



CLEARWATER SEAFOODS INCOME FUND

LETTER TO DEBENTUREHOLDERS

and

NOTICE OF SERIAL MEETING OF HOLDERS OF

7.0% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES DUE DECEMBER 31, 2010

to be held March 16, 2010

and

MANAGEMENT INFORMATION CIRCULAR

These materials are important and require your immediate attention. They require Debentureholders to make important decisions. If you are in doubt as to what decision to make, please contact your financial, legal, income tax or other professional advisors. If you have any questions or require more information, please contact Cormark Securities Inc. or Computershare Trust Company of Canada using the information provided on the back cover.

THE BOARD OF TRUSTEES OF CLEARWATER SEAFOODS INCOME FUND UNANIMOUSLY RECOMMENDS THAT DEBENTUREHOLDERS CONSENT TO/VOTE FOR THE DEBENTURE AMENDMENTS AS SET OUT IN THE MANAGEMENT INFORMATION CIRCULAR.

TO CONSENT TO/VOTE FOR THE DEBENTURE AMENDMENTS PLEASE MARK THE "CONSENTS TO/VOTE FOR" BOX ON THE ACCOMPANYING WRITTEN CONSENT AND FORM OF PROXY AND SIGN AND DEPOSIT SUCH DOCUMENT IN ACCORDANCE WITH THE INSTRUCTIONS SET OUT THEREIN AS SOON AS PRACTICABLE AND IN ANY EVENT BY 10:00 A.M. (ATLANTIC STANDARD TIME) ON MARCH 12, 2010.

IF THE ACCOMPANYING WRITTEN CONSENT AND FORM OF PROXY IS COMPLETED BY HOLDERS OF AT LEAST 66^{2/3}% OF THE PRINCIPAL AMOUNT OF THE DEBENTURES PRIOR TO THE DEBENTUREHOLDER MEETING, THE DEBENTURE AMENDMENTS WILL BE APPROVED AND CLEARWATER SEAFOODS INCOME FUND WILL CANCEL THE DEBENTUREHOLDER MEETING.

February 4, 2010

TABLE OF CONTENTS

LETTER TO DEBENTUREHOLDERS	4
NOTICE OF SERIAL MEETING OF DEBENTUREHOLDERS	6
SUMMARY	7
The Debentureholder Meeting	7
The Debenture Amendments	7
Proxy Information.....	7
INTRODUCTION.....	8
<i>Information Contained in this Circular</i>	8
<i>Capitalized Terms</i>	8
<i>Notice to Debentureholders in the United States</i>	8
<i>Cautionary Statement Regarding Forward-Looking Statements</i>	9
<i>Non-GAAP Measures</i>	9
<i>Conventions</i>	9
THE DEBENTURE AMENDMENTS	10
<i>General</i>	10
<i>Interest Payments</i>	11
<i>Listing</i>	11
<i>Comparison of Terms of the Amended Debentures and the Debentures</i>	11
BACKGROUND TO AND REASONS FOR THE DEBENTURE AMENDMENTS	12
<i>Background to the Debenture Amendments</i>	12
<i>Reasons for the Debenture Amendments</i>	13
BENEFITS OF THE DEBENTURE AMENDMENTS AND RECOMMENDATION OF THE BOARD	13
<i>Benefits of the Debenture Amendments</i>	13
<i>Recommendation of the Board</i>	14
CERTAIN INFORMATION CONCERNING THE FUND AND CLEARWATER	14
<i>Earnings Coverage Ratios</i>	14
<i>Consolidated Capitalization of the Fund</i>	15
<i>Price Range and Trading Volume of the Fund's Securities</i>	16
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS	18
<i>Amendment of Debentures</i>	19
MANAGEMENT CONTRACTS	22
<i>Administration Agreement</i>	22
GENERAL PROXY AND DEBENTUREHOLDER MEETING MATTERS.....	22
<i>Solicitation of Proxies and Voting Instructions</i>	22
<i>Dealer Manager and Soliciting Dealer Group</i>	22
<i>Beneficial Debentureholders</i>	22
<i>Request for Voting Instructions</i>	23
<i>Form of Proxy</i>	23

<i>Registered Debentureholders</i>	23
Appointment of Proxies	24
Revocation of Proxies	24
<i>Voting of Proxies</i>	24
Quorum and Votes Necessary to Pass the Debentureholder Resolution	24
<i>Interest of Certain Persons or Companies in Matters to be Acted Upon</i>	25
<i>Voting Securities and Principal Holders of Voting Securities</i>	25
<i>Interest of Informed Persons in Material Transactions</i>	25
<i>Other Business</i>	25
POTENTIAL CANCELLATION OF DEBENTUREHOLDER MEETING	25
<i>Written Consent in Lieu of a Debentureholder Meeting</i>	25
ADDITIONAL INFORMATION	26
TRUSTEES' APPROVAL	26

Appendix "A" Debentureholder Resolution
Appendix "B" Form of Supplemental Trust Indenture



LETTER TO DEBENTUREHOLDERS

February 4, 2010

TO: The holders of 7.0% convertible unsecured subordinated debentures due December 31, 2010

The Debenture Amendments

You, as holders ("**Debentureholders**") of the 7.0% convertible unsecured subordinated debentures due December 31, 2010 (the "**Debentures**") of Clearwater Seafoods Income Fund (the "**Fund**"), are being asked to consider certain amendments (the "**Debenture Amendments**") to the Debentures (as amended as proposed, the "**Amended Debentures**"), which, if approved by the Debentureholders, will result in:

- (a) increasing the annual interest rate for the Debentures by 2.5% from 7.0% to 9.5%;
- (b) increasing the principal to be paid on redemption or at maturity by \$10 per \$1,000 of face value from \$1,000 to \$1,010;
- (c) reducing the conversion price for the Debentures from \$12.25 to \$5.90 for each trust unit of the Fund ("**Trust Unit**"), being a conversion rate of 171.1864 Trust Units per \$1,010 principal amount of Amended Debentures rather than 81.6327 Trust Units per \$1,000 principal amount of Debentures;
- (d) extending the maturity date for the Debentures to December 31, 2013; and
- (e) the Fund not being able to redeem the Amended Debentures prior to December 31, 2010. From and after December 31, 2010 and prior to maturity, the Amended Debentures will be redeemable in whole or in part at the option of the Fund, on not more than 60 days' and not less than 30 days' prior notice, at \$1,010 per Amended Debenture, plus accrued and unpaid interest.

Other than the foregoing amendments, the terms of the Debentures will remain unchanged.

To Consent to or Vote for the Debenture Amendments

To consent to or vote for the Debenture Amendments please mark the "CONSENTS TO/VOTES FOR" box on the accompanying Written Consent and Form of Proxy and sign and deposit such document in accordance with the instructions set out therein as soon as practicable and in any event by March 12, 2010.

Approval of the Debenture Amendments

For the Debenture Amendments to be approved either:

- (a) holders of at least 66^{2/3}% of the principal amount of the Debentures mark the "CONSENTS TO/VOTES FOR" box on the accompanying Written Consent and Form of Proxy and sign and deposit such document in accordance with the instructions set out therein; or
- (b) holders of at least 66^{2/3}% of the principal amount of the Debentures, present or represented by proxy, vote for the Debenture Amendments at the serial meeting (the "**Debentureholder Meeting**") of the Debentureholders which is scheduled to be held at 1969 Upper Water Street, Suite 1300, Halifax, Nova Scotia, on March 16, 2010 at 10:00 a.m. (Atlantic Standard Time).

If the accompanying Written Consent and Form of Proxy is completed by holders of at least 66^{2/3}% of the principal amount of the Debentures prior to the Debentureholder Meeting, the Debenture Amendments will be approved and the Fund will cancel the Debentureholder Meeting.

Interest Payments

If the Debenture Amendments are approved by the Debentureholders, the Amended Debentures will bear interest at 9.5% per annum, payable in semi-annual payments on June 30 and December 31 in each year.

If the Debenture Amendments are approved by the Debentureholders, the Fund anticipates that the effective date of the Debenture Amendments will be on the date the Fund enters into the second supplement to the trust indenture dated June 15, 2004 among the Fund and Computershare Trust Company of Canada (the "**Effective Date**"), such second supplement to be substantially in the form attached as **Appendix "B"** to the accompanying management information circular ("**Circular**") which provides for the Debenture Amendments. Holders of the Debentures will be entitled to a final interest payment on the Effective Date (representing interest payable from December 31, 2009 to, but excluding, the Effective Date at an annual interest rate of 7.0%). Holders of the Amended Debentures will be entitled to a first interest payment on June 30, 2010 (representing interest payable from the Effective Date to, but excluding, June 30, 2010) at an annual interest rate of 9.5%.

Listing

The Toronto Stock Exchange (the "**TSX**") has conditionally approved the listing of the Amended Debentures and the Trust Units issuable upon conversion of the Amended Debentures, subject to the Fund fulfilling all of the listing requirements of the TSX. The Amended Debentures will trade on the TSX under the symbol "CLR.DB.B".

Fractional entitlements to the Amended Debentures (i.e. debentures in amounts of less than \$1,000) will be issued to Debentureholders and will not be rounded up or down, nor will a cash payment be made in lieu thereof. The Amended Debentures will be traded in increments of \$1,000 principal amount on the TSX; trades of principal amounts of less than \$1,000 can be placed, but are unlikely to be completed, through the facilities of the TSX.

Benefits of the Debenture Amendments

The Board of Trustees of the Fund (the "**Board**") believes that the Debenture Amendments provide a number of benefits to the Fund which create value for all its securityholders, including to the Debentureholders. Furthermore, the increased interest rate, lower conversion price and extension premium offer attractive value to Debentureholders. For further particulars of such benefits see "Benefits of the Debenture Amendments and Recommendation of the Board" in the accompanying Circular.

Recommendation of the Board

THE BOARD UNANIMOUSLY RECOMMENDS THAT THE DEBENTUREHOLDERS CONSENT TO/VOTE FOR THE DEBENTURE AMENDMENTS.

Management Information Circular

The accompanying Circular provides a detailed description of the Debenture Amendments. Please give this material your careful consideration. If you require assistance, you should consult your financial, legal, income tax or other professional advisors.

We encourage you to read the materials in the accompanying Circular carefully. Your vote is important. Whether or not you attend the meeting of Debentureholders, please take the time to vote your Debentures, in accordance with the instructions contained in the accompanying Circular.

BY ORDER OF THE BOARD OF TRUSTEES

(Signed) THOMAS D. TRAVES
Chairman of the Board of Trustees

CLEARWATER SEAFOODS INCOME FUND

757 Bedford Highway
Bedford, Nova Scotia B4A 3Z7

NOTICE OF SERIAL MEETING OF DEBENTUREHOLDERS

NOTICE IS HEREBY GIVEN that a debentureholder meeting (the "**Debentureholder Meeting**") of the holders ("**Debentureholders**") of the 7.0% convertible unsecured subordinated debentures due December 31, 2010 (the "**Debentures**") of Clearwater Seafoods Income Fund (the "**Fund**") will be held at 1969 Upper Water Street, Suite 1300, Halifax, Nova Scotia, on March 16, 2010 at 10:00 a.m. (Atlantic Standard Time) for the following purposes:

1. to consider and, if deemed appropriate, to adopt, with or without amendment, an extraordinary resolution (the "**Debentureholder Resolution**") in the form attached as **Appendix "A"** to the management information circular (the "**Circular**") accompanying this Notice of Serial Meeting of Debentureholders, approving certain amendments to the trust indenture dated June 15, 2004 (the "**Indenture**") among the Fund and Computershare Trust Company of Canada (the "**Debenture Trustee**") and the authorization of the Debenture Trustee to execute the supplemental trust indenture embodying such amendments, which supplemental trust indenture shall be substantially in the form attached as **Appendix "B"** to the Circular, all as more particularly described in the Circular; and
2. to transact such further or other business as may properly come before the Debentureholder Meeting or any adjournment or adjournments thereof.

The accompanying Circular provides additional information relating to the matters to be dealt with at the Debentureholder Meeting and forms part of this Notice of Serial Meeting of Debentureholders.

The Debentureholder Resolution, if passed by the holders of at least 66^{2/3}% of the principal amount of the Debentures at the Debentureholder Meeting, or any adjournment thereof, in accordance with the provisions of the Indenture, will be binding upon the Debentureholders, whether present or absent from the Debentureholder Meeting. Accordingly, it is important that your Debentures be represented and voted whether or not you plan to attend the Debentureholder Meeting in person. The Board of Trustees has established the record date for the Debentureholder Meeting as the close of business on February 4, 2010 (the "**Record Date**"). Only Debentureholders of record at the close of business on the Record Date will be entitled to notice of the Debentureholder Meeting or any adjournment thereof, and to vote at the Debentureholder Meeting. No Debentureholder becoming a Debentureholder of record after such time will be entitled to vote at the Debentureholder Meeting or any adjournment thereof.

