

BACKGROUNDER

Millbrook and Icy Waters™ to Partner in International Venture

Wednesday, January 23, 2007

Aquaculture is the world's fastest growing agri-industry. One out of three fish consumed is now farm raised. Aquaculture accounts for more than 25% of the world's aquatic food production with a value of \$52.4 billion. It is estimated by the UN Food and Agricultural Organization that by the year 2030, more than 50% of all fish for human consumption will come from fish farms.

Subsequent to the Marshall Decision, the Millbrook First Nation led by longtime Chief Lawrence Paul and his Band Council decided to invest in aquaculture and selected Arctic Charr for its farm operation because the North American market for Arctic Charr is underdeveloped and undersupplied. Global production of Arctic Charr is estimated at 4,000 metric tons a year as compared to a million metric tones of Atlantic Salmon. Iceland supplies about two thirds of the world's charr production.

The Millbrook land-based, grow-out facility was established in 2003 with an investment of \$3.3 million. Production capacity is 125 metric tonnes a year. Fish eggs are purchased from two Canadian suppliers, hatched and reared to 100 gm fry in their Truro, Nova Scotia hatchery.

Icy Waters™ has spent nearly two decades developing a unique strain of Arctic Charr that incorporates the superior wild qualities of this dynamic species with the domesticated performance characteristics necessary for a cultured species. The result is the incomparable Yukon Gold™ Arctic Charr, undeniably one of the finest foods the world has to offer.

Icy Waters™ Ltd. is a land based aquaculture facility. It operates a gravity fed flow-through design with streams and springs as its water source. Icy Waters make use of drum filters, settling ponds and wetlands to remove particulate matter and effluent before returning the water to the natural wetlands downstream of the Yukon facility. On many occasions throughout the year, due to natural erosion, sediment levels entering their farm are higher than the level they are allowed to discharge, and as such act like a large filter on the local water shed system. Due to the actions of mechanical and biological filters, they are able to effectively and efficiently polish the water prior to discharge.

Waste sludge from their treatment facilities is provided free of charge to terrestrial farmers for use on crops, while leftovers from processing are provided to dog-mushers as a high oil food, or delivered to local compost facilities.

In providing nutritious and year-round food, Icy Waters Ltd. continues to strive to manage its footprint on its shared and valued resources. Considered a "Best" choice by the Monterey Aquarium Seafood Watch Guide for Healthy Oceans, Farmed Arctic Charr is considered to have no serious ecological impacts by environmental organizations.



Millbrook has worked successfully with the Atlantic Provinces Opportunities Agency (ACOA) to develop markets for Arctic Charr and will continue to do so in the future. In 2005, Millbrook went to market with its "Nova Scotia Arctic Charr" brand. The product was introduced at the Boston Seafood Show in March 2005 and sampled by chefs, foodservice buyers, seafood brokers and distributors from across North America. Research indicated that consumer awareness, familiarity with Arctic Charr was very low and that access to consumers should be through "high-end" restaurants. Where awareness existed it was generally related to menu-specials in higher-end urban restaurants.

Millbrook quickly learned that it's more difficult, more costly and more time-consuming to build volume for branded fish products than had been anticipated. They did not have the sales force or distribution network required to quickly contact and follow up sales leads. Individual orders were small (20 to 30 lbs per order), making shipping and logistics very expensive. However, Millbrook did start building the brand and distinguished its Nova Scotia Charr from commodity products with premium quality products and consistent delivery.

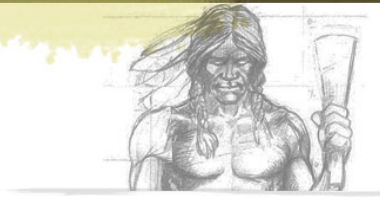
In 2006, Millbrook, under the guidance of Chief Lawrence Paul and his Band Council extended its product line with a value-added smoked product and engaged a distributor with a small sales force in Toronto. Positive consumer feedback from sampling encouraged the Group to twin its high-end restaurant strategy with a high-end boutique retail (grocer) strategy to make the product directly accessible to consumers while maintaining the upscale value of the brand.

Today, Millbrook is recognized as the number one Arctic Charr producer in Eastern Canada. Partnership with Icy Waters™ is expected to create the critical mass necessary to be competitive in a competitive marketplace. Chief Lawrence Paul and his Band Council expect the two organizations will be able to realign their distribution networks to make them more efficient and more competitive with Icelandic Char, the number one brand in terms of volume.

For more information

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Omega-3

Arctic Charr, like other fish, are a good source of protein and don't have the high saturated fat that fatty meat products do. It is also high in two kinds of omega-3 fatty acids, eicosapentaenoic acid (EPA) and docosahexaenoic acid (DHA). Omega-3 fatty acids benefit the hearts of healthy people and those at high risk of - or who have cardiovascular disease.

Omega-3 essential fatty acids are essential to life and good health; they protect against disease and can help treat illness. Omega-3 is the name given to a family of polyunsaturated fatty acids. Scientists have concluded that the long-chain omega-3 fatty acids eicosapentaenoic acid (EPA) and docosahexaenoic acid (DHA) are best obtained from diet. Oil-rich fish and supplements such as fish oil and cod liver oil are the richest and most readily available sources.

Nutritional Information:

A 3-5 ounce (100 g) serving of
Nova Scotia Arctic Charr contains:

- 130 calories
- 21 g of protein
- 5 g of total fat
- 41 g of EPA
- 80 g of DHA
- 30% of the recommended daily intake of omega-3
- 23.6% of the recommended daily intake of saturated fatty acids
- 33% of the recommended daily intake of monosaturated fat
- 36% of the recommended daily intake of polyunsaturated fat

“Researchers suggest that omega-3’s reduce the risk of blood clotting or sticking to the artery walls, a condition that could result in cardiovascular disease (CVD), heart attack or stroke. Fish is an important food in a healthful dietary pattern.”

Source: International Food Information Council