmon	1,000,000	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NI	0	Stanley Cove		Atlantic Salmon	0	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NI	0	Cape Mark		Trout	0	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NI	0	Lampidoes Passage		Trout	0	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NI	0	Roti Bay #2		Trout	0	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NI	0	Collins Head		Trout	0	100.0	\$0.00	\$0.00	\$0	\$0	\$0.0
NB	MF-0504	Hog Island		Atlantic Salmon	350,000	32.0	\$4.00	\$1.28	\$380,800	\$179,200	\$19,040.0
NB	MF-0084	Hospital Island		Atlantic Salmon	350,000	34.0	\$4.00	\$1.36	\$404,600	\$190,400	\$20,230.0
NB	MF-0044	Simpson Island		Atlantic Salmon	300,000	58.0	\$4.00	\$2.32	\$591,600	\$278,400	\$29,580.0
NB	MF-0036	Douglas Island		Atlantic Salmon	270,000	38.0	\$4.00	\$1.52	\$348,840	\$164,160	\$17,442.0
Total									\$9,001,840	\$4,236,160	\$813,892

RISK RATING TABLE	
Total Risk Score	R ¹ % Risk Ratings
81 to 100	High risk
61 to 80	Moderate to high risk
41 to 60	Moderate risk
21 to 40	Moderate to low risk
10 to 20	Low risk



SIMCorp S¹ RISK ANALYSIS MATRIX

Location	Site ID				Site Suitability Risk Factors										S ¹ Suitability Score	S ¹ Risk	
					Depth (m)	Bathymetry	Exposure	Temperature	Currents	Water Quality	Proximity to Other Sites	Predators & Pests	Anticipated Environmental Sustainability	Layout & Design			
	Site ID	Name	DFA Status	Species	1 to 5	1 to 5	1 to 4	1 to 5	1 to 5	1 to 5	1 to 5	1 to 5	1 to 5	1 to 5	5 to 50	Factor	S ² %
NL	1040	Goblin Bay	licensed	Atlantic Salmon	5	5	2	3	5	5	2	2	2	5	36	72	28
	1041	Butter Cove	licensed	Atlantic Salmon	3	5	2	3	5	5	1	2	2	5	33	66	34
	1043	Pass My Can	licensed	Atlantic Salmon	3	5	2	3	5	5	3	2	2	5	35	70	30
	1106	Wallace Cove	licensed	Atlantic Salmon	5	5	1	5	2	3	3	2	2	5	33	66	34
	1107	Indian Tea Point	licensed	Atlantic Salmon	5	5	1	3	2	3	3	2	2	5	31	62	38
	1096	Mare Cove South	licensed	Atlantic Salmon	5	5	1	3	2	2	3	2	2	5	30	60	40
	1042	Jervis Island	licensed	Atlantic Salmon	3	5	3	3	5	5	3	2	2	5	36	72	28
	1092	Cul de Sac	Referral process	Atlantic Salmon											0	0	100
	1091	Stone Island	Referral process	Atlantic Salmon											0	0	100
	1104	Fox Island	Referral process	Atlantic Salmon											0	0	100
	1102	Mare Cove North	Referral process	Atlantic Salmon											0	0	100
	1102	Bob Locke North	Referral process	Atlantic Salmon											0	0	100
	1095	Devil Bay	Referral process	Atlantic Salmon											0	0	100
		Grassy Cove	Referral process	Atlantic Salmon											0	0	100
		Copper Head	Referral process	Atlantic Salmon											0	0	100
		Tickle Point	Referral process	Atlantic Salmon											0	0	100
		Allan Cove	Referral process	Atlantic Salmon											0	0	100
		Bob Locke South	Referral process	Atlantic Salmon											0	0	100
		Rencontre West	Referral process	Atlantic Salmon											0	0	100
		The Gorge	Referral process	Atlantic Salmon											0	0	100
		Little Bay	Referral process	Atlantic Salmon											0	0	100
		Stanley Cove	Withdrawn	Atlantic Salmon											0	0	100
		Cape Mark	Referral process	Trout											0	0	100
		Lampidoes Passage	Referral process	Trout											0	0	100
		Roti Bay #2	Referral process	Trout											0	0	100
		Collins Head	Referral process	Trout											0	0	100