The Debentures have been issued in the form of global certificates registered in the name of CDS & Co. and, as such, CDS & Co. is the sole registered Debentureholder. Only registered Debentureholders, or their duly appointed proxyholders, have the right to vote at the Debentureholder Meeting, or to appoint or revoke a proxy. However, CDS & Co., or its duly appointed proxyholders, may only vote the Debentures in accordance with instructions received from the beneficial Debentureholders. Beneficial Debentureholders as of the Record Date wishing to vote their Debentures at the Debentureholder Meeting must provide instructions to their broker or other intermediary through which they hold their Debentures in sufficient time prior to the deadline for depositing proxies for the Debentureholder Meeting to permit their broker or other nominee to instruct CDS & Co., or its duly appointed proxyholders, as to how to vote their Debentures at the Debentureholder Meeting.

If you have any questions or require more information with regard to voting your Debentures please contact Cormark Securities Inc. or Computershare Trust Company of Canada using the information provided on the back cover.

DATED at Halifax, Nova Scotia, this 4th day of February, 2010.

BY ORDER OF THE BOARD OF TRUSTEES

(Signed) THOMAS D. TRAVES
Chairman of the Board of Trustees



MANAGEMENT INFORMATION CIRCULAR
Dated February 4, 2010

SUMMARY

The following is a brief summary of certain information contained in this Circular. Reference is made to, and this summary is qualified by, the detailed information contained in this Circular. Debentureholders are encouraged to read this Circular and the attached Appendices carefully and in their entirety.

The Debentureholder Meeting

The Meeting will be held on March 16, 2010 at 1969 Upper Water Street, Suite 1300, Halifax, Nova Scotia, at 10:00 a.m. (Atlantic Standard Time) for the purposes set forth in the accompanying Notice of Serial Meeting, including to consider and, if deemed advisable, to approve certain amendments to the trust indenture dated June 15, 2004 (the "**Indenture**") among the Fund and Computershare Trust Company of Canada (the "**Debenture Trustee**") and the authorization of the Debenture Trustee to execute the supplemental trust indenture embodying such amendments. Only Debentureholders of record as of the close of business on February 4, 2010 are entitled to receive notice of the Meeting and, except as noted in the Circular, to vote at the Meeting.

The Debenture Amendments

- INCREASE, the annual interest rate by 2.5% from 7.0% to 9.5%
- INCREASE the principal to be paid on redemption or at maturity by \$10 per \$1,000 of face value, from \$1,000 to \$1,010
- REDUCE, the conversion price from \$12.25 to \$5.90 for each trust unit of the Fund ("**Trust Unit**")
- EXTEND, the maturity date to December 31, 2013
- EXTEND, the no redemption period to December 31, 2010

Proxy Information

To Consent to or Vote for the Debenture Amendments (as defined herein), Debentureholders can do so by using any of the methods outlined below:

By Mail or Fax:

- Step 1. Mark the "CONSENTS TO/VOTES FOR" box in the accompanying written consent and form of proxy ("**Written Consent and Form of Proxy**").
- Step 2. Sign and date the Written Consent and Form of Proxy.
- Step 3. Deposit with the Debenture Trustee, Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, North Tower, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, as soon as practicable and in any event no later than 10:00 a.m. (Atlantic Standard Time) on March 12, 2010.

Via Financial Broker:

Debentureholders may contact their broker or send their proxy or voting instruction form to their broker who can vote on the Debentureholder's behalf.

By Telephone:

English Telephone: 1-800-474-7493. French Telephone: 1-800-454-8683. The 12-digit control number located in the box on the voting instruction form will be required to complete your voting.

By Internet:

Log on to www.proxyvote.com. The 12-digit control number located in the box on the voting instruction form will be required to complete your voting.

INTRODUCTION

Information Contained in this Circular

No person has been authorized to give information or to make any representations in connection with the matters to be considered by the Debentureholders other than those contained in this Circular and, if given or made, any such information or representations should not be relied upon in making a decision as to whether to consent to or vote for the Debentureholder Resolution or be considered to have been authorized by the Fund.

This Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

Debentureholders should not construe the contents of this Circular as legal, tax or financial advice and should consult with their own professional advisors as to the relevant legal, tax, financial or other matters in connection herewith.

The accompanying Written Consent and Form of Proxy is for use by Debentureholders in connection with the Debenture Amendments and Debentureholders are encouraged to complete, sign and deposit such document in accordance with the instructions set out therein.

Capitalized Terms

Unless the context indicates otherwise, capitalized terms which are used in this Circular and not otherwise defined in this Circular have the meanings given to such terms in the accompanying Letter to Debentureholders and Notice of Serial Meeting of Debentureholders.

Notice to Debentureholders in the United States

The Debentures have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and no solicitation is being made in the United States.

You should be aware that the Debenture Amendments may have tax consequences both in the United States and in Canada. Tax considerations applicable to Debentureholders subject to United States federal taxation have not been included in the Circular, and such Debentureholders should consult their own tax advisors to determine the particular consequences to them of participating in the solicitation being made hereunder. For a summary of the applicable tax considerations under Canadian law, see "Certain Canadian Federal Income Tax Considerations".

You should be aware that the Fund or its affiliates may bid for or purchase securities otherwise than under this solicitation, such as in the open market or privately negotiated purchases, subject to applicable securities laws.

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SEC, ANY STATE SECURITIES ADMINISTRATOR, OR ANY SECURITIES REGULATORY AUTHORITY IN CANADA, NOR HAS THE SEC, ANY STATE SECURITIES ADMINISTRATOR, OR ANY SECURITIES REGULATORY AUTHORITY IN CANADA PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements included herein constitute "forward-looking statements". All statements included in this Circular that address future events, conditions or results of operations, including in respect of the Debenture Amendments, are forward-looking statements. These forward-looking statements can be identified by the use of forward-looking words such as "may", "should", "will", "could", "expect", "intend", "plan", "estimate", "anticipate", "believe", "future" or "continue" or the negative forms thereof or similar variations. These forward-looking statements are based on certain assumptions and analyses made by management in light of their experiences and their perception of historical trends, current conditions and expected future developments, as well as other factors they believe are appropriate in the circumstances. Debentureholders are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of risks and uncertainties, including but not limited to, that the Debenture Amendments will not be successfully completed for any reason. Many of such risks and uncertainties are outside the control of the Fund and could cause actual results to differ materially from those expressed or implied by such forward-looking statements. In making such forward-looking statements, management has relied upon a number of material factors and assumptions, including with respect to general economic and financial conditions, interest rates, exchange rates, equity markets, business competition, changes in government regulations or in tax laws, acts and omissions of third parties and the ability of the Fund to obtain approval for the Debenture Amendments. Such forward-looking statements should, therefore, be construed in light of such factors and assumptions. All forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth above. The Fund is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

Non-GAAP Measures

This Circular makes reference to certain financial and operating measures that are not recognized by Canadian generally accepted accounting principles ("**GAAP**") to assist in assessing the Fund's financial and operating performance. Non-GAAP financial and operating measures do not have standardized meanings prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

Conventions

In this Circular, unless otherwise specified, all dollar amounts are expressed in Canadian dollars. Information contained in this Circular is given as of February 4, 2010, unless otherwise specifically stated.

THE DEBENTURE AMENDMENTS

General

Holders of the Debentures are being asked to consider and, if deemed appropriate, to adopt, with or without amendment, the Debentureholder Resolution approving certain amendments to the Indenture, which, if approved by the Debentureholders, will result in:

- (a) increasing the annual interest rate for the Debentures by 2.5% from 7.0% to 9.5%;
- (b) increasing the principal to be paid on redemption or at maturity by \$10 per \$1,000 of face value from \$1,000 to \$1,010;
- (c) reducing the conversion price for the Debentures from \$12.25 to \$5.90 for each trust unit of the Fund ("**Trust Unit**"), being a conversion rate of 171.1864 Trust Units per \$1,010 principal amount of Amended Debentures rather than 81.6327 Trust Units per \$1,000 principal amount of Debentures;
- (d) extending the maturity date for the Debentures from December 31, 2010 to December 31, 2013; and
- (e) the Fund not being able to redeem the Amended Debentures prior to December 31, 2010. From and after December 31, 2010 and prior to maturity, the Amended Debentures will be redeemable in whole or in part at the option of the Fund, on not more than 60 days' and not less than 30 days' prior notice, at \$1,010 per Amended Debenture, plus accrued and unpaid interest.

Other than the foregoing amendments, the Indenture will remain unchanged. The full text of the Debentureholder Resolution is attached to this Circular as **Appendix "A"**.

For the Debentureholder Resolution to be adopted in respect of the Debentures in accordance with the provisions of the Indenture, it must be approved by either:

1. holders of at least 66^{2/3}% of the principal amount of the Debentures mark the "CONSENTS TO/VOTES FOR" box on the accompanying Written Consent and Form of Proxy and sign and deposit such document in accordance with the instructions set out therein; or
2. holders of at least 66^{2/3}% of the principal amount of the Debentures, present or represented by proxy, vote for the Debenture Amendments at the serial meeting (the "**Debentureholder Meeting**") of the Debentureholders which is scheduled to be held at 1969 Upper Water Street, Suite 1300, Halifax, Nova Scotia, on March 16, 2010 10:00 a.m. (Atlantic Standard Time).

The Debentureholder Resolution, if passed by the holders of at least 66^{2/3}% of the principal amount of the Debentures in accordance with the provisions of the Indenture, will be binding upon all Debentureholders.

IF THE ACCOMPANYING WRITTEN CONSENT AND FORM OF PROXY IS COMPLETED BY HOLDERS OF AT LEAST 66^{2/3}% OF THE PRINCIPAL AMOUNT OF THE DEBENTURES PRIOR TO THE DEBENTUREHOLDER MEETING, THE DEBENTURE AMENDMENTS WILL BE APPROVED AND THE FUND WILL CANCEL THE DEBENTUREHOLDER MEETING.

If the Debentureholder Resolution is passed, then the Fund and the Debenture Trustee will enter into the second supplement to the Indenture ("**Supplemental Indenture**") substantially in the form attached as **Appendix "B"** to this Circular.

Interest Payments

If the Debenture Amendments are approved by the Debentureholders, the Amended Debentures will bear interest at 9.5% per annum, payable in semi-annual payments on June 30 and December 31 in each year.

If the Debenture Amendments are approved by the Debentureholders, the Fund anticipates that the effective date of the Debenture Amendments will be on the date the Fund enters the Supplemental Indenture (the "**Effective Date**"), such Supplemental Indenture to be substantially in the form attached as **Appendix "B"** to the accompanying management information circular which provides for the Debenture Amendments. Holders of the Debentures will be entitled to a final interest payment on the Effective Date (representing interest payable from December 31, 2009 to, but excluding, the Effective Date at an annual interest rate of 7.0%). Holders of the Amended Debentures will be entitled to a first interest payment on June 30, 2010 (representing interest payable from the Effective Date to, but excluding, June 30, 2010) at an annual interest rate of 9.5%.

Listing

The TSX has conditionally approved the listing of the Amended Debentures and the Trust Units issuable upon conversion of the Amended Debentures, subject to the Fund fulfilling all of the listing requirements of the TSX. The Amended Debentures will trade on the TSX under the symbol "CLR.DB.B".

Fractional entitlements to the Amended Debentures (i.e. debentures in amounts of less than \$1,000) will be issued to Debentureholders and will not be rounded up or down, nor will a cash payment be made in lieu thereof. The Amended Debentures will be traded in increments of \$1,000 principal amount on the TSX; trades of principal amounts of less than \$1,000 can be placed, but are unlikely to be completed, through the facilities of the TSX.

Comparison of Terms of the Amended Debentures and the Debentures

The following table is a summary only and does not address all of the attributes and characteristics of the Debentures and the Amended Debentures.

