



The Honourable Navdeep Bains,
Minister of Innovation, Science and Economic Development

July 12, 2018

RE: Request for information relating to royalties due to the federal government

Dear Minister Bains,

We are writing to ask for the full terms of a 2009 funding agreement between the Atlantic Canada Opportunities Agency (ACOA) and the company AquaBounty. In particular, we request clarity on the question of which product(s) are subject to royalties paid/to be paid to the federal government.

Firstly, please provide the full agreement: contract number 193648 including all the various Schedules.

- The contract relates to the “Reproductive Confinement for Safe Cultivation of Salmon Project” and stipulated that the proponent shall repay the contribution to ACOA by annual instalments calculated as a percentage of the Gross Revenues from the resulting products. The basic description of the contract was included by AquaBounty in filings to the US Securities and Exchange Commission (SEC) but without the full details (i.e. Schedules).

Secondly, please provide the details about which products are subject to royalty repayments.

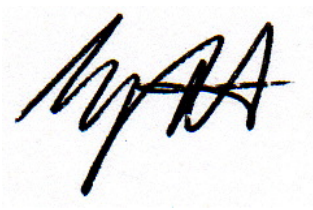
- In AquaBounty’s 2017 10-Q (8/4/2017) filing to the SEC the company announced its first sales of genetically engineered (genetically modified or GM) “AquAdvantage” salmon and stated “In January 2009, the Canadian Subsidiary was awarded a grant from ACOA to provide a contribution towards the funding of a research and development project. The total amount claimed under the award over the five-year claim period was \$2,211,952. No further funds are available under this grant. Amounts claimed by the Canadian Subsidiary must be repaid in the form of a 10% royalty on any products that are commercialized out of this research project until the loan is fully repaid. The first scheduled repayment was June 30, 2015, and subsequent repayments are due annually until the full balance

of the contributed funds is paid. The Company expects to make its first repayment in 2018.” However in its 2018 10-Q (5/8/2018) the company stated that the royalties do not apply to the GM salmon: “Revenue from the sale of AquAdvantage Salmon are not subject to the royalty, and the Company does not expect to commercialize products that would be subject to the royalty in the next five years.”

Finally, please also provide details on how the royalty payments will be reported to the public.

Thank you for providing this important information to ensure transparency in relation to government granting and resulting royalty payments.

Sincerely,

A handwritten signature in black ink, appearing to read 'L. Sharratt', is centered on the page.

Lucy Sharratt
Coordinator