

WATER SUPPLY AND PURCHASE AGREEMENT

This Water Supply and Purchase Agreement ("Agreement") is made and entered into this 29th day of January, 2018, by and between the Belfast Water District, a quasi-municipal, consumer-owned water utility district with offices in Belfast, Maine ("BWD"), and Nordic Aquafarms, Inc., a Delaware corporation ("NAF"). NAF is developing an aquaculture facility (the "Facility") at a site at 285 Northport Avenue in Belfast, Maine to be acquired by NAF from BWD pursuant to that certain Options and Purchase Agreement between BWD and NAF dated January 29, 2018.

AGREEMENT

1. Effective Date and Commencement Date of Water Supply.

The effective date of this Agreement is January 29, 2018; notwithstanding that this Agreement has been executed as of that date by the parties; it is the express understanding of the parties that this Agreement shall not have any effect until (1) BWD shall have obtained an MPUC Order/Opinion under Section 2(A) of the Evaluation Agreement of even date herewith; and (2) a Closing under the Options and Purchase Agreement of even date herewith. The commencement of water supply under this Agreement shall begin upon the commencement of commercial operations of the Facility in Belfast, Maine, located on property now owned by BWD located at 285 Northport Avenue, Belfast, Maine 04915 (hereinafter the "Commencement Date"). For the purposes hereof, "commencement of commercial operations" shall mean NAF has completed substantial construction of the Facility and any initial start-up or commissioning operations, and obtained a certificate of occupancy and any required operational licenses, and commenced business operations.

2. Term of Agreement; Termination.

(a) The initial term of water supply under this Agreement will commence on the Commencement Date and will continue in effect for a term of six (6) years, with ten (10) additional renewal terms of one (1) year each, which shall take effect automatically unless

either party first exercises its rights as provided by Section 2(b). The obligations set forth in Sections 4 to 7 and 10 shall survive any termination of this Agreement.

- (b) This Agreement may be terminated or non-renewed as follows:
 - (i) by NAF, upon the expiration of the initial six (6)-year term of this Agreement or anytime thereafter, with or without cause, upon six (6) months' prior written notice to BWD;
 - (ii) by BWD, upon the expiration of the initial six (6)-year term of this Agreement or anytime thereafter, with or without cause, upon six (6) months' prior written notice to NAF;
 - (iii) by BWD, in the event of a material breach by NAF of any of the terms of this Agreement, or the material inaccuracy of any of NAF's representations and warranties contained herein, which in any case is not cured within thirty (30) days after receipt by NAF of written notice thereof (or, if it is not reasonably practicable to cure such breach within such time period, diligent efforts at cure have commenced within such period and continue thereafter for up to one hundred eighty (180) days, such breach being cured by the end of such period);
 - (iv) by NAF, in the event of a material breach by BWD of any of the terms of this Agreement, or the material inaccuracy of any of BWD's representations and warranties contained herein, which in any case is not cured within thirty (30) days after receipt by BWD of written notice thereof (or, if it is not reasonably practicable to cure such breach within such time period, diligent efforts at cure have commenced within such period and continue thereafter for up to one hundred eighty (180) days, such breach being cured by the end of such period); and
 - (v) by NAF, in the event of a material change in the water quality after the Commencement Date, including chemical constituents and contents, from the quality (including constituents and contents) reported by BWD to NAF

prior to the date hereof, which material change disrupts operations of the Facility, including resulting in increased capital investments or operating costs (above expected costs of \$240,000 over 6 years). For example, a material increase in or change in the levels of chlorine, chloramine, fluoride or other chemical elements. NAF may, without prejudice to such termination right, elect to take such mitigation measures as it deems necessary to correct the water quality for its operations (e.g., installing water treatment equipment and the like).

3. Obligations of BWD.

(a) Sale of Water. After the Commencement Date, BWD shall convey and sell to NAF up to 262,800,000 gallons of water annually at a rate up to 500 gallons/minute delivered to the Facility.

4. Representations and Warranties of BWD; Disclaimer of Warranties.

(a) BWD represents and warrants to NAF as follows:

(i) The execution and delivery of this Agreement by BWD and the performance by BWD of the obligations contemplated hereby have been duly authorized by all necessary action on the part of BWD.

(ii) The execution and delivery of this Agreement by BWD and the performance by BWD of its obligations hereunder do not and will not violate or conflict with any now existing regulation, permit, license, ordinance or contractual obligation to which BWD is subject or by which it or any of its assets are bound.

(iii) This Agreement constitutes the valid and binding agreement of BWD and is enforceable against BWD in accordance with its terms.

(iv) BWD holds all permits, licenses and approvals of any governmental agency or instrumentality necessary in order for it to enter into this

Agreement and to perform its obligations hereunder. No proceedings have been initiated or, to BWD's knowledge, threatened that could revoke or preclude the renewal of any such permit, license or approval.