	Amended Debentures	Debentures
Securities:	\$45,450,000 principal amount of 9.5% convertible unsecured subordinated debentures due 2013	\$45,000,000 principal amount of 7.0% convertible unsecured subordinated debentures due 2010
Principal Amount:	\$1,010 per Amended Debenture, after incorporating 1.0% "extension premium". Aggregate of \$45,450,000 outstanding	\$1,000 per Debenture. Aggregate of \$45,000,000 currently outstanding
Maturity Date:	December 31, 2013	December 31, 2010
Interest Rate:	9.5% per annum, payable in cash, semi-annually, in arrears	7.0% per annum, payable in cash, semi-annually, in arrears
Ranking:	Direct unsecured obligations of the Fund	Direct unsecured obligations of the Fund
Conversion Price:	\$5.90 per Trust Unit	\$12.25 per Trust Unit

	Amended Debentures	Debentures
Redemption:	Will not be redeemable at any time prior to December 31, 2010. From and after December 31, 2010 and prior to maturity, the Amended Debentures will be redeemable in whole or in part at the option of the Fund, on not more than 60 days' and not less than 30 days' prior notice, at \$1,010 per Amended Debenture, plus accrued and unpaid interest.	Will not be redeemable at any time prior to December 31, 2007. From December 31, 2007 and prior to December 31, 2008, the Debentures are redeemable in whole or in part at the option of the Fund, on not more than 60 days' and not less than 30 days' prior notice, at \$1,000 per Debenture, plus accrued and unpaid interest, provided that the Current Market Price of the Trust Units on the date on which the Notice of Redemption is given is not less than 125% of the Conversion Price (as such capitalized terms are defined in the Indenture). From and after December 31, 2008 and prior to maturity, the Debentures will be redeemable in whole or in part at the option of the Fund, on not more than 60 days' and not less than 30 days' prior notice, at \$1,000 per Debenture, plus accrued and unpaid interest.
Listing:	The TSX has conditionally approved the listing of the Amended Debentures under the symbol "CLR.DB.B".	The Debentures trade on the TSX under the symbol "CLR.DB".

BACKGROUND TO AND REASONS FOR THE DEBENTURE AMENDMENTS

Background to the Debenture Amendments

On June 17, 2009, Clearwater Seafoods Limited Partnership ("**Clearwater**") announced that it had completed agreements to successfully refinance and repay approximately \$95.0 million of maturing debt facilities with the proceeds from a new \$60.0 million revolving debt facility and a new \$59.5 million term loan. After having successfully completed this refinancing, and as part of management's and the Board's ongoing review of the Fund's capital structure and financial condition, management and the Board began considering options to deal with the upcoming maturity of the Debentures. At a Board meeting held on November 10, 2009, the Board discussed such options, one of which was amending the Debentures.

From mid November 2009 to late January 2010, management, in conjunction with financial and legal advisors, considered potential terms and the process for the Debenture Amendments.

In January 2010, the Board reviewed the Debenture Amendments and following a thorough analysis of material information and relevant considerations including, but not limited to, the recommendation of management, current and expected performance of the business, capital markets conditions and economic conditions, the Board unanimously resolved to proceed to prepare the Debenture Amendments for submission to the Debentureholders.

On February 2, 2010, the Board unanimously approved the contents of this Circular and the sending of it to the Debentureholders.

Reasons for the Debenture Amendments

Management and the Board regularly review and evaluate the Fund's financial condition and strategic options with a view to enhance securityholder value. The Board and management believe that the proposed Debenture Amendments enhance the Fund's strategy of pursuing long-term value creation for the benefit of its securityholders.

Management and the Board believe that the Debenture Amendments provide a number of compelling and strategic benefits, including, without limitation, the expectation that the Debenture Amendments, if approved by the Debentureholders, would:

- better position the Fund to continue to develop its asset base and improve operating earnings, by allowing management to focus on these initiatives rather than on refinancing activities;
- permit the Fund to capitalize on future external growth opportunities that may materialize;
- permit the Fund's financial and operational performance to be more appropriately valued by investors; and
- refinance the next significant maturing debt component of the Fund's capital structure, thereby reducing refinancing risk, including the risk of potential dilution to securityholders should repayment of the Debentures at maturity be made by delivering Trust Units to holders of the Debentures.

BENEFITS OF THE DEBENTURE AMENDMENTS AND RECOMMENDATION OF THE BOARD

Benefits of the Debenture Amendments

The Board believes that the Debenture Amendments provide a number of benefits to Debentureholders, including:

Higher Interest Rate: The Amended Debentures will have an interest rate of 9.5% compared to a 7.0% interest rate on the Debentures.

Lower Conversion Price: The conversion price of the Amended Debentures will be \$5.90 per Trust Unit, while the conversion price for the Debentures is currently \$12.25 per Trust Unit.

Extended Term: While the maturity date for the Debentures is December 31, 2010, the maturity date for the Amended Debentures will be extended to December 31, 2013, therefore affording Debentureholders a longer period of time during which to receive a higher interest rate and potentially exercise the conversion option.

Not Redeemable until at least December 31, 2010: While the Debentures are currently redeemable by the Fund, the Amended Debentures will not be redeemable prior to December 31, 2010. Holders of the Amended Debentures will therefore have the opportunity to achieve an attractive cash yield for an extended period on a protected basis.

Extension Premium: On redemption or at maturity, the holders of the Amended Debentures will receive \$1,010 per Amended Debenture, which is a 1.0% premium to the current face value of \$1,000 per Debenture.

Recommendation of the Board

The Board has concluded that the Debenture Amendments are in the best interests of the Fund and the Debentureholders and, as such, has authorized submission of the Debenture Amendments to Debentureholders for approval. See "Background to and Reasons for the Debenture Amendments".

In coming to its conclusion and recommendations, the Board considered, among others, the following factors:

1. the purpose and benefits of the Debenture Amendments as outlined herein; and
2. information concerning the financial condition of the Fund.

THE BOARD UNANIMOUSLY RECOMMENDS THAT DEBENTUREHOLDERS CONSENT TO/VOTE FOR THE DEBENTURE AMENDMENTS.

CERTAIN INFORMATION CONCERNING THE FUND AND CLEARWATER**Earnings Coverage Ratios**

The Fund does not consolidate the results of Clearwater's operations but rather accounts for the investment using the equity method. Due to the limited amount of information that this would provide on the underlying operations of Clearwater and its ability to meet interest commitments, the Fund has calculated the earnings coverage ratios based on Clearwater's financial results.

The following earnings coverage ratios are calculated on a consolidated basis both for the 12 month period ended December 31, 2008 and for the 12 month period ended October 3, 2009 and are derived from audited annual financial information for the 12 month period ended December 31, 2008 and interim unaudited financial information for the 12 month period ended October 3, 2009.

The earnings of Clearwater before minority interest, income taxes, reduction in foreign currency translation account, depreciation and amortization, interest on long-term debt, bank interest and charges and other non-routine items (as outlined on page 61 of the 2008 annual report) for the 12 month period ended December 31, 2008 was \$44.1 million, and interest expense was \$19.1 million for a coverage of \$25.0 million and a coverage ratio of 2.3 times. The earnings of the Clearwater before minority interest, income taxes, reduction in foreign currency translation account, depreciation and amortization, interest on long-term debt, bank interest and charges and other non-routine items (as outlined on page 38 of the 2009 third quarter report) for the 12 month period ended October 3, 2009 was \$45.4 million, and interest expense was \$24.3 million for a coverage of \$21.0 million and a coverage ratio of 1.9 times.

Assuming the Amended Debentures are included in long-term debt and their respective carrying charges are included in interest expense, the pro forma earnings of Clearwater before minority interest, income taxes, reduction in foreign currency translation account, depreciation and amortization, interest on long-term debt, bank interest and charges and other non-routine items for the 12 month period ended December 31, 2008 and for the 12 month period ended October 3, 2009 were \$44.1 million and \$45.4 million, respectively. The pro forma interest expense for such periods were \$19.8 million and \$25.0 million, respectively, for a coverage ratio of 2.2 times for the 12 month period ended December 31, 2008 and 1.8 times for the 12 month period ended October 3, 2009.

Consolidated Capitalization of the Fund

The following table sets forth the consolidated capitalization of the Fund as at October 3, 2009, both before and after giving effect to the Debenture Amendments:

Designation (Authorized)	As at October 3, 2009	As at October 3, 2009 after giving effect to the Debenture Amendments (unaudited)
Long-term debt (including convertible debentures)	\$88,169,000	\$88,803,000
Unitholders' Capital Trust Units (unlimited)	\$283,839,000 (27,745,695 Class A Units)	\$283,839,000 (27,745,695 Class A Units)
Special Trust Units (unlimited)	\$- (23,381,217 Class B Units)	\$- (23,381,217 Class B Units)
7.0% Debentures ⁽¹⁾	\$45,000,000	Nil
7.25% Debentures ⁽¹⁾	\$44,389,000	\$44,389,000
Amended Debentures ⁽¹⁾	Nil	\$45,450,000

Notes:

(1) At principal amount including equity component.

The following table sets forth the consolidated capitalization of Clearwater as at October 3, 2009, both before and after giving effect to the Class C Partnership Trust Units:

Designation (Authorized)	As at October 3, 2009	As at October 3, 2009 after giving effect to the Debenture Amendments (unaudited)
Bank indebtedness	\$1,223,000	\$1,223,000
Long-term debt (including convertible debentures)	\$223,882,000	\$224,400,000
Unitholders' Limited Partnership Units (unlimited)	\$164,770,000 (27,745,695 Class A Units)	\$164,770,000 (27,745,695 Class A Units)
Class B Units (unlimited)	\$- (23,381,217 Class B Units)	\$- (23,381,217 Class B Units)
Class C Units ⁽¹⁾⁽²⁾	\$45,000,000	Nil
Class D Units ⁽¹⁾	\$44,389,000	\$44,389,000
Class E Units ⁽¹⁾⁽²⁾	Nil	\$45,450,000

Notes:

(1) At principal amount including equity component.

(2) The Class C limited partnership units ("**Class C Units**") will be replaced with Class E limited partnership units ("**Class E Units**") which will be non-voting and redeemable and retractable at a price of \$5.90 per Class E Unit, subject to certain conditions. They will be converted, redeemed or retracted in a manner that corresponds to any conversion, redemption or repurchase of the Amended Debentures and in a manner that ensures that the distributions on the Class E Units will be able to (indirectly) fund the interest payments on the Amended Debenture

Price Range and Trading Volume of the Fund's Securities**Trust Units**

The outstanding Trust Units are listed on the TSX under the trading symbol "CLR.UN". The following table sets forth the price range and trading volume of the Trust Units as reported by the TSX for the periods indicated.

Period	Price Range		Volume
	High (\$)	Low (\$)	
2008			
January	4.65	3.11	1,023,400
February	3.45	3.12	292,900
March	4.01	3.31	330,300
April	3.85	3.08	323,100
May	3.50	3.31	172,900
June	3.63	3.22	310,300
July	3.64	3.22	308,900
August	4.48	3.25	3,935,100
September	4.46	4.36	2,010,900
October	4.42	1.00	3,245,300
November	2.00	0.43	2,878,700
December	1.02	0.65	1,827,800
Period	Price Range		Volume
	High (\$)	Low (\$)	
2009			
January	0.89	0.76	434,300
February	0.87	0.48	730,800
March	0.72	0.41	347,700
April	0.84	0.57	338,300
May	1.30	0.70	464,500
June	1.30	0.95	471,600
July	1.10	0.93	201,200
August	1.26	1.02	548,200
September	1.12	1.01	518,400
October	1.09	0.90	149,000
November	0.94	0.90	387,800
December	0.92	0.75	811,100
2010			
January	0.95	0.82	232,700

On January 29, 2010, the last day the Trust Units traded prior to the public announcement of the Debenture Amendments, the closing price of the Trust Units on the TSX was \$0.88. On February 4, 2010, the closing price of the Trust Units on the TSX was \$0.90.

Convertible Debentures

Debentures (Due December 31, 2010; Conversion Price \$12.25)

The Debentures are listed and posted for trading on the TSX and trade under the symbol "CLR.DB". The following sets out the price range and trading volume of the Debentures as reported by the TSX for the periods indicated.

Period	Price Range		Volume
	High (\$)	Low (\$)	
2008			
January	93.99	86.00	540,000
February	90.00	86.00	383,000
March	93.50	86.00	340,000
April	92.99	86.01	298,000
May	92.99	89.10	1,107,000
June	90.00	80.00	54,000
July	88.00	75.00	130,000
August	100.50	85.00	5,764,000
September	100.02	99.01	4,527,000
October	99.75	65.00	4,014,000
November	70.00	22.00	1,831,000
December	45.00	25.00	3,591,000

Period	Price Range		Volume
	High (\$)	Low (\$)	
2009			
January	56.00	44.85	360,000
February	58.00	49.00	2,438,000
March	50.00	41.00	260,000
April	61.50	41.05	842,000
May	80.00	65.00	446,000
June	85.00	77.00	1,882,000
July	84.00	80.00	532,000
August	89.00	82.00	249,000
September	87.60	85.00	857,000
October	86.00	85.00	667,000
November	86.74	85.00	1,462,000
December	86.75	85.75	1,660,000
2010			
January	88.75	86.25	2,248,700

On February 1, 2010, the last trading day prior to the public announcement of the Debenture Amendments, the closing price of the Debentures on the TSX was \$89.25. On February 4, 2010, the closing price of the Debentures on the TSX was \$85.00.

