



PRIVATE & CONFIDENTIAL

October 20, 2005

The Special Committee of Trustees of Clearwater Seafoods Income Fund
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P.O. Box 50, Suite 6600
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Toronto, ON
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To the Special Committee of Trustees of Clearwater Seafoods Income Fund:

RE: VALUATION

Clearwater Fine Foods Inc. (“CFFI”), announced on August 3, 2005 that it intended to make an offer to purchase up to 10 million of the issued and outstanding trust units of Clearwater Seafoods Income Fund (the “Fund”) at a cash price to be determined and expected to be in the range of \$6.00 to \$6.25 per unit (the “Offer”). CFFI subsequently announced on October 19, 2005 that it would not proceed with the Offer.

Crosbie & Company Inc. (“Crosbie”) understands that the Offer would have been considered an “insider bid” as such term is defined in Rule 61-501 of the Ontario Securities Commission and Regulation Q-27 of the Autorité des marchés financiers in Quebec (collectively, the “Policies”).

The trustees of the Fund (the “Trustees”) appointed themselves as an independent committee (the “Special Committee”) to review and evaluate the Offer. In accordance with the Policies and other relevant provincial securities laws, the Special Committee retained Crosbie to provide a formal written valuation (the “Valuation”) of the Units and to provide an opinion as to the fairness, from a financial point of view, of the consideration offered under the Offer to the holders of Units other than CFFI and its affiliates (the “Fairness Opinion”).

Crosbie delivered a draft of the Valuation and Fairness Opinion prior to CFFI’s announcement that it would not proceed with the Offer. Following such announcement, the Special Committee requested that Crosbie complete the Valuation, without rendering the Fairness Opinion, and that the Valuation be prepared based on the assumption that CFFI had not announced its decision not to proceed with the Offer.

The Fund is an unincorporated open-ended income trust which is a reporting issuer in all Canadian jurisdictions in which the concept of reporting issuer exists and the Fund’s trust units (the “Units”) are listed on the TSX. The Fund holds an approximate 55.71% interest in



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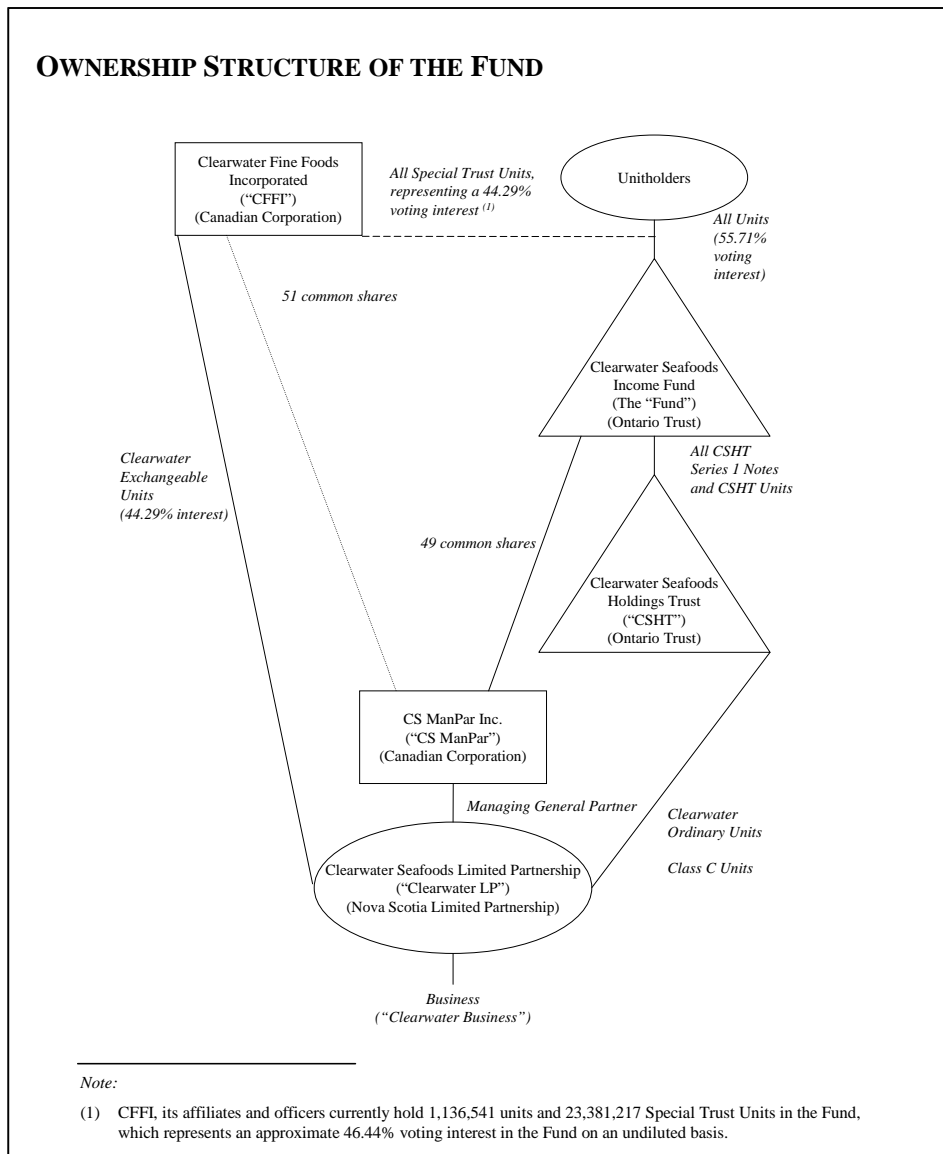
Clearwater Seafoods Limited Partnership (“Clearwater LP”). Clearwater LP, its subsidiaries and joint ventures (the “Clearwater Business”) carry on the business of harvesting, processing, distribution and marketing of seafood.

