

Oslo, 17 January 2020

**To the bondholders in senior secured bonds with ISIN NO 001 080980.9 (the “Bonds”) issued by Blåfjell AS (the “Issuer”) on 9 November 2017**

**Notice to bondholders**

*Capitalized terms not otherwise defined in this notice shall have the meaning given to them in the terms and conditions relating to the Bonds dated 9 November 2019 (the “**Terms and Conditions**”).*

Intertrust (Norway) AS the (the “**Trustee**”) is acting as Trustee on behalf of the bondholders under the Terms and Conditions.

On 16 January 2020, the Trustee received a letter from Pretor Advokat AS, representing the Issuer (the “**Letter**”) regarding voluntary compositions proceeding.

The Letter is attached hereto as Schedule 1.

The Trustee has requested further instructions and information from the Issuer with regards to the next steps going forward.

*For further information, please contact:*

Peter Drachmann

Intertrust (Norway) AS

Mail: peter.drachmann@intertrustgroup.com

Phone: +47 400 22 444

Schedule 1

To the bondholders – Blåfjell AS

**Our ref.:**  
16393-005

**Your ref.:**  
Blåfjell AS

**Trondheim**  
16. januar 2020

## **BLÅFJELL AS – LETTER TO BOND HOLDERS REGARDING VOLUNTARY COMPOSITION PROCEEDINGS**

Blåfjell AS is currently in a situation where the company is unable to pay its debt. The undersigned will assist the company regarding a company voluntary arrangement (CVA).

The board of directors of Blåfjell AS considers the basis for continued operations to be contingent on the creditors accept of a CVA. The board of directors will have to consider commencing insolvency proceedings if no such arrangement can be made.

The CVA arrangement will include a provision providing that Blåfjell AS will not repay unsecured debt from before 31.12.2019 (the cut-off time).

All creditors with unsecured claims will be subjected to equal treatment. No guarantees will be made or securities established. The negotiations will be sought conducted according to the provisions regulating CVA within the Norwegian Debt Reorganization and Bankruptcy Act, thus enabling forced composition proceedings or bankruptcy proceedings if no CVA is established.

Blåfjell's financial challenges are caused by several factors, including malfunctions of the RAS-system, resulting in the loss of fish at a value of MNOK 11.5 in an early phase. In May, the ozone system collapsed due to lightening and spare parts were not delivered until 41 days later. This resulted in further losses of fish as a consequence of fungi and branchimonas bacteria. Furthermore, the slaughter line was delayed, resulting in additional rental fees when the company could not approve the delivery. Additionally, there were two incidents of outbreak of listeria before Christmas 2019, resulting in a temporary cease of sales and loss of income.

The challenges resulted in Blåfjell AS not being able to pay its current liabilities.

The board of directors of Blåfjell AS considers the basis for continued operations to be present, contingent on the creditors accept of a long-term CVA. The product of Blåfjell AS is popular and there has been an increase in sales. There are great values within the company as a “going concern” with its biomass and established production. The cash flow will be positive even with a conservative estimate (EBITDA). New equity would be

within reach given an acceptable debt situation and satisfactory terms for new investors. New equity is necessary for the completion of remaining technical repairs of the plant.

The company is currently working continuously towards repairing technical errors, minimizing biological risk and raising capital.

We have asked regular creditors to report their outstanding amounts and confirm that no creditor initiates debt recovery proceedings until a CVA proposal is received. Currently, the feedback has been positive.

***Blåffjell wishes to clarify whether the bondholders are willing to negotiate repayment terms and/or yield conditions, as a part of the contribution to composition proceedings.***

***Kindly looking forward to your feedback – +47 920 96 412 – [thomas.jamne@pretor.no](mailto:thomas.jamne@pretor.no).***

Yours sincerely,  
Pretor Advokat AS

Thomas Lidal Jamne  
attorney