Series 2007 Debentures (Due March 31, 2014; Conversion Price \$5.90)

The series 2007 7.25% convertible unsecured subordinated debentures (the "**Series 2007 Debentures**") are listed and posted for trading on the TSX and trade under the symbol "CLR.DB.A". The following sets out the price range and trading volume of the Series 2007 Debentures as reported by the TSX for the periods indicated.

Period	Price Range		Volume
	High (\$)	Low (\$)	
2008			
January	92.00	79.01	1,177,000
February	83.25	80.00	668,000
March	82.99	78.00	996,000
April	82.00	75.00	929,000
May	80.99	77.55	383,000
June	80.00	79.00	177,000
July	82.00	79.51	529,000
August	100.48	79.27	10,804,000
September	100.01	98.76	3,483,000
October	99.75	67.50	3,508,000
November	66.00	25.00	1,785,000
December	42.00	28.00	4,210,000

Period	Price Range		Volume
	High (\$)	Low (\$)	
2009			
January	42.00	34.00	1,893,000
February	42.00	35.00	2,745,000
March	41.00	36.00	234,000
April	48.00	38.00	1,898,000
May	66.00	49.00	417,000
June	69.00	62.50	1,058,000
July	71.00	65.00	245,000
August	72.00	66.00	199,000
September	74.00	72.00	234,000
October	74.99	72.00	2,227,000
November	74.75	72.50	709,000
December	74.00	72.00	749,000
2010			
January	80.00	74.25	906,000

On February 1, 2010, the last trading day prior to the public announcement of the Debenture Amendments, the closing price of the Series 2007 Debentures on the TSX was \$79.25. On February 4, 2010, the closing price of the Series 2007 Debentures on the TSX was \$77.00.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McInnes Cooper, counsel to the Fund, the following is a summary of the anticipated material Canadian federal income tax considerations to Debentureholders arising from and relating to the Debenture Amendments. This summary is applicable to Debentureholders who are, at all relevant times, for purposes of the

Income Tax Act (Canada) (the "**Tax Act**"), resident or deemed to be resident in Canada, deal at arm's length and are not affiliated with the Fund and hold Debentures and any Trust Units acquired on conversion thereof as capital property. Generally, the Debentures and Trust Units will be considered to be capital property to a holder provided that the holder does not hold the Debentures and Trust Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain holders who might not otherwise be considered to hold their Debentures and Trust Units as capital property may be entitled, in certain circumstances, to treat Debentures and Trust Units as capital property by making an irrevocable election under subsection 39(4) of the Tax Act.

This summary does not apply to certain "financial institutions" (as defined in the Tax Act) that are subject to the "mark-to market" rules in the Tax Act or a Debentureholder an interest in which is a "tax shelter investment" (as defined in the Tax Act), or to a Debentureholder to which the "functional currency" reporting rules in subsection 261(4) of the Tax Act apply. Such Debentureholders should consult their own tax advisors.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal, business or tax advice or representations to any particular Debentureholder. Accordingly, Debentureholders should consult their own tax advisors with respect to their particular circumstances, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

No legal opinion from legal counsel or ruling from the Canada Revenue Agency (the "**CRA**") has been requested, or will be obtained, regarding the Canadian federal income tax consequences of the Debenture Amendments to Debentureholders. This summary is not binding on the CRA, and the CRA is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the CRA and the Canadian courts could disagree with one or more of the positions taken in this summary.

This summary is based upon the facts set out in this circular, the current provisions of the Tax Act, all specific proposals (the "**Tax Proposals**") to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and counsel's understanding of the current published administrative practices and assessing policies of the CRA. While this summary assumes that the Tax Proposals will be enacted as currently proposed, no assurance can be given that this will be the case. This summary is not exhaustive of all possible Canadian federal income tax consequences, and does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or changes in administrative policies or assessing practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal or tax advice to any Debentureholder, and no representations with respect to the income tax consequences to any such holder are made. Debentureholders should consult their own tax advisors for advice with respect to the income and capital tax consequences to them of the Debenture Amendments and acquiring, holding and disposing of Debentures and Trust Units, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

This summary does not address any Canadian federal income tax considerations applicable to non-residents of Canada, and non-residents should consult their own tax advisors regarding the tax consequences of holding Debentures and Trust Units and the Debenture Amendments.

Amendment of Debentures

It is not certain whether the Debenture Amendments would result in a disposition of the Debentures for Canadian tax purposes. Canadian jurisprudence has held that the amendment of several fundamental terms of a debt instrument can result in the creation of a new debt obligation in some circumstances, and for certain purposes. Thus, there can be no assurance that the CRA would not treat the Debenture Amendments as a disposition of the Debentures, or that

a Canadian court would agree with the CRA's position. Each Debentureholder should consult its own tax advisor regarding the proper treatment of the Debenture Amendments for Canadian tax purposes.

In the event that the Debenture Amendments do not cause a disposition of the Debentures, then a Debentureholder will not be considered to have disposed of any property for tax purposes, and will have no adverse Canadian tax consequences at the Effective Time.

In the event that the Debenture Amendments do cause a disposition of the Debentures, a Debentureholder will be deemed to have received proceeds of disposition equal to the fair market value of the Debentures owned by the Debentureholder at the Effective Time. The Debentureholder will recognize a capital gain (or loss) on the disposition equal to the amount by which the Debentureholder's proceeds of disposition, net of any reasonable costs of disposition, are greater than (or less than) the adjusted cost base to the Debentureholder of the Debentures owned at the Effective Time. See "Taxation of Capital Gains and Losses". The cost of the Debentures to the Debentureholder after the Effective Time will be equal to the fair market value of the Debentures at the Effective Time.

Taxation of Debentureholders

Interest on Debentures

A Debentureholder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the Debentures that accrues or is deemed to accrue to the holder to the end of the particular taxation year or that has become receivable by or is received by the holder before the end of that taxation year, except to the extent that such interest was included in computing the holder's income for a preceding taxation year.

Any other Debentureholder will be required to include in computing income for a taxation year all interest on the Debentures that is received or receivable by the holder in that taxation year (depending upon the method regularly followed by the holder in computing income), except to the extent that the interest was included in the holder's income for a preceding taxation year. In addition, if at any time a Debenture should become an "investment contract" (as defined in the Tax Act) in relation to the holder, such holder will be required to include in computing income for a taxation year any interest that accrues to the holder on the Debenture up to any "anniversary day" (as defined in the Tax Act) in that year except to the extent such interest was otherwise included in the holder's income for that year or a preceding year.

A Debentureholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on its investment income for the year, which generally includes interest income.

Exercise of Conversion Privilege

A Debentureholder who exchanges a Debenture for Trust Units pursuant to the conversion privilege will be considered to have disposed of the Debenture at that time for proceeds of disposition equal to the aggregate of the fair market value of the Trust Units so acquired at the time of the exchange and the amount of any cash received in lieu of fractional Trust Units. Upon disposition, any interest paid to a holder, or interest that has accrued on the Debenture to the date of disposition and which would otherwise be payable after that date, must be included in computing the income of the holder, except to the extent that it was included in computing the income of the holder for that or a previous taxation year. A holder will generally realize a capital gain (or capital loss) equal to the amount by which the holder's proceeds of disposition are greater (or less) than the adjusted cost base to the Debentureholder and any reasonable costs of disposition. See "Taxation of Capital Gains and Losses".

The cost to the holder of the Trust Units so acquired will be equal to their fair market value at the time of the exchange and must be averaged with the adjusted cost base of all other Trust Units held by the holder as capital property for the purpose of calculating the adjusted cost base of such Trust Units to the holder.

Redemption or Repayment of Debentures

If the Fund redeems a Debenture prior to the Maturity Date or repays a Debenture upon the Maturity Date and the holder does not exercise the conversion privilege prior to such redemption or repayment, the holder will be considered to dispose of the Debenture at that time for proceeds of disposition equal to the amount received by the holder (other than the amount received as interest) on such redemption or repayment. If the holder receives Trust Units on redemption or repayment, the holder will be considered to receive proceeds of disposition equal to the fair market value at the time of the redemption or repayment of the Trust Units so received and the amount of any cash received in lieu of fractional Trust Units. Upon disposition, any interest paid to a holder, or interest that has accrued on the Debenture to the date of disposition and which would otherwise be payable after that date, must be included in computing the income of the holder, except to the extent that it was included in computing the income of the holder for that or a previous taxation year. A holder will generally realize a capital gain (or capital loss) equal to the amount by which the holder's proceeds of disposition are greater (or less) than the adjusted cost base to the holder of the Debenture and any reasonable costs of disposition. See "Taxation of Capital Gains and Losses".

It is not certain whether the increase in the principal to be paid on redemption or at maturity by \$10 per \$1,000 of face value from \$1,000 to \$1,010 will be considered "interest" for Canadian tax purposes. Jurisprudence has held that the payment of an amount upon maturity in excess of the amount for which the Debentures were originally issued to increase the actual cost of borrowing to a commercially reasonable rate may be considered to be in the nature of interest. If the increase in the principal to be paid on redemption or at maturity is considered to be made to compensate for the capital and market risk of the Debentureholder then the amount may not be considered to be in the nature of interest. Thus, there can be no assurance that the CRA would not treat the increase in the principal to be paid on redemption or at maturity as interest, or that a Canadian court would agree with the CRA's position. Each Debentureholder should consult its own tax advisor regarding the proper treatment of the increase in the principal to be paid on redemption or at maturity for Canadian tax purposes.

In the event that the increase in the principal to be paid on redemption or at maturity is considered "interest" then the amount will be included in the income of the Debentureholder. See "Taxation of Debentureholders – Interest on Debentures". In the event that the increase in the principal to be paid on redemption or at maturity is not considered "interest" then the amount will be included in the proceeds of disposition of the Debentureholder upon redemption or maturity. See "Taxation of Capital Gains or Losses"

Other Disposition of Debentures

A disposition or deemed disposition by a holder of a Debenture (other than on a conversion, redemption or repayment) will generally result in the holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition are greater (or less) than the aggregate of the holder's adjusted cost base thereof and any reasonable costs of disposition. See "Taxation of Capital Gains and Losses".

Upon such a disposition or deemed disposition of a Debenture, interest accrued thereon to the date of disposition and not yet due will be included in computing the holder's income, except to the extent such amount was otherwise included in the holder's income, and will be excluded in computing the holder's proceeds of disposition of the Debentures.

Taxation of Capital Gains and Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a holder in a taxation year must be included in the income of the holder for the year, and one-half of any capital loss (an "**allowable capital loss**") realized by a holder in a taxation year may be deducted from taxable capital gains realized by the holder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net capital gains realized in such years to the extent and under the circumstances described in the Tax Act.

A holder that throughout the relevant taxation year is a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on certain investment income, including interest and taxable capital gains. Capital gains realized by a holder who is an individual may give rise to a liability for alternative minimum tax.

MANAGEMENT CONTRACTS

Administration Agreement

The Fund is administered by Clearwater pursuant to the Administration Agreement.

Under the terms of the Administration Agreement, Clearwater, through its managing general partner, CS ManPar Inc., provides (for no additional consideration, other than payment to Clearwater of out-of-pocket expenses for provision of such services) administrative and financial support services to the Fund, including those necessary to (i) ensure compliance by the Fund with continuous disclosure obligations under applicable securities legislation; (ii) provide investor relations services; (iii) provide or cause to be provided to unitholders of the Fund ("**Unitholders**") all information to which Unitholders are entitled under the Declaration of Trust, including relevant information with respect to income taxes; (iv) call and hold meetings of Unitholders and distribute required materials, including notices of meeting and information circulars, in respect of all meetings; (v) provide for the calculation of distributions to holders of Trust Units; (vi) attend to all administrative and other matters arising in connection with any redemption of Trust Units; and (vii) ensure compliance with the Fund's limitations on non-resident ownership.

GENERAL PROXY AND DEBENTUREHOLDER MEETING MATTERS

Solicitation of Proxies and Voting Instructions

This Circular is furnished in connection with the solicitation of proxies and voting instructions from Debentureholders to be used at the Debentureholder Meeting. It is expected that the solicitation will be made primarily by mail, but proxies and voting instructions may also be solicited personally by representatives of the Fund.

The solicitation of proxies and voting instructions by this Circular is being made by or on behalf of the representatives of the Fund. The Fund has engaged the services of Cormark Securities Inc. to provide solicitation services in connection with the Debentureholder Meeting. TD Securities Inc. has also been engaged to solicit certain Debentureholders. The total cost of the solicitation of proxies and voting instructions will be borne by the Fund.