Crosbie further understands that the terms of the Offer were to be more fully described in a take-over bid circular (the “Circular”) and a directors’ circular which were to be mailed to the Unitholders of the Fund.

Crosbie further understands the following with respect to the holdings of the Fund and the Offer:

- Clearwater Seafoods Holdings Trust (“CSHT”), a wholly owned subsidiary of the Fund, is a limited partner with an equity interest of approximately 55.71%, being all of the equity interest not owned by CFFI or CS ManPar Inc. (“CS ManPar”), in Clearwater LP.
- Clearwater LP’s managing general partner is CS ManPar which has an insignificant equity interest in Clearwater LP.
- CS ManPar is controlled by CFFI and the Fund is a minority shareholder in CS ManPar.
- CFFI is a general partner in Clearwater LP and holds 23,381,217 exchangeable units in Clearwater LP representing an approximate 44.29% equity interest in Clearwater LP on an undiluted basis. The exchangeable units are convertible into Units of the Fund. Approximately 9,352,487 of the exchangeable units are subordinated until December 31, 2005 in terms of distributions relative to the Clearwater LP ordinary units held by CSHT.
- CFFI, its affiliates and officers currently hold 1,136,541 Units in the Fund and 23,381,217 special trust units (“Special Trust Units”) in the Fund. The Special Trust Units held by CFFI entitle it only to a voting interest in the Fund equivalent to the voting rights it would have if it exchanged its exchangeable units in Clearwater LP for Units of the Fund. Through their combined holdings of Units and Special Trust Units, CFFI, its affiliates and officers presently have a voting interest of approximately 46.44% in the Fund on an undiluted basis.

The following table illustrates the ownership structure of the Fund as described above, before giving effect to the Offer:



Assuming that CFFI acquired 10 million Units in the Offer, CFFI, its affiliates and officers would hold a voting interest in the Fund of approximately 65.39% and an equity interest of approximately 37.87%, both on an undiluted basis.

Engagement of Crosbie by the Special Committee

Crosbie was first contacted on behalf of the Special Committee on August 4, 2005 concerning the potential engagement of Crosbie in connection with the Offer. On August 9, 2005, Crosbie was notified by the Chairman of the Special Committee that Crosbie had been selected to provide the Valuation and Fairness Opinion (the "Engagement") and the Engagement was subsequently confirmed pursuant to a letter agreement dated October 4, 2005 (the "Engagement Letter"). The terms of the Engagement Letter provide that Crosbie is to be paid a total fee of \$175,000 plus GST for the services to be rendered there under, and the Engagement Letter includes a potential additional updating fee of \$50,000 payable under certain circumstances.

Crosbie is also entitled to be reimbursed for reasonable out-of-pocket expenses, including fees paid to its legal counsel in respect of advice rendered to Crosbie in carrying out its obligations under the Engagement Letter. As required under the Policies, the Valuation and Fairness Opinion are to be prepared under the supervision of the Special Committee and Crosbie's fees and out-of-pocket expenses are to be paid by CFFI. CFFI and Clearwater LP each agreed to indemnify Crosbie, subject to certain limitations, against certain losses, claims, actions, suits, proceedings, damages, liabilities, costs or expenses arising out of the Engagement. Fees payable to Crosbie pursuant to the Engagement are not contingent in whole or in part on the success of the Offer or on the conclusions reached in the Valuation and Fairness Opinion. Crosbie has no financial interest in the CFFI or any of its respective associates or affiliates.