Criteria	Range	Risk Factor	Criteria	Range	Risk Factor
Depth (m)	<15m or >100m	5	Water Quality	No data available	5
Depth used for scoring will be at the site center at mean low tide in metres based upon hydrographic charts unless detailed bathymetry is available.	15 - 25m	4	Water quality is critically important to sustaining healthy fish stocks. Such things as the presence of algal blooms, low dissolved oxygen levels and salinities that are either too low or too high for the species being cultivated can not only impact growth, they can impact survivability.	Algal blooms & sources of pollution present	4
	26m - 50m	3		Potential for low Dos and blooms	3
	50m - 75m	2		Marginal water quality for species	2
	75m - 100m	1		Good water quality (DOs, salinity, etc)	1
Bathymetry	No bathymetric data available	5	Proximity to Other Sites	Within 300m of another grower	5
The resolution of the hydrographic charts is such that they have been prepared for safe navigation purposes only. In many cases charts have been prepared based on data collected over 100 years ago. Ultimately the hydrographic charts do not have the resolution needed to design and install a marine netpen system.	Hydrographic charts only used for basemap	4	The proximity to other sites can seriously impact the prevention, control and management of pathogens between sites. The minimum separation distance between sites should be 1000m with greater distances to other growers being of greater importance.	Within 300m of another owned site	4
	Hydrographic worksheets used for basemap	3		>1000m from another grower or owned site	3
	Bottom profiling only completed	2		>1500m from another grower	2
	Sidescan and bottom profiling completed	1		>2500m from another grower	1
Exposure	No wind / wave data available	5	Predators & Pests	Predators / pests unknown	5
Exposure will be assessed against the degree of exposure around the site as it is impacted by extreme wind, wave conditions and fetch	360° of exposure to wind and waves	4	Predators and pest management can seriously impact fish growth and survivability. It is imperative that there is a good understanding of potential for predator species and pests along with what, if any, preventative measures can be put into place to protect the fishstock.	Predators / pests known / no mitigations	4
	180° of exposure to extreme wind and wave	3		Only high risk predators known c/w mitigations	3
	Moderate exposure to wind and waves	2		Predators/pests known c/w some mtigations	2
	Sheltered to wind and wave	1		Predators / pests known & mitigations in place	1
Temperature	No data available temps unknown	5	Anticipated Enironmental Sustainability	History of or anticipating strong presence indicators	5
The temperature profiles must be conducive to the species being cultured otherwise significant mortalities can be anticipated	Frequent highs and lows beyond species tolerance	4	The long term environmental sustainability of aquaculture sites and their productive capacity is typically regulated by the impact on the seafloor. The operational objectives of marine farms is to ensure that oxic conditions are maintained throughout the production cycle.	History of moderate presence indicators	4
	Seasonal high and lows will impact growth	3		New site anticipating moderate presence indicators	3
	Some high and lows likely to impact growth	2		New site anticipating minimal presence indicators	2
	Normal seasonal variance for species	1		Strong history of minimal presence indicators	1
Currents	Unknown	5	Layout & design	No bathymetric data available	5
A full water column profile of the current speed and direction is important to assess not only the site orientation, it is a valuable indicator of oxygenation and flushing capacity to mitigate organic accumulation beneath the cages	Very high currents >60cm/sec	4	The site layout and design needs to be based on prevailling wind and wave conditions also taking into consideration the current profiles and bathymetry. Poor orientation can limit the productive capacity and stresses placed on the netpen system, grids and anchoring systems.	Site designed on chart data	4
	High currents >45 to 60cm/sec	3		Site designed on env & chart data	3
	Low currents <15cm/sec	2		Site designed on known env & bathymetric data	2
	Moderate current avg. 15 to 45 cm/sec	1		Site designed on known env, bath & sidescan data	1

RISK RATING TABLE	
S ¹ % Suitability	Risk Ratings
81 to 100	High risk
61 to 80	Moderate to high risk
41 to 60	Moderate risk
21 to 40	Moderate to low risk
10 to 20	Low risk



SIMCorp S¹ RISK ANALYSIS MATRIX

Location	Site ID				Site Suitability Risk Factors										S ¹ Suitability Score	S ¹ Risk	
					Depth (m)	Bathymetry	Exposure	Temperature	Currents	Water Quality	Proximity to Other Sites	Predators & Pests	Anticipated Environmental Sustainability	Layout & Design			
	Site ID	Name	DAAF Status	Species	1 to 5	1 to 5	1 to 4	1 to 5	1 to 5	1 to 5	1 to 5	1 to 5	1 to 5	1 to 5	5 to 50	Factor	S ¹ %
NB	MF-0504	Hog Island	Licensed	Atlantic Salmon	4	4	3	3	2	4	1	4	5	4	34	68	32
	MF-0084	Hospital Island	Licensed	Atlantic Salmon	4	4	1	3	2	4	2	4	5	4	33	66	34
	MF-0036	Douglas Island		Atlantic Salmon	5	4	1	2	2	3	4	2	4	4	31	62	38