Dealer Manager and Soliciting Dealer Group

Cormark Securities Inc. has been retained by the Fund to act as soliciting dealer (the "**Dealer Manager**") to the Fund on various aspects of the Debenture Amendments. The Dealer Manager has undertaken to form a soliciting dealer group comprising members of the Investment Industry Regulatory Organization of Canada and members of Canadian stock exchanges to solicit votes regarding the Debenture Amendments. The Fund has agreed to pay to each soliciting dealer solicitation fees. No solicitations will be made in the United States, nor will any solicitation fees be payable in respect of consents by U.S. Debentureholders.

Beneficial Debentureholders

The Debentures have been issued in the form of global certificates registered in the name of CDS & Co. As such, CDS & Co. is the sole registered holder of Debentures. Accordingly, substantially all Debentureholders do not hold their Debentures in their own name. Such Debentures are held by such Debentureholders through one or more intermediaries (such as a bank, trust company, securities dealer or broker, or trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan).

Only registered Debentureholders, or their duly appointed proxyholders, are permitted to attend and vote at the Debentureholder Meeting or to appoint or revoke a proxy. If you are a beneficial owner, you are entitled to: (i) direct

how the Debentures beneficially owned by you are to be voted, or (ii) obtain a legal form of proxy that will entitle you to attend and vote at the Debentureholder Meeting.

Applicable Canadian securities laws require the Fund to forward meeting materials to depositories and other intermediaries for onward distribution to beneficial owners who have not waived their right to receive such materials and to seek voting instructions from such beneficial Debentureholders in advance of the Debentureholder Meeting. Typically, intermediaries will use a service company (such as Broadridge Financial Solutions, Inc.) to forward the meeting materials to, and to obtain voting instructions from, beneficial owners.

If you are a beneficial Debentureholder, you will receive either a voting instruction form or a form of proxy with your meeting materials. The purpose of these documents is to permit you to direct the voting of the Debentures you beneficially own. **Every broker and other intermediary has its own mailing procedures and provides its own return instructions. You should follow the instructions on the document you receive from your broker or other intermediary and the procedures set out below, depending on what type of document you receive.**

Request for Voting Instructions

If you do not wish to, or are unable to, attend the Debentureholder Meeting (or want another person who need not be a Debentureholder attend and vote on your behalf), you should complete, sign and return the enclosed request for voting instructions in accordance with the directions provided. You may revoke your voting instructions at any time by written notice to your intermediary, except that an intermediary is not required to honour the revocation unless it is received at least seven days before the Debentureholder Meeting.

If you wish to attend the Debentureholder Meeting and vote in person (or have another person who need not be a Debentureholder attend and vote on your behalf), you must complete, sign and return the enclosed request for voting instructions in accordance with the directions provided and a legal form of proxy will be sent to you giving you (or such other person) the right to attend and vote at the Debentureholder Meeting. If you seek a legal form of proxy, you should follow the directions below under the heading "Beneficial Debentureholders – Form of Proxy".

Form of Proxy

The form of proxy may be signed by your intermediary (typically by a facsimile, stamped signature) and completed to indicate the number of Debentures beneficially owned by you. If the form of proxy has not been completed, it is being used by your intermediary to obtain voting instructions only, in which case you should follow the instructions set forth under "Beneficial Debentureholders – Request for Voting Instructions".

If the form of proxy is completed and you do not wish to, or are unable to, attend the Debentureholder Meeting you should complete the form of proxy and deposit it in accordance with the instructions set out in the section titled "Registered Debentureholders" below. If you wish to attend the Debentureholder Meeting, you must strike out the names of the persons named in the form of proxy and insert your name in the blank space provided. To be valid, proxies must be completed and returned to the Debenture Trustee in the manner and with the times set forth under "Registered Debentureholders – Appointment of Proxies". You must register with the Debenture Trustee when you arrive at the Debentureholder Meeting.

You should follow the instructions on the document that you have received and contact your intermediary promptly if you need assistance.

Registered Debentureholders

If you are a registered Debentureholder, you may vote in person at the Debentureholder Meeting or you may appoint another person to represent you as your proxyholder to vote your Debentures on your behalf. If you wish to attend the Debentureholder Meeting **do not** complete or return the enclosed form of proxy because you will vote in person at the Debentureholder Meeting. Please register with the Debenture Trustee when you arrive at the Debentureholder Meeting.

Appointment of Proxies

If you are a registered Debentureholder and do not wish to, or are unable to, attend the Debentureholder Meeting you can exercise your right to vote by completing, signing and returning a form of proxy for the Debentures to Computershare Trust Company of Canada by: (i) facsimile to (416) 263-9524 (Toronto or outside of North America) or 1-866-249-7775 (North America); or (ii) by mail or delivery in person to Computershare Trust Company of Canada at 100 University Avenue, 9th Floor, North Tower, Toronto, Ontario, M5J 2Y1, in each case so as to ensure that the applicable form(s) of proxy arrives not later than 10:00 a.m. (Atlantic Standard time), on March 12, 2010 or, if the Debentureholder Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned Debentureholder Meeting.

The individuals named in the enclosed form of proxy are representatives of the Fund or its affiliates. **You have the right to appoint someone else to represent you at the Debentureholder Meeting and may do so by inserting that other person's name in the blank space in the form of proxy for the Debentureholder Meeting. The person you appoint to represent you at the Debentureholder Meeting need not be another Debentureholder.**

Revocation of Proxies

If you have submitted a form of proxy and later wish to revoke it, you can do so by:

- (a) completing and signing the applicable form of proxy bearing a later date and depositing it with Computershare Trust Company of Canada as described above;
- (b) depositing a document that is signed by you (or by someone you have properly authorized to act on your behalf): (i) at the registered office of the Fund, 757 Bedford Highway, Bedford, Nova Scotia, B4A 3Z7 to the attention of the "Chairman of the Board of Trustees", at any time up to the last Business Day preceding the day of the Debentureholder Meeting or any adjournment thereof, at which the form of proxy is to be used; or (ii) with the chairman of the Debentureholder Meeting before the meeting starts on the day of the meeting or any adjournment thereof; or
- (c) following any other procedure that is permitted by law.

Only registered Debentureholders have the right to revoke a proxy. Beneficial Debentureholders who wish to change their vote must make appropriate arrangements with their brokers or other intermediaries. See "Beneficial Debentureholders".

Voting of Proxies

In connection with any ballot that may be called for, the representatives designated in the enclosed form of proxy will vote the Debentures represented thereby for or against the Debentureholder Resolution in accordance with the instructions indicated on the form of proxy and, if a choice is specified with respect to any matter to be acted upon, the Debentures will be voted accordingly. In the absence of any direction, the Debentures will be voted FOR the Debentureholder Resolution.

The representatives designated in the enclosed form of proxy have discretionary authority with respect to amendments to or variations of matters identified in the Notice of Serial Meeting of Debentureholders and with respect to other matters that may properly come before the Debentureholder Meeting.

At the date of this Circular, representatives of the Fund know of no such amendments, variations or other matters.

Quorum and Votes Necessary to Pass the Debentureholder Resolution

Under the Indenture, the quorum necessary for the transaction of business at the Debentureholder Meeting consists of one or more Debentureholders present in person or by proxy and representing at least 25% in principal amount of the outstanding Debentures. For the Debentureholder Resolution to be adopted in respect of a series of Debentures in accordance with the provisions of the Indenture, it must be approved by the holders of not less than 66^{2/3}% of the

principal amount of the Debentures, present or represented by proxy at the Debentureholder Meeting and entitled to vote on the Debentureholder Resolution.

Interest of Certain Persons or Companies in Matters to be Acted Upon

Except as otherwise disclosed in this Circular, no Trustee or executive officer of the Fund at any time since the beginning of the Fund's last financial year nor any of their respective associates or affiliates, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise in any matter to be acted upon at the Debentureholder Meeting.

Voting Securities and Principal Holders of Voting Securities

As at the date hereof, the Fund has outstanding \$45,000,000 principal amount of the Debentures. Each Debentureholder present in person or represented by proxy at the Debentureholder Meeting shall be entitled to one vote in respect of each \$1,000 principal amount of Debentures held by such Debentureholder. Any holder of record of Debentures at the close of business on the Record Date is entitled to vote the Debentures registered in his or her name at that date on each matter to be acted upon at the Debentureholder Meeting.

To the knowledge of the Trustees and executive officers of the Fund, no person or company beneficially owns, or controls or directs, directly or indirectly, Debentures carrying 10% or more of the voting rights attached to the outstanding principal amount of the Debentures.

Interest of Informed Persons in Material Transactions

Except as otherwise disclosed in this Circular, no "informed person" (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Fund, or any associate or affiliate of any informed person of the Fund, had any material interest, direct or indirect, in any transaction since the commencement of the Fund's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Fund or any of its subsidiaries.

Other Business

Management of the Administrator does not currently know of any matters to be brought before the Debentureholder Meeting other than those set forth in the Notice of Serial Meeting of Debentureholders accompanying this Circular.

POTENTIAL CANCELLATION OF DEBENTUREHOLDER MEETING

Written Consent in Lieu of a Debentureholder Meeting

IF THE ACCOMPANYING WRITTEN CONSENT AND FORM OF PROXY IS COMPLETED BY HOLDERS OF AT LEAST 66^{2/3}% OF THE PRINCIPAL AMOUNT OF THE DEBENTURES PRIOR TO THE DEBENTUREHOLDER MEETING, THE DEBENTURE AMENDMENTS WILL BE APPROVED AND THE FUND WILL CANCEL THE DEBENTUREHOLDER MEETING.

The Fund or its representatives will seek the execution of the Written Consent and Form of Proxy in lieu of holding the Debentureholder Meeting.

The Indenture provides, among other things, that any action which may be taken and all powers that may be exercised by Debentureholders at a meeting may also be taken and exercised by an instrument in writing signed by the holders of not less than 66^{2/3}% of the principal amount of outstanding Debentures. Accordingly, the Fund or its representatives may be soliciting signed instruments in writing in the form of the Written Consent and Form of Proxy in advance of the Debentureholder Meeting. If signed instruments in writing are obtained from holders of not less than 66^{2/3}% of the principal amount of the Debentures before the Debentureholder Meeting, the Fund will cancel the Debentureholder Meeting. If the Fund elects to proceed in this manner, instruments in writing signed by the Debentureholders in accordance with the provisions of the Indenture shall be binding upon all Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Debenture Trustee shall be bound to give effect accordingly to such Debentureholder Resolution and instruments in writing.

ADDITIONAL INFORMATION

Additional information relating to the Fund is available on SEDAR at www.sedar.com. Financial information in respect of the Fund is provided in the Fund's annual audited consolidated financial statements as at and for the financial year ended December 31, 2008 and interim unaudited consolidated financial statements as at and for the period ended October 3, 2009, and the related management's discussion and analysis ("**MD&A**"). Copies of the Fund's financial statements and MD&A are available upon request from the Fund by: (i) mail at 757 Bedford Highway, Bedford, Nova Scotia, B4A 3Z7; (ii) telephone at (902) 457-2369; or (iii) fax at (902) 443-7797.

TRUSTEES' APPROVAL

The contents of this Circular and its sending to Debentureholders have been approved by the Board of Trustees.

DATED at Halifax, Nova Scotia, the 4th day of February, 2010.

By Order of the Board of Trustees,

(Signed) THOMAS D. TRAVES
Chairman of the Board of Trustees

APPENDIX "A"

DEBENTUREHOLDER RESOLUTION

Capitalized terms herein have the meanings ascribed thereto in the management information circular of Clearwater Seafoods Income Fund (the "**Fund**") dated February 4, 2010 ("**Circular**").

BE IT RESOLVED as an Extraordinary Resolution that:

- (a) the amendments to the trust indenture dated June 15, 2004 (the "**Indenture**") among the Fund and Computershare Trust Company of Canada (the "**Debenture Trustee**") governing the 7.0% convertible unsecured subordinated debentures due December 31, 2010 (the "**Debentures**"), as described in the Circular and as set forth in the supplemental trust indenture (the "**Supplemental Indenture**") substantially in the form attached as Appendix "B" to the Circular are hereby approved and authorized;
- (b) the Debenture Trustee is hereby authorized and directed to concur in, execute and deliver one or more Supplemental Indentures to the Indenture which give effect to the amendments to the Indenture as substantially set out in **Appendix "B"** to the Circular and all amendments incidental or ancillary thereto;
- (c) the Debenture Trustee is hereby authorized and directed to execute and to cause to be executed on behalf of the holders of the Debentures or to deliver or cause to be delivered all such documents, agreements and instruments and to do or cause to be done all such other acts and things as the Fund and the Administrator and their advisors shall determine to be necessary or desirable to carry out the intent of this Extraordinary Resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document, agreement or instrument or the doing of any such act or thing;
- (d) notwithstanding that this Extraordinary Resolution has been passed by the holders of the Debentures the Fund is authorized, without further notice to or approval of the holders of the Debentures, to (i) amend the Supplemental Indenture, or (ii) not proceed with the transactions contemplated by the entering into of the Supplemental Indenture;
- (e) any officer or trustee of the Fund is hereby authorized and directed to execute and deliver all documents and to do all other acts or things as such individual may, in his or her sole discretion, determine to be appropriate from time to time to give effect to the foregoing, such determination to be conclusively evidenced by the execution and delivery by such individual of such documents or the doing of such other acts or things; and
- (f) the Debenture Trustee is hereby authorized and directed to execute and deliver all documents and to do all other acts or things as the Debenture Trustee may determine to be necessary or appropriate from time to time to give effect to the foregoing, such determination to be conclusively evidenced by the execution and delivery by the Debenture Trustee of such documents or the doing of such other acts or things.