Crosbie understands that a copy of the Valuation and Fairness Opinion was to be appended to the Circular and that a summary thereof was to be included in the Circular and a directors' circular to be issued in connection with the Offer. Subject to the terms of the Engagement, Crosbie consented to such disclosure. In addition, pursuant to the requirements of applicable securities law, copies of the Valuation may be filed with Canadian securities regulatory authorities.

Independence of Crosbie

Crosbie is not an "insider", "associated entity" or "affiliated entity" (as such terms are defined for the purpose of the Policies) of the Fund, CFFI or any of their respective associates or affiliates. Having reviewed the provisions of the Policies and considered its past, present and anticipated future involvement with the Fund, CFFI and any of their respective affiliates, Crosbie believes that in connection with the preparation of the Valuation, it is a qualified and independent valuator, as such terms are used in the Policies.

Crosbie has not been engaged to provide any financial advisory services nor has it participated in any financing involving the Fund, CFFI or any of their respective associates or affiliates during the 24 months preceding the date Crosbie was first contacted in respect of the Valuation.

No understandings or agreements exist between Crosbie and CFFI or any of its respective associates or affiliates with respect to future financial advisory or investment banking services. Crosbie may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for the CFFI or any of its respective associates or affiliates.

Credentials of Crosbie

Crosbie is a Canadian-based specialty investment banking firm providing advisory services in relation to mergers, acquisitions, divestitures, debt and equity private placements, financial and corporate restructurings, management and employee buyouts, business and securities valuations and fairness and regulatory opinions. The Valuation expressed herein represents the opinion of Crosbie as an entity and the form and content hereof have been reviewed and approved for release by a group of Crosbie senior investment banking professionals, each of whom is experienced in merger, acquisition, divestiture, debt and equity capital markets and valuation and fairness opinion matters.

Scope of Review

In connection with the Valuation, Crosbie reviewed, considered and relied upon (without attempting to verify independently the completeness or accuracy of) or carried out, among other things, the following:

1. the draft Circular dated October 13, 2005;
2. audited annual financial statements of the Fund and Clearwater LP for the 5 months ended December 31, 2002 and the years ended December 31, 2003 and 2004;
3. unaudited interim financial statements of the Fund for the 6 months ended July 2, 2005;
4. unaudited internal interim financial statements of Clearwater LP for the 9 months ended October 1, 2005, prepared by senior management of Clearwater LP and CS ManPar (“Management”);
5. projected financial information for Clearwater LP by product line for the four years ending December 31, 2006 through December 31, 2009 (the “Management Projections”) and accompanying assumptions prepared by Management as of October 17, 2005;
6. monthly budget financial information for Clearwater LP for the year ending December 31, 2005 as prepared by Management as of October 14, 2005;
7. unaudited balance sheet as at July 2, 2005 for CS ManPar Inc.;
8. audited financial statements for CSHT for the 5 months ended December 31, 2002 and the years ended December 31, 2003 and 2004;
9. income tax returns for Clearwater LP, the Fund and CSHT for the year ended December 31, 2004;
10. 2004 annual report of the Fund;
11. annual information form dated March 24, 2005 of the Fund;
12. notice of annual meeting and management information circular of the Fund dated March 24, 2005;
13. prospectus dated June 3, 2004 filed by the Fund in respect of the issuance of \$50,000,000 of 7% Convertible Unsecured Subordinated Debentures;
14. prospectus dated May 26, 2003 filed by the Fund in respect of the issuance of 4,000,000 Special Warrants which upon exercise entitled the holders thereof to 4,000,000 Units;

