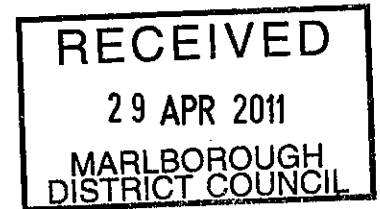


27 April 2011

Keith Heather  
Consents Officer  
Marlborough District Council  
PO Box 443  
Blenheim



Dear Keith

Thank you for meeting with Mark Preece, Nigel Keeley and myself on Friday 15<sup>th</sup> April. This letter is to confirm the agreed outcomes as a result of the discussions we had in relation to the 2010 Annual Monitoring Reports.

King Salmon has already voluntarily commissioned some site additional assessment work for Te Pangu, Clay Point, Forsyth and Ruakaka to further add to the understanding of the conditions on those sites. Much of this work has been carried out already and there is some more assessment work yet to be done over the next few weeks.

Zinc had been identified as a potential issue. We will undertake to review what is happening in other countries in terms of the effect in the environment and including an assessment of the merits of using organic zinc in the feed. If this shows that there is a real benefit in using organic zinc King Salmon will incorporate it in its feed.

King Salmon agrees the copper levels on the Waihinau site exceed the ANZEC high guidelines and some other sites are at the low trigger levels. King Salmon is undertaking several trials to reduce the use of Cu antifoul including different netting types and now a trial with no antifoul and in water mechanical cleaning. King Salmon will continue to investigate options to reduce use of this product.

**Otanerau:**

It is agreed the Otanerau farm is at the upper level of acceptable effects. It is agreed that in line with current practice the site will be fallow from January to April and we will continue with a low level discharge. Evidence from this site demonstrates the practice as proposed will enable long term use of this site whilst remaining within the EQS. Of note was the compounding issue of mooring the Ruakaka farm on this location during a few months in 2010.

**Ruakaka:**

This site is within the EQS however, we agree to supply the projected feed use for this site.

**Forsyth:**

The Forsyth site is currently farmed in tandem with the Waihinau Bay farm. King Salmon will continue to maintain a rotational process with the Waihinau site discharging up to 3200 tonnes of feed per year for two years. It is agreed that this will allow for a full cycle of rotation to be completed in order to determine the long term sustainability of this rotation model. The farm will be moved to Waihinau in November 2011.

**Waihinau:**

The Waihinau farm is currently fallow. We will move the Forsyth farm to Waihinau in November 2011.

**Te Pangu:**


King Salmon has commissioned Cawthron to carry out a mapping assessment of the deposition footprint of the Te Pangu farm. Currently the extent of this footprint is not clearly defined. Results from this survey will be available in May 2011. This research will help King Salmon understand what portion of the apparent non compliance is due to inaccuracy in the model used to define the EQS, and what portion (if any) is outside the intent of the consent conditions. King Salmon believes that it would be prudent to wait for the outcome of the imminent assessment before deciding on the level of response. It is important that we recognize the comments in the Cawthron report in relation to the suitability of the standards for a high flow site.

**Clay Point:**

As with Te Pangu, King Salmon has commissioned Cawthron to carry out a mapping assessment of the deposition footprint of the Clay Point farm. Currently the extent of this footprint is not clearly defined. Results from this survey will be available in May 2011. This research will help King Salmon understand what portion of the apparent non compliance is due to inaccuracy in the model used to define the EQS, and what portion (if any) is outside the intent of the consent conditions. King Salmon believes that it would be prudent to wait for the outcome of the imminent assessment before deciding on the level of response. Again as for Te Pangu, we note the current implementation of the EQS standards may require a review to ensure their suitability for high flow sites.

We thank you for your discussion of 15<sup>th</sup> April and trust the above is a true reflection of what we agreed.

Yours sincerely



Mark Gillard