(v) BWD shall provide written notice to NAF if any of the following occurs after the Commencement Date: BWD (i) discontinues its business; applies for or consents to the appointment of or taking possession by a trustee, receiver or liquidator (or other similar official) of any substantial part of their property; or commences a case or has an order for relief entered against it under federal bankruptcy laws, as now or hereafter constituted, (or any other applicable federal or state bankruptcy, insolvency or other similar law); or (ii) takes any action with a view to its dissolution or liquidation (each of the foregoing a "Financial Issue"). If any Financial Issue occurs and continues thereafter for up to sixty (60) days, such issue not having been cured, dismissed, overturned or nullified (as applicable) by the end of such period, then BWD shall be deemed to have materially breached this Agreement and NAF may terminate.

(b) Other than those warranties set forth in Section 4(a), BWD MAKES NO OTHER WARRANTY AND SPECIFICALLY MAKES NO WARRANTY OF PRODUCT MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE, AND NO SUCH WARRANTIES SHALL BE IMPLIED. ALL WARRANTIES, EXPRESS OR IMPLIED, EXCEPT THE WARRANTY EXPRESSLY STATED ABOVE, ARE EXCLUDED.

5. Obligations of NAF

(a) Minimum Purchase Quantity.

(i) In each calendar year during the initial term of supply, NAF shall purchase from BWD not less than 100,000,000 gallons of water ("Minimum Quantity," subject to proration for partial calendar years on a straight-line basis).

(ii) If NAF fails in any calendar year of the initial term of supply to purchase such Minimum Quantity, it shall be obligated to pay to BWD, within thirty (30) days after the end of such calendar year, an amount equal to the then-current rate per gallon payable to BWD under this Agreement, multiplied by the difference between (A) the Minimum Quantity (adjusted as set forth above) and (B) the actual number of gallons purchased by NAF hereunder during such period.

(b) Payments to BWD.

(i) NAF will pay BWD for water at a rate equal to the annual water rates from time to time charged by BWD to customers in the same rate classification as would apply to NAF pursuant to tariffs approved by the Maine Public Utilities Commission (“MPUC”) (the “Applicable Rate”); provided, however, upon the Premises Closing (as such term is defined in the Options and Purchase Agreement between the parties and the City of Belfast dated substantially herewith) NAF shall make an advance payment to BWD for the first year of supply for the Minimum Quantity (100,000,000 gallons of water) at the then Applicable Rate, but in any event NAF shall pay for its actual consumption of water at the conclusion of the first year of this Agreement. Any change in such rate will become effective at the beginning of the immediately succeeding full calendar month following receipt by NAF of written notice thereof from BWD. NAF may be obligated to make payments to BWD in the event it fails to take the Minimum Quantity, as provided in the obligations under Section 5(a).

6. Representations and Warranties of NAF.

NAF represents and warrants to BWD as follows:

(a) The execution and delivery of this Agreement by NAF and the performance by NAF of the obligations contemplated hereby have been duly authorized by all necessary action on the part of NAF.

(b) The execution and delivery of this Agreement by NAF and the performance by NAF of its obligations hereunder do not and will not violate or conflict with the organizational documents of NAF or any law, regulation, permit, license, ordinance or contractual obligation to which NAF is subject or by which it or any of its assets are bound.

(c) This Agreement constitutes the valid and binding agreement of NAF and is enforceable against NAF in accordance with its terms.

(d) As of the Closing under the Option and Purchase Agreement of even date herewith, NAF shall represent that it holds all permits, licenses and approvals of any governmental agency or instrumentality necessary in order for it to enter into this Agreement and to perform its obligations hereunder. No proceedings have been initiated or, to NAF's knowledge, threatened that could revoke or preclude the renewal of any such permit, license or approval.

(e) NAF shall provide written notice to BWD if any of the following occurs after the Commencement Date: NAF (i) discontinues its business; applies for or consents to the appointment of or taking possession by a trustee, receiver or liquidator (or other similar official) of any substantial part of their property; or commences a case or has an order for relief entered against it under federal bankruptcy laws, as now or hereafter constituted, (or any other applicable federal or state bankruptcy, insolvency or other similar law); or (ii) takes any action with a view to its dissolution or liquidation (each of the foregoing a "Financial Issue"). If any Financial Issue occurs and continues thereafter for up to sixty (60) days, such issue not having been cured, dismissed, overturned or nullified (as applicable) by the end of such period, then NAF shall be deemed to have materially breached this Agreement and BWD may terminate or non-renew.

7. Indemnity, Release and Duty to Defend.

Each party shall protect, defend, indemnify and hold harmless the other party and its officers, directors, employees, and agents from any and all liabilities, taxes, penalties, fines, forfeitures, demands, claims, causes of action, suits and costs and expenses incidental thereto (including costs of defense, settlement and reasonable attorney's fees), which such

indemnified parties may hereafter suffer, incur, be responsible for or pay out as a result of or arising out of personal injury, bodily injury or property damage attributable to the acts or omissions constituting gross negligence or willful misconduct of the indemnifying party or its agents pursuant to or in connection with this Agreement. The indemnified party shall, in writing and within ten (10) business days of receipt, notify the indemnifying party of any claim, suit, costs, damages, expenses or liabilities for which indemnity is sought hereunder.