15. prospectus dated July 17, 2002 filed by the Fund in respect of the issuance of 21,170,435 Units pursuant to the Fund's initial public offering;
16. an internal report titled "Status Report #2 on Hull 057" prepared by Management regarding Clearwater LP's new clam vessel and its clam operations;
17. a press release issued by the Fund on October 18, 2005 announcing the suspension of monthly cash distributions for the remainder of 2005;
18. a press release issued by CFFI on October 19, 2005 announcing that it would not proceed with the Offer;
19. an internal report dated September 23, 2004 regarding impairment testing of intangible assets, prepared by Management;
20. a net asset value analysis of Clearwater LP dated September 1, 2005 prepared by Management;
21. material contracts, including various agreements with Clearwater LP's subsidiaries, joint-venture partners, operating partners, key suppliers, sale and purchase of assets and quotas, and collective labour agreements;
22. the amended and restated credit agreement dated May 21, 2003 between Clearwater LP and The Bank of Nova Scotia and Islandsbanki HF;
23. documents regarding the issuance by Clearwater Finance Inc. of \$43,000,000, 6.4% Senior Secured Notes due December 8, 2008, US\$15,000,000, 5.65% Senior Secured Notes due December 8, 2008 and \$15,000,000, 7.23% Senior Secured Notes due December 8, 2013;
24. compliance certificates dated August 10, 2005 from CS ManPar confirming that Clearwater LP is in compliance with its loan and note covenants;
25. a summary prepared by Management of Clearwater LP's foreign exchange hedge position as at October 17, 2005;
26. correspondence relating to outstanding legal claims and contingent liabilities;
27. discussions with the Chairman of the Audit Committee of the Fund and Clearwater LP;
28. public information with respect to selected transactions and other income trusts and public companies considered relevant and comparable to the Fund;
29. current and historical stock market trading information for the Fund;
30. publicly available information on the economic and business conditions and trends prevailing in the international seafood and fishing industry;

31. a report entitled “The State of World Fisheries and Aquaculture 2004” published by the Food and Agriculture Division of the United Nations;
32. a resource summary document on each of Clearwater LP’s major species dated August 26, 2005 and prepared by Management;
33. selected reports published by the Department of Fisheries and Oceans (the “DFO”) relating to the status and resource management of Clearwater LP’s major species;
34. discussions with a representative of the DFO regarding the outlook for total allowable catch levels for scallops in Atlantic Canada;
35. discussions with Islandsbanki HF relating to certain precedent seafood transactions in the Icelandic market;
36. representations contained in a certificate (the “Trustee Certificate”) addressed to Crosbie, dated as of the date hereof, signed by the three Trustees of the Fund, as to the completeness and accuracy of the information provided by the Fund in connection with the preparation of the Valuation and Fairness Opinion, upon which Crosbie has relied;
37. representations contained in a certificate (the “CFFI Certificate”) addressed to Crosbie, dated as of the date hereof, signed by two senior officers of CFFI, as to the completeness and accuracy of the information provided by CFFI in connection with the preparation of the Valuation and Fairness Opinion, upon which Crosbie has relied;
38. representations contained in a certificate (the “CS ManPar Certificate”) addressed to Crosbie, dated as of the date hereof, signed by two senior officers of CS ManPar in their capacities as officers of CS ManPar and on behalf of Clearwater LP as to the completeness and accuracy of the information provided by CS ManPar and Clearwater LP in connection with the preparation of the Valuation and Fairness Opinion, upon which Crosbie has relied
39. discussions with management of the Fund, Clearwater LP, CFFI and CS ManPar, including John Risley, Colin Macdonald, Eric Roe, and Robert Wight, regarding the information referred to above and other issues deemed relevant, including the outlook for the Clearwater Business; and
40. such other financial and market information, investigations and analyses as Crosbie considered necessary or appropriate in the circumstances.

Crosbie conducted such analyses, investigations, research and testing of valuation assumptions as were considered by it to be appropriate in the circumstances. Crosbie, to the best of its knowledge, was not denied access to any information that might be considered to be material to the Valuation.

Key Assumptions and Limitations

Crosbie has, in accordance with the terms of the Engagement, and subject to the exercise of its professional judgement, relied upon and assumed the completeness, accuracy and fair presentation of all of the financial and other information, data, advice, opinions or representations obtained by it from public sources, senior Management, Trustees and advisors of the Fund, Clearwater LP, CS ManPar and CFFI, including items 1 through 40 listed above, (collectively, the “Information”) and has not attempted to independently verify the accuracy or completeness of the Information. The Valuation assumes, and is conditional upon, the completeness, accuracy and fair presentation of the Information.

Senior management of CFFI and CS ManPar, and the Trustees of the Fund, have represented to Crosbie in the CFFI Certificate, CS ManPar Certificate and the Trustee Certificate, respectively, that, the Information (as defined for the purposes of each such certificate) was, at the date the Information was provided, complete, true and correct in all material respects and did not contain any untrue statement of a material fact and did not omit to state a material fact necessary to make the Information not misleading in light of the circumstances under which it was provided.

