



OCEAN CHOICE
INTERNATIONAL

Coastal Fishing Presentation

March
2014

Our Mission Statement



We aspire to be a leader in the fishing industry. We are committed to deliver highest quality and best value products to our customers; we promise best possible returns to fishers consistent with conservation of the resource and our responsibility to the marine environment. We will be relentless in our pursuit of success.



A handwritten signature in black ink, appearing to read "Blaine Sullivan".

Blaine Sullivan
Chief Operating Officer



A handwritten signature in black ink, appearing to read "Martin Sullivan".

Martin Sullivan
Chief Executive Officer

Company Background



- Ocean Choice International (OCI) is vertically integrated and engaged in harvesting, processing and marketing of a diverse range of species for the domestic and international markets
- The Company owns fishing rights (quota), caught on its six Frozen-at-sea (“FAS”) vessels operating in the North Atlantic Ocean
 - 24,100 MTs of Groundfish (Flounder, Redfish, Turbot, Cod etc.)
 - 11,400 MTs of Shellfish (Scallops, Shrimp, Crab etc.)
- Beyond harvesting its own quota, the Company also operates six processing plants in Newfoundland and Nova Scotia that source annually around ~25,000 MTs of raw material from independent fishermen
 - Primary species for processing are Snow Crab, Shrimp, Capelin and Whelk
- OCI employs over 1500 people on an annual basis. 75% are employed in Processing Plants, mainly on a seasonal basis, 25% are employed on vessels and 5% are in Sales and Administration.
- All OCI owned plants and vessels are unionized.

Company Overview

Fishing Vessels



OCI's quota in the offshore fishery is caught on the Company's modern fleet of **6** vessels, which are all capable of processing and freezing the harvest at sea and are HACCP approved with QMP's in place.