APPENDIX "B"

FORM OF SECOND SUPPLEMENTAL TRUST INDENTURE

This Second Supplemental trust indenture is entered into as of the ● day of ●, 2010 among:

CLEARWATER SEAFOODS INCOME FUND, an unincorporated, open-ended limited purpose trust governed under the laws of the Province of Ontario and having its head office in the City of Bedford, in the Province of Nova Scotia (hereinafter called the "**Fund**")

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company incorporated under the federal laws of Canada having an office in the City of Toronto, in the Province of Ontario in its capacity as Trustee under a trust indenture dated June 15, 2004 with the Fund (hereinafter called the "**Debenture Trustee**")

WITNESSETH THAT:

WHEREAS the Fund and the Debenture Trustee entered into (i) a trust indenture (the "**Principal Indenture**") dated June 15, 2004 to provide for the creation and issuance of 7.0% convertible unsecured debentures due December 31, 2010 for the Fund's investment purposes (the "**Debentures**") and (ii) a first supplemental trust indenture (the "**First Supplemental Indenture**") dated March 9, 2007 to provide for the creation and issuance of Series 2007 7.25% convertible unsecured subordinated debentures due March 31, 2014 (the "**2014 Debentures**") (the Principal Indenture and First Supplemental Indenture are, collectively, the "**Indenture**");

AND WHEREAS Article 15 of the Principal Indenture provides that the Debenture Trustee and the Fund may enter into indentures supplemental to the Indenture to give effect to any action by, or any direction from, the Debentureholders permitted any Extraordinary Resolution (as defined in the Indenture) passed as provided in Article 12 of the Principal Indenture;

AND WHEREAS the holders of the Debentures have approved an Extraordinary Resolution to provide for certain amendments to the Debentures and to enter into this second supplemental trust indenture (this "**Supplemental Indenture**") with the Debenture Trustee to provide for such amendments, which Supplemental Indenture and Indenture will govern the terms of the Debentures;

AND WHEREAS all necessary acts and proceedings have been done and taken and all necessary resolutions have been passed, including an Extraordinary Resolution to authorize the execution and delivery of this Supplemental Indenture, to make the same effective and binding upon the Fund, and to amend the Debentures, when authenticated by the Debenture Trustee and issued as provided in the Indenture and this Supplemental Indenture, valid, binding and legal obligations of the Fund with the benefit and subject to the terms of the Indenture and this Supplemental Indenture;

NOW THEREFORE it is hereby covenanted, agreed and declared as follows:

ARTICLE 1. DEFINITIONS AND AMENDMENTS TO INDENTURE

Section 1.01 Definitions

All capitalized terms not defined herein shall have the meanings given to them in the Indenture.

Section 1.02 Amendments to Indenture

This Supplemental Indenture is supplemental to the Indenture and shall hereafter be read together and shall have effect, so far as practicable, with respect to the Debentures as if all the provisions of the Indenture and this Supplemental Indenture were contained in one instrument. The Indenture is and shall remain in full force and effect with regards to all matters governing the Debentures, except as the Indenture is amended, superseded, modified or supplemented by this Supplemental Indenture. Except as otherwise set forth in this Supplemental Indenture, any references in the text of this Supplemental Indenture to section numbers, article numbers, "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions refer to the Indenture unless otherwise qualified.

ARTICLE 2. THE DEBENTURES

Section 2.01 Terms of Debentures

The terms of the Debentures as set forth in the Principal Indenture is amended by deleting Sections 2.4(a) through (i) of the Indenture and replacing such Sections with the following Sections 2.4(a) through (i) as follows:

- (a) The Debentures are limited to an aggregate principal amount of \$45,450,000 Debentures which shall be designated as "Series 2010, 9.5% Convertible Unsecured Subordinated Debentures".
- (b) The Debentures shall be dated as of ●, 2010, and shall bear interest from such date at the rate of 9.5% per annum, payable in semi-annual payments on June 30 and December 31 in each year, the first such payment to fall due on June 30, 2010 and the last such payment (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date of the Debentures), subject as hereinafter provided, to fall due on December 31, 2013, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually. For certainty, subject to adjustment as hereinafter provided, the first interest payment will include interest accrued from ●, 2010 to, but excluding, June 30, 2010, which will be equal to \$● for each \$1,010 principal amount of the Debentures.
- (c) The Debentures will be redeemable at the option of the Fund in accordance with the terms of Article 4, provided that the Debentures will not be redeemable on or before December 31, 2010, except in the event of the satisfaction of certain conditions after a Change of Control has occurred as outlined herein. On and after December 31, 2010 but prior to the Maturity Date, the Debentures may be redeemed at the option of the Fund in whole or in part from time to time on notice as provided for in Section 4.3. In such event, the Debentures will be redeemable at a Redemption Price equal to \$1,010 per Debenture and, in addition thereto, at the time of redemption, the Fund shall pay to the holder accrued and unpaid interest up to but excluding the Redemption Date. The Redemption Notice for the Debentures shall be in the form of Schedule "B" to this Supplemental Indenture. In connection with the redemption of the Debentures, the Fund may, at its option and subject to the provisions of Section 4.6 and subject to regulatory approval, elect to satisfy its obligation to pay all or a portion of the aggregate Redemption Price of the Debentures to be redeemed by issuing and delivering to the holders of such Debentures, such number of Freely Tradeable Trust Units as is obtained by dividing the Redemption Price by 95% of the Current Market Price in effect on the Redemption Date, provided that no fractional Trust Units will be issued on such redemption but in lieu thereof the Fund shall satisfy such fractional interests by a cash payment equal to the Current Market Price of a fractional interest. Interest accrued and unpaid on the Debentures on the Redemption Date will be paid to holders of Debentures, in cash, in the manner contemplated in Section 4.5. If the Fund elects to exercise such option, it shall so specify and provide details in the Redemption Notice.
- (d) The Debentures will be direct unsecured obligations of the Fund and will be subordinated to the Senior Indebtedness of the Fund in accordance with the provisions of Article 5.

- (e) Upon and subject to the provisions and conditions of Article 6, and upon delivering a conversion notice in the form attached to this Supplemental Indenture as Schedule "D", the holder of each Debenture shall have the right at such holder's option, at anytime when the register of the Debenture Trustee is open, prior to the close of business on December 31, 2013, as applicable, and the last Business Day immediately preceding the date specified by the Fund for redemption of the Debentures by notice to the holders of Debentures in accordance with Section 2.4(c) of this Supplemental Indenture and Section 4.3 of the Principal Indenture (the earlier of which will be the "**Time of Expiry**" for the purposes of Article 6 in respect of the Debentures), to convert any part, which is \$1,010 or an integral multiple thereof, of the principal amount of such Debenture into Trust Units at the Conversion Price in effect on the Date of Conversion.

The Conversion Price in effect on the date hereof for each Trust Unit to be issued upon the conversion of Debentures shall be equal to \$5.90 per Trust Unit such that approximately 171.1864 Trust Units shall be issued for each \$1,010 principal amount of Debentures so converted. No adjustment in the number of Trust Units to be issued upon conversion will be made for distributions (with a record date prior to the applicable Date of Conversion) on Trust Units issuable upon conversion or for interest accrued on the Debentures which are surrendered for conversion; however, holders converting their Debentures will receive all interest which has accrued to but excluding the Date of Conversion which has not been paid. The Conversion Price applicable to and the Trust Units, securities or other property receivable on the conversion of the Debentures is subject to adjustment pursuant to the provisions of Section 6.5.

Notwithstanding any other provisions of this Indenture, if a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the Person or Persons entitled to receive Trust Units in respect of the Debenture so surrendered for conversion shall not become the holder or holders of record of such Trust Units until the Business Day following such Interest Payment Date.

- (f) On maturity of the Debentures, the Fund may, at its option and subject to the provisions of Section 4.10 of the Principal Indenture and subject to regulatory approval, elect to satisfy its obligation to pay all or a portion of the aggregate principal amount of the Debentures due on maturity by issuing and delivering to such holders of Debentures Freely Tradeable Trust Units pursuant to the provisions of such Section 4.10. If the Fund elects to exercise such option, it shall deliver a Maturity Notice to the holders of the Debentures in the form of Schedule "C" to this Supplemental Indenture and provide the necessary details.
- (g) The Debentures shall be issued as Fully Registered Debentures in denominations of \$1,010 and integral multiples of \$1,010. Each Debenture and the certificate of the Debenture Trustee endorsed thereon shall be issued in substantially the form set out in Schedule "A" to this Supplemental Indenture, with such insertions, omissions, substitutions or other variations as shall be required or permitted by this Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of the Indenture or this Supplemental Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the trustees of the Fund or the directors of CS ManPar (as managing partner of CSLP) (on behalf of the Fund) executing such Debenture in accordance with Section 2.7 of the Principal Indenture, as conclusively evidenced by their execution of a Debenture. Each Debenture shall additionally bear such distinguishing letters and numbers as the Debenture Trustee shall approve. Notwithstanding the foregoing, a Debenture may be in such other form or forms as may, from time to time, be approved by a resolution of the trustees of the Fund or the directors of CS ManPar (as managing partner of CSLP) (on behalf of the Fund) or as specified in an Officer's Certificate. The Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another.

The Debentures shall be issued as Global Debentures and the Global Debentures will be registered in the name of the Depository for the Debentures which shall be CDS Clearing and Depository Services Inc. The Global Debentures shall be registered in the name of CDS Clearing and Depository Services Inc. (or any nominee of the Depository). No beneficial holder will receive definitive certificates representing their interest in Debentures except as provided in Section 3.2 of the Principal Indenture. A Global Debenture may be exchanged for Debentures in registered form that are not Global Debentures, or transferred to and registered in the name of a person other than the Depository for such Global Debentures or a nominee thereof as provided in such Section 3.2. Effective on the date hereof, the Global Debentures issued in respect of the Debentures shall be cancelled and replaced with the Global Debentures referred to in this Section 2.1(g).

- (h) Within 30 days following the occurrence of a Change of Control, and subject to the provisions and conditions of this Section 2.4(h), the Fund shall be obligated to offer to purchase the then outstanding Debentures. The terms and conditions of such obligation are set forth below:
 - (i) Within 30 days following the occurrence of a Change of Control, the Fund shall deliver to the Debenture Trustee, and the Debenture Trustee shall promptly deliver to the holders of the Debentures a notice stating that there has been a Change of Control and specifying the circumstances surrounding such event (a "**Change of Control Notice**") together with an offer in writing (the "**Offer**") to purchase all then outstanding Debentures made in accordance with the requirements of Applicable Securities Legislation at a price equal to 101.0% of the principal amount thereof plus accrued and unpaid interest, if any, on such Debentures up to, but excluding, the date of acquisition by the Fund or a related party of such Debentures (the "**Offer Price**") which Offer shall, unless otherwise provided under Applicable Securities Legislation, be open for acceptance thereof for a period of not less than 35 days and not more than 60 days and shall provide for payment to all Debentureholders who accept the Offer not later than the 60th day after the making of the Offer. The Change of Control Notice shall specify (i) the provision of the Indenture pursuant to which the Offer is being made and that all Debentures validly tendered will be accepted for payment; (ii) the Offer Price and date of acquisition by the Fund; (iii) that any Debenture not tendered will continue to accrue interest in accordance with its terms; (iv) that any Debenture accepted for payment pursuant to the Offer shall cease to accrue interest from and after the date of acquisition by the Fund unless the Fund defaults in the payment of the Offer Price; (v) that Debentureholders electing to have an Debenture purchased pursuant to the Offer will be required to surrender the Debenture to the Debenture Trustee at the address specified in the notice prior to the close of business on the Business Day immediately preceding the date of acquisition by the Fund or, in the case of the Global Debenture, that the purchase will take place in such manner as may be agreed upon by the Depository, the Debenture Trustee and the Fund and specified in the Offer; and (vi) that Debentureholders will be entitled to withdraw their election if the Debenture Trustee receives, not later than the close of business on the third Business Day immediately preceding the date of acquisition by the Fund, a facsimile transmission or letter setting forth the name of such Debentureholder, the principal amount of Debentures delivered for purchase and a statement that such Debentureholder is withdrawing his or her election to have such Debentures purchased.
 - (ii) If 90% or more in aggregate principal amount of the Debentures outstanding on the date the Fund provides the Change of Control Notice and the Offer to holders of the Debentures have been tendered for purchase pursuant to the Offer on the expiration thereof, the Fund has the right and obligation upon written notice provided to the Debenture Trustee within 10 days following the expiration of the Offer, to redeem and shall redeem all the Debentures remaining outstanding on the expiration of the Offer at the Offer Price (the "**90% Redemption Right**").