Criteria	Range	Risk Factor	Criteria	Range	Risk Factor			
Depth (m)	<15m or >100m	5	Water Quality	No data available	5			
Depth used for scoring will be at the site center at mean low tide in metres based upon hydrographic charts unless detailed bathymetry is available.	15 - 25m	4	Water quality is critically important to sustaining healthy fish stocks. Such things as the presence of algal blooms, low dissolved oxygen levels and salinities that are either too low or too high for the species being cultivated can not only impact growth, they can impact survivability.	Algal blooms & sources of pollution present	4			
	26m - 50m	3		Potential for low Dos and blooms	3			
	50m - 75m	2		Marginal water quality for species	2			
	75m - 100m	1		Good water quality (DOS, salinity, etc)	1			
Bathymetry	No bathymetric data available	5	Proximity to Other Sites	Within 300m of another grower	5			
The resolution of the hydrographic charts is such that they have been prepared for safe navigation purposes only. In many cases charts have been prepared based on data collected over 100 years ago. Ultimately the hydrographic charts do not have the resolution needed to design and install a marine netpen system.	Hydrographic charts only used for basemap	4	The proximity to other sites can seriously impact the prevention, control and management of pathogens between sites. The minimum separation distance between sites should be 1000m with greater distances to other growers being of greater importance.	Within 300m of another owned site	4			
	Hydrographic worksheets used for basemap	3		>100m from another grower or owned site	3			
	Bottom profiling only completed	2		>1500m from another grower	2			
	Sidescan and bottom profiling completed	1		>2500m from another grower	1			
	No wind / wave data available	5		Predators / pests unknown	5			
Exposure		Predators & Pests	Predators / pests known / no mitigations	4				
Exposure will be assessed against the degree of exposure around the site as it is impacted by extreme wind, wave conditions and fetch	360° of exposure to wind and waves	4	Predators and pest management can seriously impact fish growth and survivability. It is imperative that there is a good understanding of potential for predator species and pests along with what, if any, preventative measures can be put into place to protect the fishstock.	Only high risk predators known c/w mitigations	3			
	180° of exposure to extreme wind and wave	3		Predators/pests known c/w some mitigations	2			
	Moderate exposure to wind and waves	2		Predators / pests known & mitigations in place	1			
	Sheltered to wind and wave	1		History of or anticipating anoxic conditions	5			
	No data available temps unknown	5						
Temperature		Anticipated Enironmental Sustainability	History of hypoxic conditions	4				
The temperature profiles must be conducive to the species being cultured otherwise significant mortalities can be anticipated	Frequent highs and lows beyond species tolerance	4	The long term environmental sustainability of aquaculture sites and their productive capacity is typically regulated by the impact on the seafloor. The operational objectives of marine farms is to ensure that oxic conditions are maintained throughout the production cycle.	New site anticipating hypoxic conditions	3			
	Seasonal high and lows will impact growth	3		New site anticipating oxic conditions	2			
	Some high and lows likely to impact growth	2		Strong history of oxic sediments	1			
	Normal seasonal variance for species	1		Layout & design	No bathymetric data available	5		
	Unknown	5						
Currents		The site layout and design needs to be based on prevailing wind and wave conditions also taking into consideration the current profiles and bathymetry. Poor orientation can limit the productive capacity and stresses placed on the netpen system, grids and anchoring systems.	Site designed on chart data	4				
A full water column profile of the current speed and direction is important to assess not only the site orientation, it is a valuable indicator of oxygenation and flushing capacity to mitigate organic accumulation beneath the cages	Very high currents >60cm/sec		4	Site designed on env & chart data	3			
	High currents >45 to 60cm/sec		3	Site designed on known env & bathymetric data	2			
	Low currents <15cm/sec		2	Site designed on known env, bath & sidescan data	1			
	Moderate current avg. 15 to 45 cm/sec		1					

RISK RATING TABLE	
S ¹ % Suitability	Risk Ratings
81 to 100	High risk
61 to 80	Moderate to high risk
41 to 60	Moderate risk
21 to 40	Moderate to low risk
10 to 20	Low risk