Fishing Vessels

Ocean Breaker



- Built in 1988
- Size: 56.0m
- Product: Groundfish

Atlantic Destiny



- Built in 2002
- Size: 40.0m
- Product: Scallops

Aqviq



- Built in 1988
- Size: 49.5m
- Product: Groundfish

Kinguk



- Built in 1988
- Size: 49.5m
- Product: Groundfish

Newfoundland Lynx



- Built in 2004
- Size: 67.7m
- Product: Shrimp/Turbot

Ocean Breeze



- Built in 1967
- Size: 36.0m
- Product: Groundfish

Company Overview

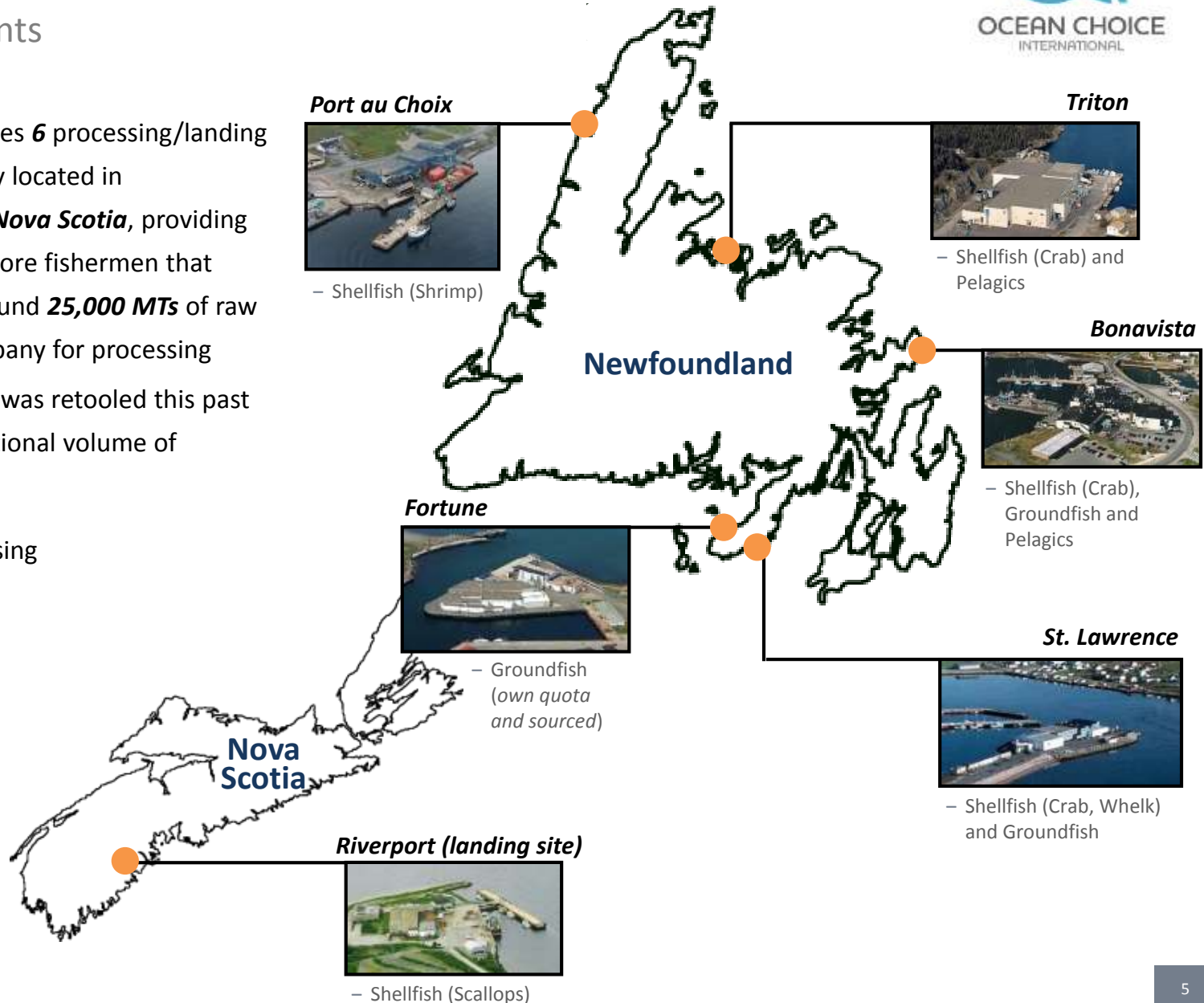


Processing Plants

The Company operates **6** processing/landing facilities, strategically located in **Newfoundland** and **Nova Scotia**, providing closeness to the inshore fishermen that provide annually around **25,000 MTs** of raw material to the Company for processing

The plant in Fortune was retooled this past year to process additional volume of Yellowtail and Cod

OCI's inshore processing plants are QMP and HACCP approved



Company Overview

Sales & Marketing - Global Network



OCI has developed a strong global presence by establishing its own international sales office network in 6 countries

- Improved control of products route to market
- Ability to rapidly shift products between markets
- Timely market intelligence
- Superior pricing power



Market Diversification

Industry Overview

Sustainability – Four MSC Certified Species



The management of OCI has actively been involved in protecting and growing the Company's fish stocks to ensure sustainability and prevent overfishing, for the long term benefit of the Company and its marine environment

More than 90% of the Company's quota and raw material base will soon be under the globally recognized Marine Stewardship Council (MSC) list of certified sustainable fisheries

- The MSC certification is evidence the fishery meets strict environmental standards and the product originates from a sustainable and well-managed fishery

OCI is committed to the sustainable harvest of its fish stocks. Four of its fisheries (Yellowtail flounder, Northern Shrimp, Snow Crab and Offshore Scallop) have been MSC certified, while another two are in the process



Our oceans are our future. We will therefore always take the long-term view, and we will do what it takes to protect that future - for us - and for you

Harvesting Enterprises

2012 NL Region <90 Ft.



	<u>Cod</u>	<u>Shrimp</u>	<u>Crab</u>			
Active Enterprises	2,778	298	2,709			
Landings, tonnes	7,716	53,730	49,828			
Landed Value, \$000	\$8,630	\$85,277	\$214,190			
Number of Landings	18,621	2,383	16,324			
Average Value of a Landing	\$463	\$35,785	\$13,121			
Number of Landing Sites	328	32	199			
Percent of Landings by Top 20 Sites	43	99	67			
Percent of Landings by Top 50 Sites	65	100	88			
Number of Days With Landings	281	167	122			

Harvesting Enterprises

2012 NL Region<40> Ft.



Vessel Length	< 40 ft.	40 – 89 ft.	40 – 89 ft.	< 40 ft.	40 – 89 ft.
	Cod	Cod	Shrimp	Crab	Crab
Active Enterprises	2,330	448	298	2,038	671
Landings, tonnes	5,812	1,905	53,730	13,477	36,350
Landed Value, \$000	\$6,501	\$2,128	\$85,277	\$57,924	\$156,267
Number of Landings	16,714	1,907	2,383	11,640	4,684
Average Value of a Landing, \$	\$389	\$1,116	\$35,785	\$4,976	\$33,362
Number of Landing Sites	324	146	32	192	96
Percent of Landings by top 20 Sites	31	46	99	9	75
Percent of Landings by Top 50 Sites	54	62	100	41	92
Number of Days With Landings	274	211	167	120	119

Processing Facilities



Primary Processing

	<u>Cod</u>	<u>Shrimp</u>	<u>Crab, Queen</u>
Landings, tonnes	7,716	53,730	49,828
Number of Landings	18,621	2,383	16,324
Number of Landing Sites	328	32	199
Number of Plants 2012	50	10	30
2013	40	10	28

Harvesting Issues



- Orderly prosecution of fishery is not scheduled other than opening and closing dates. Harvesters decide individually and independently on timing and duration of fishing trips.
- Sufficient supply of ice and vessel capacity to hold ice.
- Proper handling practices while fishing.
- Proper offloading equipment, timing and handling.
- Number and location of landing sites.
- Sufficient and appropriate equipment for timely transportation to plants.

Processing Issues



- Inadequate planning on timing and quantity of raw material delivered to the processing plant.
- Inconsistent quality of raw material introduced to the production line.
- Lack of available production workers in general.
- Lack of experienced workforce for Groundfish processing.
- Low yield from raw material to quality finished product.
- High percentage of by-products.
- Transportation of raw material within NL and time to reach market reduces shelf life for fresh markets.

Marketing Issues



- Local market opportunities insufficient for volume of product harvested.
- Logistical issues of transportation due to distance and delays.
- Marketing to mature world markets competing internationally.
- Market demands consistent supply.
- Market demands consistent and high quality.
- Significant consolidation of food retailers and distributors in recent years.
- Environmental and Sustainability awareness of consumers has impacted our business.