In no event shall either of the Parties be liable hereunder for any punitive, special, consequential, exemplary or similar damages to the other (other than any such damages as a Party is required to pay to a third party in connection with a claim to which the other Party is entitled to indemnification hereunder). The rights of the parties hereunder shall be exclusive of any other rights they may have for monetary relief for the matters covered by this Section 7, whether under statute or common law.

8. Assignment/Transfer of Agreement.

NAF may not assign this Agreement without the prior written consent of BWD, which consent shall not be unreasonably withheld, delayed or conditioned, and which consent shall not be required (a) in connection with a sale or other transfer (i) to an affiliate that has agreed to assume the obligations of NAF set forth herein, or (ii) to a single purchaser or transferee of all or substantially all of the assets of NAF located in the State of Maine provided that the purchaser or transferee has agreed to assume the obligations of NAF set forth herein, in a writing in form reasonably acceptable to BWD and its counsel, or (b) in connection with the assignment of this Agreement as collateral in connection with debt financing provided by one or more institutional lenders. Upon any assignment in compliance with the terms of Section 8, BWD releases NAF from any obligations thereafter arising under this Agreement.

9. Specific Performance.

The parties agree that breach of certain of the provisions of this Agreement cannot be remedied by damages and that all parties shall have the right to seek specific performance to enforce compliance with the material provisions of this Agreement. Such remedy, however,

shall not be exclusive, but shall be in addition to any other remedy that such party may have under the terms of this Agreement and/or the law.

10. Miscellaneous.

10.1 This Agreement and the performance hereof will be construed and interpreted in accordance with, and governed by, the laws of the State of Maine.

10.2 This Agreement may not be modified orally and no modification will be effective unless in writing and signed by the parties to be bound, making specific reference to the changes made to this Agreement. A facsimile signature of a party shall have the same binding legal effect as an original signature.

10.3 This Agreement is intended by the parties to integrate all prior discussions and writings, including memoranda and e-mail messages, term sheets, and similar expressions of intent into a single, complete statement of the understandings of the parties with respect to the matters covered by this Agreement and the documents referred to in it. Accordingly, the parties agree that this Agreement supersedes all prior agreements and understandings between the parties with respect to its subject matter and constitutes (along with the documents referred to in this Agreement and the Evaluation Agreement and Options and Purchase Agreement between the parties and the City of Belfast, dated substantially herewith) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. The parties further agree and acknowledge that

(i) this Agreement has not been entered into under undue time pressure, and that both parties have had an adequate opportunity to review this Agreement with counsel,

(ii) no oral assurances have been given by either party that this Agreement is an interim agreement or that a more comprehensive agreement is or will be forthcoming,

(iii) there are no oral conditions or promises that supplement or modify this Agreement, and

(iv) this Section 10.3 does not constitute “boilerplate”, but rather is a critical substantive provision of this Agreement.

10.4 Each of the parties agrees that this Agreement is legal and binding upon them and that the Agreement inures to the benefit of all parties, and their respective successors and assigns.

10.5 All required notices and other communications permitted or required will be made in writing, and will be deemed to have been given if delivered or mailed by certified mail or by a nationally recognized overnight mail service, or via facsimile, to the parties, at the following addresses provided, however, that any party may change the address(es) to which all notices, requests and other communications are to be sent by giving written notice of such address change to the other parties, but such change shall not be effective until notice of such change has been received by the other parties:

To BWD: Keith Pooler, Superintendent, Belfast Water District, 285 Northport Avenue, Belfast, ME 04915

With a copy to: Sarah Reinhart, Esq.; Eaton Peabody; PO Box 1210, Bangor, ME 04402-1210

To NAF: Erik Heim, Nordic Aquafarms, Inc., c/o Nordic Aquafarms AS, Øraveien 2, 1630 Gml Fredrikstad, Norway

With a copy to: Daniel O. Gaquin, Esq., Mintz, Levin, Cohn, Ferris, Glovsky & Popeo, P.C., One Financial Center, Boston, MA 02111

10.6 This Agreement is for the exclusive benefit of the parties and will not be deemed to give any legal or equitable right, remedy or claim whatsoever to any other person.

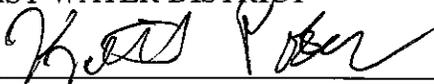
10.7 This Agreement may be executed in counterparts, each such counterpart will constitute an original and all such counterparts will constitute one and the same instrument.

10.8 The invalidity or unenforceability of any provision or part thereof of this Agreement shall not affect the remainder of the provision or any other provisions. This Agreement shall be construed and enforced in all respects as if such invalid or unenforceable provision or part thereof had been omitted.

10.9 The parties have cooperated in the drafting and preparation of this Agreement, which is the product of detailed arms-length negotiation, and have each been represented by counsel; therefore, in interpreting this Agreement, neither party shall be deemed the drafter hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as an instrument under seal as of the day and year first written above.

BELFAST WATER DISTRICT

By: 
Name: Keith Pooler
Title: Superintendent
Hereunto Duly Authorized

NORDIC AQUAFARMS, INC.

By: 
Name: Erik Heim
Title: President
Hereunto Duly Authorized