- (iii) Upon receipt of notice that the Fund has exercised or is exercising the 90% Redemption Right and is acquiring the remaining Debentures, the Debenture Trustee shall promptly provide written notice to each Debentureholder that did not previously accept the Offer that:
- (A) the Fund has exercised the 90% Redemption Right and is purchasing all outstanding Debentures effective on the expiry of the Offer at the Offer Price for such remaining Debentures, and shall include a calculation of the amount payable to such holder as payment of the Offer Price;
 - (B) each such holder must transfer their Debentures to the Debenture Trustee on the same terms as those holders that accepted the Offer and must send their respective Debentures, duly endorsed for transfer, to the Debenture Trustee within 10 days after the sending of such notice; and
 - (C) the rights of such holder under the terms of the Debentures, the Indenture and this Supplemental Indenture cease to be effective as of the date of expiry of the Offer provided the Fund has, on or before the time of notifying the Debenture Trustee of the exercise of the 90% Redemption Right, paid the aggregate Offer Price to, or to the order of, the Debenture Trustee and thereafter such Debentures shall not be considered to be outstanding and the holder shall not have any right except to receive such holder's Offer Price upon surrender and delivery of such holder's Debentures in accordance with the Indenture.

The form of notice to be provided to each Debentureholder that did not previously accept the Offer shall be prepared by the Fund or counsel to the Fund, and the Debenture Trustee shall not be responsible for calculating any amount payable to such holders.

- (iv) The Fund shall, on or before 11:00 a.m., (Toronto time), on the date of the expiry of the Offer, deposit with the Debenture Trustee or any paying agent to the order of the Debenture Trustee by electronic transfer or certified cheque, such sums of money as may be sufficient to pay the aggregate Offer Price for each Debenture to be purchased or redeemed by the Fund on the expiry of the Offer. The Fund shall also deposit with the Debenture Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Debenture Trustee in connection with such purchase and/or redemption, as the case may be. Every such deposit shall be irrevocable. From the sums so deposited, the Debenture Trustee shall pay or cause to be paid to the holders of such Debentures, the Offer Price for each such Debenture to which they are entitled on the Fund's purchase or redemption. For greater certainty, the Fund shall not be permitted to satisfy the Offer Price payable pursuant to an Offer or the exercise of the 90% Redemption Right through the issuance of Trust Units.
- (v) In the event that one or more of such Debentures being purchased in accordance with this Section 2.4(h) becomes subject to purchase in part only, upon surrender of such Debentures for payment of the Offer Price for each such Debenture, the Fund shall execute and the Debenture Trustee shall certify and deliver without charge to the holder thereof or upon the holder's order, one or more Debentures for the portion of the principal amount of the Debentures not purchased.
- (vi) Debentures for which holders have accepted the Offer and Debentures which the Fund is redeeming in accordance with this Section 2.4(h) shall become due and payable at the Offer Price for each such Debenture on the date of expiry of the Offer or, where the Fund has elected to redeem in accordance with this Section 2.4(h), on the date prescribed in the notice provided pursuant to subsection 2.4(h)(iii), in the same manner and with the same effect as if it were the date of maturity specified in such Debentures, anything therein or

herein to the contrary notwithstanding, and from and after such date of expiry of the Offer, if the money necessary to purchase or redeem the Debentures shall have been deposited as provided in this Section 2.4(h) and affidavits or other proofs satisfactory to the Debenture Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest on the Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Debenture Trustee whose decision shall be final and binding upon all parties in interest.

- (vii) In case the holder of any Debenture to be purchased or redeemed in accordance with this Section 2.4(h) shall fail on or before the date specified in Section 2.4(h)(i) or Section 2.4(h)(vi), as applicable, so to surrender its Debenture or shall not within such time accept payment of the monies payable, or give such receipt therefor, if any, as the Debenture Trustee may require, such monies may be set aside in Fund, either in the deposit department of the Debenture Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum so set aside and the Debentureholder shall have no other right except to receive payment of the monies so paid and deposited, upon surrender of such holder's Debenture. In the event that any money required to be deposited hereunder with the Debenture Trustee or any depository or paying agent on account of principal, premium, if any, or interest, if any, on Debentures issued hereunder shall remain so deposited for a period of six years from the date of expiry of the Offer, then such monies, together with any accumulated interest thereon, shall at the end of such period be paid by the Debenture Trustee or such depository or paying agent to the Fund and the Debenture Trustee shall not be responsible to Debentureholders for any amounts owing to them. Notwithstanding the foregoing, the Debenture Trustee will pay any remaining funds deposited hereunder prior to the expiry of six years after the date of expiry of the Offer to the Fund upon receipt from the Fund, or one of its Subsidiaries, of an uncontested letter of credit from a Canadian chartered bank in an amount equal to or in excess of the amount of the remaining funds. If the remaining funds are paid to the Fund prior to the expiry of six years after the date of expiry of the Offer, the Fund shall reimburse the Debenture Trustee for any amounts required to be paid by the Debenture Trustee to a holder of a Debenture pursuant to the Offer after the date of such payment of the remaining funds to the Fund but prior to six years after the date of expiry of the Offer.
- (viii) Subject to the provisions above related to Debentures purchased in part, all Debentures redeemed and paid under this Section 2.4(h) shall forthwith be delivered to the Debenture Trustee and cancelled and no Debentures shall be issued in substitution therefor.
- (i) The Debenture Trustee shall be provided with the documents and instruments referred to in Sections 2.5(b), (c) and (d) of the Principal Indenture with respect to the Debentures prior to the issuance of the Debentures.

ARTICLE 3. ADDITIONAL MATTERS

Section 3.01 Confirmation of Indenture

The Indenture, as amended and supplemented by this Supplemental Indenture, is in all respects confirmed.

Section 3.02 Acceptance of Trust

The Debenture Trustee hereby accepts the Trust in this Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various Persons who shall from time to time be Debentureholders, subject to the provisions set forth in the Indenture.

Section 3.03 Governing Law

This Supplemental Indenture and the Debentures shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated, in all respects, as an Ontario contract.

Section 3.04 Further Assurances

The parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Supplemental Indenture, and each party shall provide such further documents or instruments required by the other party as may be reasonably necessary or desirable to effect the purpose of this Supplemental Indenture and carry out its provisions.

Section 3.05 Counterparts

This Supplemental Indenture may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed these presents under their respective corporate seals and the hands of their proper officers in that behalf.

CLEARWATER SEAFOODS INCOME FUND, by its administrator, Clearwater Seafoods Limited Partnership, by its managing general partner CS ManPar Inc.

Per: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE "A"

**TO THE SECOND SUPPLEMENTAL TRUST INDENTURE AMONG
CLEARWATER SEAFOODS INCOME FUND AND
COMPUTERSHARE TRUST COMPANY OF CANADA
FORM OF DEBENTURE**

This Debenture is a Global Debenture within the meaning of the Indenture herein referred to and is registered in the name of a Depository or a nominee thereof. This Debenture may not be transferred to or exchanged for Debentures registered in the name of any person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Debenture shall be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

Unless this Certificate is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("CDS") to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued in respect thereof is registered in the name of CDS & CO., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & CO. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered holder hereof, CDS & CO., has an interest herein.

CUSIP ●

No. ●

\$●

CLEARWATER SEAFOODS INCOME FUND

(A trust governed by the laws of Ontario)

**9.5% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
DUE DECEMBER 31, 2013**

CLEARWATER SEAFOODS INCOME FUND (the "**Fund**") for value received hereby acknowledges itself indebted and, subject to the provisions of the trust indenture (the "**Indenture**") dated as of June 15, 2004, as amended and supplemented by the second supplemental indenture (the "**Supplemental Indenture**") dated as of ●, 2010, among the Fund and Computershare Trust Company of Canada (the "**Debenture Trustee**"), promises to pay to the registered holder hereof on December 31, 2013 or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Supplemental Indenture (the "**Maturity Date**") the principal sum of ● in lawful money of Canada on presentation and surrender of this Debenture (as defined herein) at the main branch of the Debenture Trustee in Toronto, Ontario in accordance with the terms of the Indenture and the Supplemental Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from the date hereof, or from the last Interest Payment Date to which interest shall have been paid or made available for payment hereon, whichever is later, at the rate of 9.5% per annum, in like money, in arrears in equal (with the exception of the first interest payment which will include interest from ●, 2010 to but excluding June 30, 2010 as set forth below) semi-annual instalments (less any tax required by law to be deducted) of \$● per \$1,010 of principal amount of the Debentures on June 30 and December 31 in each year commencing on June 30, 2010 and the last payment (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date) to fall due on the Maturity Date and, should the Fund at any time make default in the payment of any principal or interest, to pay interest on the amount in default at the same rate, in like money and on the same dates. The first interest payment will include interest accrued from and including ●, 2010 to, but excluding June 30, 2010, which will be equal to \$● for each \$1,010 principal amount of the Debentures.

Interest thereon shall be payable by cheque mailed by prepaid ordinary mail or by electronic transfer of funds to the registered holder hereof and, subject to the provisions of the Indenture shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Debenture.

This Debenture is one of the 9.5% Convertible Unsecured Subordinated Debentures (referred to herein as the "**Debenture**") of the Fund issued or issuable in one or more series under the provisions of the Indenture. The Debentures authorized for issue immediately are limited to an aggregate principal amount of \$45,450,000 in lawful money of Canada. Reference is hereby expressly made to the Indenture and the Supplemental Indenture for a description of the terms and conditions upon which the Debentures are or are to be issued and held and the rights and remedies of the holders of the Debentures and of the Fund and of the Debenture Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Debenture by acceptance hereof assents. To the extent that anything contained herein is inconsistent with or conflicts with the provisions of the Indenture as amended by the Supplemental Indenture, the provisions of the Indenture as amended by the Supplemental Indenture shall govern.

The Debentures are issuable only in denominations of \$1,010 and integral multiples thereof. Upon compliance with the provisions of the Indenture as amended by the Supplemental Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations. The whole, or if this Debenture is a denomination in excess of \$1,010, any part which is \$1,010 or an integral multiple thereof, of the principal of this Debenture is convertible, at the option of the holder hereof, upon surrender of this Debenture at the principal office of the Debenture Trustee in Toronto, Ontario, at any time prior to the close of business on the Maturity Date or, if this Debenture is called for redemption on or prior to such date, then up to but not after the close of business on the last Business Day immediately preceding the date specified for redemption of this Debenture, into Trust Units (without adjustment for interest accrued hereon or for dividends or distributions on Trust Units issuable upon conversion) at a conversion price of \$5.90 (the "**Conversion Price**") per Trust Unit, being a rate of approximately 171.1864 Trust Units for each \$1,010 principal amount of Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. No Debentures may be converted during the five Business Days preceding and including June 30 and December 31 in each year, commencing June 30, 2010, as the registers of the Debenture Trustee will be closed during such periods. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Trust Units will be issued on any conversion but in lieu thereof, the Fund will satisfy such fractional interest by a cash payment equal to the market price of such fractional interest determined in accordance with the Indenture. Holders converting their Debentures will receive accrued and unpaid interest thereon. If a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the person or persons entitled to receive Trust Units in respect of the Debenture so surrendered for conversion shall not become the holder or holders of record of such Trust Units until the Business Day following such Interest Payment Date.

This Debenture may be redeemed at the option of the Fund on the terms and conditions set out in the Indenture as amended by the Supplemental Indenture at the redemption price therein and herein set out provided that this Debenture is not redeemable on or before December 31, 2010, except in the event of the satisfaction of certain conditions after a Change of Control has occurred.

On and after December 31, 2010 and prior to the Maturity Date, the Debentures may be redeemed at the option of the Fund. In such event, the Debentures will be redeemable at a Redemption Price equal to \$1,010 per Debenture and, in addition thereto, at the time of redemption, the Fund shall pay to the holder accrued and unpaid interest up to but excluding the Redemption Date. The Fund may, on notice as provided in the Indenture, at its option and subject to any applicable regulatory approval, elect to satisfy its obligation to pay all or any portion of the applicable Redemption Price by the issue of that number of Trust Units obtained by dividing the applicable Redemption Price by 95% of the Current Market Price of the Trust Units on the Redemption Date.

Upon the occurrence of a Change of Control of the Fund, the Fund is required to make an offer to purchase all of the Debentures at a price equal to 101.0% of the principal amount of such Debentures plus accrued and unpaid interest (if any) up to, but excluding, the date the Debentures are so repurchased (the "Offer"). If 90% or more of the principal amount of all Debentures outstanding on the date the Fund provides notice of a Change of Control to the Debenture Trustee have been tendered for purchase pursuant to the Offer, the Fund shall redeem all the remaining outstanding Debentures on the same date and at the same price.

If a takeover bid for Debentures, within the meaning of the Applicable Securities Legislation, is made and 90% or more of the principal amount of all the Debentures issued pursuant to the Indenture (other than Debentures held at the date of the takeover bid by or on behalf of the Offeror, Associates or Affiliates of the Offeror or anyone acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Debentures of those holders who did not accept the offer on the same terms as the Offeror acquired the first 90% of the principal amount of the Debentures issued pursuant to this Supplemental Indenture.

The Fund may, on notice as provided in the Indenture as amended by the Supplemental Indenture, at its option and subject to any applicable regulatory approval, elect to satisfy the obligation to repay all or any portion of the principal amount of this Debenture due on the Maturity Date by the issue of that number of Freely Tradeable Trust Units obtained by dividing the principal amount of this Debenture to be paid for in Trust Units pursuant to the exercise by the Fund of the Trust Unit Repayment Right by 95% of the Current Market Price on the Maturity Date.

The indebtedness evidenced by this Debenture, and by all other Debentures now or hereafter certified and delivered under the Indenture as amended by the Supplemental Indenture, is a direct unsecured obligation of the Fund, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture as amended by the Supplemental Indenture, to the prior payment of all Senior Indebtedness (including any indebtedness to trade creditors), whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture as amended by the Supplemental Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder (or in certain circumstances specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Trust Units, officers and directors of CS ManPar Inc., Clearwater Seafoods Limited Partnership or the trustees, manager and other agents of the Fund in respect of any obligation or claim arising out of the Indenture or this Debenture.

This Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Debenture Trustee in Toronto, Ontario and in such other place or places and/or by such other registrars (if any) as the Fund with the approval of the Debenture Trustee may designate. No transfer of this Debenture shall be valid unless made on the register by the registered holder hereof or its executors or administrators or other legal representatives, or its attorney duly appointed by an instrument in form and substance satisfactory to the Debenture Trustee or other registrar, and upon compliance with such reasonable requirements as the Debenture Trustee and/or other registrar may prescribe and upon surrender of this Debenture for cancellation. Thereupon a new Debenture or Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Debenture shall not become obligatory for any purpose until it shall have been certified by the Debenture Trustee under the Indenture.

Capitalized words or expressions used in this Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture and the Supplemental Indenture.

IN WITNESS WHEREOF CLEARWATER SEAFOODS INCOME FUND has caused this Debenture to be signed by its authorized representatives as of the ● day of ●, 2010.

CLEARWATER SEAFOODS INCOME FUND,
by its administrator, Clearwater Seafoods Limited
Partnership, by its managing general partner CS
ManPar Inc.

Per: _____

Countersigned by:

**COMPUTERSHARE TRUST COMPANY
OF CANADA,** as Debenture Trustee

Per: _____

Date: _____

(FORM OF DEBENTURE TRUSTEE'S CERTIFICATE)

This Debenture is one of the 9.5% Convertible Unsecured Subordinated Debentures due December 31, 2013 referred to in the Supplemental Indenture within mentioned.

COMPUTERSHARE TRUST COMPANY OF CANADA, as Debenture Trustee

Per: _____
(Authorized Officer)

(FORM OF REGISTRATION PANEL)

(No writing hereon except by Debenture Trustee or other registrar)

Date of Registration	In Whose Name Registered	Signature of Debenture Trustee or Registrar

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, whose address and social insurance number, if applicable, are set forth below, this Debenture (or \$ _____ principal amount hereof*) of **CLEARWATER SEAFOODS INCOME FUND** standing in the name(s) of the undersigned in the register maintained by the Fund with respect to such Debenture and does hereby irrevocably authorize and direct the Debenture Trustee to transfer such Debenture in such register, with full power of substitution in the premises.

Dated: _____

Address of Transferee: _____
(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: _____

*If less than the full principal amount of the within Debenture is to be transferred, indicate in the space provided the principal amount (which must be \$1,010 or an integral multiple thereof, unless you hold a Debenture in a non-integral multiple of 1,010 by reason of your having exercised your right to exchange upon the making of an Offer, in which case such Debenture is transferable only in its entirety) to be transferred.

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Debenture in every particular without alteration or any change whatsoever.
2. The registered holder of this Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.

Signature of Guarantor:

Authorized Officer

Signature of transferring registered holder

Name of Institution

The signature(s) on this form must be guaranteed by one of the following methods:

Canada and the USA: A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed".

Canada: A Signature Guarantee obtained from a major Canadian Schedule I chartered bank. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed". Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program.

Outside North America: For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

EXHIBIT "1"
TO CDS GLOBAL DEBENTURE
CLEARWATER SEAFOODS INCOME FUND

9.5% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
DUE DECEMBER 31, 2013

Initial Principal Amount: \$45,450,000

CUSIP: ●

Authorization: _____

ADJUSTMENTS

Date	Amount Of Increase	Amount Of Decrease	New Principal Amount	Authorization

SCHEDULE "B"

**TO THE SECOND SUPPLEMENTAL INDENTURE AMONG
CLEARWATER SEAFOODS INCOME FUND AND
COMPUTERSHARE TRUST COMPANY OF CANADA**

FORM OF REDEMPTION NOTICE

**CLEARWATER SEAFOODS INCOME FUND
9.5% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES**

REDEMPTION NOTICE

To: Holders of 9.5% Convertible Unsecured Subordinated Debentures (the "**Debentures**") of Clearwater Seafoods Income Fund (the "**Fund**")

And to: Computershare Trust Company of Canada (the "**Debenture Trustee**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.3 of the trust indenture (the "**Indenture**") dated as of June 15, 2004 among the Fund and the Debenture Trustee and the second supplemental trust indenture dated as of ● 2010 among the Fund and the Debenture Trustee, that the aggregate principal amount of \$● of the \$● of Debentures outstanding will be redeemed as of ● (the "**Redemption Date**"), upon payment of a redemption amount of \$● for each \$1,010 principal amount of Debentures, being equal to the aggregate of (i) \$● (the "**Redemption Price**"), and (ii) all accrued and unpaid interest hereon to but excluding the Redemption Date (collectively, the "**Total Redemption Price**").

The Total Redemption Price will be payable upon presentation and surrender of the Debentures called for redemption at the following corporate trust office:

Computershare Trust Company of Canada
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1

The interest upon the principal amount of Debentures called for redemption shall cease to be payable from and after the Redemption Date, unless payment of the Total Redemption Price shall not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Total Redemption Price pursuant to the Indenture.

[Pursuant to Section 4.6 of the Indenture, the Fund hereby irrevocably elects to satisfy its obligation to pay \$● of the Redemption Price payable to holders of Debentures in accordance with this notice by issuing and delivering to the holders that number of Freely Tradable Trust Units obtained by dividing the Redemption Price by 95% of the Current Market Price of the Trust Units.

No fractional Trust Units shall be delivered upon the exercise by the Fund of the above-mentioned redemption right but, in lieu thereof, the Fund shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Trust Units on the Redemption Date (less any tax required to be deducted, if any).

In this connection, upon presentation and surrender of the Debentures for payment on the Redemption Date, the Fund shall, on the Redemption Date, make the delivery to the Debenture Trustee, at the above-mentioned corporate trust office, for delivery to and on account of the holders, of certificates

representing the Freely Tradable Trust Units to which holders are entitled together with the cash equivalent in lieu of fractional Trust Units, cash for all accrued and unpaid interest up to, but excluding, the Redemption Date, and, if only a portion of the Debentures are to be redeemed by issuing Freely Tradable Trust Units, cash representing the balance of the Redemption Price.]

DATED:

CLEARWATER SEAFOODS INCOME FUND, by
its administrator, Clearwater Seafoods Limited
Partnership, by its managing general partner CS
ManPar Inc.

Per: _____
(Authorized Signatory)

SCHEDULE "C"

**TO THE SECOND SUPPLEMENTAL TRUST INDENTURE AMONG
CLEARWATER SEAFOODS INCOME FUND AND
COMPUTERSHARE TRUST COMPANY OF CANADA**

FORM OF MATURITY NOTICE

To: Holders of 9.5% Convertible Unsecured Subordinated Debentures (the "**Debentures**") of Clearwater Seafoods Income Fund (the "**Fund**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.10(b) of the trust indenture (the "**Indenture**") dated as of June 15, 2004 among the Fund and Computershare Trust Company of Canada, as Trustee (the "**Debenture Trustee**"), that the Debentures are due and payable as of December 31, 2013, or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the second supplemental trust indenture dated ●, 2010 among the Fund and Computershare Trust Company of Canada (the "**Supplemental Debenture**") (the "**Maturity Date**") and the Fund elects to satisfy its obligation to pay to holders of the Debentures (as such term is defined in Supplemental Debenture) the principal amount of all of the Debentures outstanding on the Maturity Date by issuing and delivering to the holders that number of Freely Tradeable Trust Units equal to the number obtained by dividing such principal amount of the Debentures by 95% of the Current Market Price of Trust Units on the Maturity Date.

No fractional Trust Units shall be delivered on exercise by the Fund of the above mentioned repayment right but, in lieu thereof, the Fund shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Trust Units on the Maturity Date (less any tax required to be deducted, if any).

In this connection, upon presentation and surrender of the Debentures for payment on the Maturity Date, the Fund shall, on the Maturity Date, make delivery to the Debenture Trustee, at its principal corporate trust office in Toronto, Ontario, for delivery to and on account of the holders, of certificates representing the Freely Tradeable Trust Units to which holders are entitled together with the cash equivalent in lieu of fractional Trust Units, cash for all accrued and unpaid interest up to, but excluding, the Maturity Date and if only a portion of the Debentures are to be repaid by issuing Freely Tradeable Trust Units, cash representing the balance of the principal amount and premium (if any) due on the Maturity Date.

DATED: ●

CLEARWATER SEAFOODS INCOME FUND, by its administrator, Clearwater Seafoods Limited Partnership, by its managing general partner CS ManPar Inc.

Per: _____
(Authorized Signatory)

SCHEDULE "D"

**TO THE SECOND SUPPLEMENTAL TRUST INDENTURE AMONG
CLEARWATER SEAFOODS INCOME FUND AND
COMPUTERSHARE TRUST COMPANY OF CANADA**

FORM OF NOTICE OF CONVERSION

CONVERSION NOTICE

TO: CLEARWATER SEAFOODS INCOME FND

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of 9.5% Convertible Unsecured Subordinated Debentures bearing Certificate No. ● irrevocably elects to convert such Debentures (or \$● principal amount thereof*) in accordance with the terms of the Indenture referred to in such Debentures and tenders herewith the Debentures, and, if applicable, directs that the Trust Units of Clearwater Seafoods Income Fund issuable upon a conversion be issued and delivered to the person indicated below. (If Trust Units are to be issued in the name of a person other than the holder, all requisite transfer taxes must be tendered by the undersigned).

Dated: _____

(Signature of Registered Holder)

*If less than the full principal amount of the Debentures, indicate in the space provided the principal amount (which must be \$1,010 or integral multiples thereof).

(Print name in which Trust Units are to be issued, delivered and registered)

Name: _____

(Address)

(City, Province and Postal Code)

Name of guarantor: _____

Authorized signature: _____

NOTE: If Trust Units are to be issued in the name of a person other than the holder, the signature must be guaranteed as follows:

Canada and the USA: A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed".

Canada: A Signature Guarantee obtained from a major Canadian Schedule I chartered bank. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed". Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program.

Outside North America: For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

If you have any questions about the information contained in this document or require assistance in completing the Written Consent and Form of Proxy, please contact:



Cormark Securities Inc.
Royal Bank Plaza
South Tower, Suite 2800
200 Bay Street, P.O. Box 63
Toronto, ON M5J 2J2
Phone: (416) 362-7485
Fax: (416) 943-6496
Toll Free: (800) 461-2275



Computershare Trust Company of Canada
100 University Avenue
9th Floor, North Tower
Toronto, Ontario M5J 2Y1