The Valuation is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof and the condition and prospects, financial or otherwise, of the Fund and Clearwater LP as they were reflected in the Information and documents reviewed by Crosbie and as they were represented in discussions with the senior management and advisors of Clearwater LP, CS ManPar and CFFI and the Trustees of the Fund. In its analysis and in preparing the Valuation, Crosbie has made certain assumptions with respect to general business and economic conditions and other matters, many of which are beyond the control of Crosbie or any party involved in the Offer. Although Crosbie believes that the assumptions used herein are appropriate in the circumstances, some or all of these assumptions may nevertheless prove to be incorrect.

At the direction of the Special Committee, the Valuation was prepared based on the assumption that CFFI had not announced its decision not to proceed with the Offer.

The Valuation does not address the relative merits of the Offer as compared to other business strategies or transactions that might be available with respect to the Fund. Crosbie was not asked to, and does not, offer any opinion as to the terms of the Offer.

We express no opinion herein concerning the future level of cash distributions or trading prices of the Units and make no recommendation to the Unitholders of the Fund as to whether they should continue to hold their Units.

Crosbie has based the Valuation upon a variety of factors. Accordingly, Crosbie believes that its analyses must be considered as a whole. Selecting portions of its analyses or the factors considered by Crosbie, without considering all factors and analyses together, could create a misleading view of the process underlying the Valuation. The preparation of a valuation is a complex process and it is not appropriate to extract partial analyses. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

The Valuation has been prepared and provided solely for the use of the Special Committee and for inclusion in the Circular and the directors' circular and may not be used by any other person or relied upon by any other person other than the Special Committee without the express prior written consent of Crosbie. Crosbie is entitled, at any time prior to the completion of the Offer, to withdraw, change or supplement the Valuation if Crosbie concludes that there has been a material change in the Offer, or the business, affairs, financial condition or prospects of the Fund or Clearwater LP, a change in a material fact, an omission to state a material fact, a material change in the factors upon which the Valuation is based, or if Crosbie becomes aware of any information not previously known by Crosbie, regardless of the source, which in its opinion would make the Valuation misleading in any material respect.

The Valuation is provided as of the date hereof, and Crosbie disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Valuation of which it may become aware after such date. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Valuation after such date, Crosbie reserves the right to change, modify or withdraw the Valuation.

Reporting Currency

Unless otherwise stated herein, all dollar amounts expressed herein are in Canadian dollars.

Prior Bona Fide Offers

The Trustees, Management and CFFI have each represented to Crosbie that no offers for the Fund or any of its subsidiaries or affiliates have been received from third parties within two years prior to the date hereof.

Prior Valuations

The Trustees, Management and CFFI have each represented to Crosbie that all prior valuations and appraisals known by them relating to the Fund or Clearwater LP, prepared within the two years prior to the date hereof, have been provided to Crosbie. No prior valuations, as defined by the Policies, were provided to Crosbie in connection with the Engagement.

Overview of the Business of Clearwater LP

The Clearwater Business was established in 1976 and is comprised of the business of harvesting, processing, distributing and marketing seafood, including five shellfish species (Canadian sea scallops, Argentine scallops, lobster, clams, cold water shrimp and crab) and groundfish. Its operations consist primarily of:

- harvesting premium shellfish in the offshore fisheries off the coasts of Atlantic Canada and Argentina;

- processing shellfish on board factory vessels and shore-based processing plants in Atlantic Canada;
- marketing and distributing premium shellfish to customers in North America, Europe and Asia.

The Clearwater Business is the largest holder of quotas (or rights with respect thereto) in Atlantic Canada for each of the five shellfish species it harvests and:

- holds quotas for 49% of the total allowable catch (“TAC”) in the Atlantic Canada offshore sea scallop fishery;
- through its 80% owned subsidiary, owns two of the four outstanding scallop licenses in Argentina;
- holds seven of the eight Canadian offshore lobster fishing licenses, providing the Company with a quota equal to 87.5% of the offshore TAC;
- holds three licenses that represent 100% of the TAC for offshore Arctic surf clams;
- holds and has rights to, directly and indirectly, 21% of the TAC in the offshore cold water shrimp fishery in Atlantic Canada.

The Clearwater Business employs over 2,000 people worldwide and operates on average 21 vessels, ranging in size from 100 feet to 235 feet. The vessels are able to harvest, process and, in some cases, freeze product while at sea, and also operate a number of shore-based processing plants and distribution facilities. The harvesting and processing systems are unique to each major product and are the responsibility of distinct business units.

The Clearwater Business is implementing key growth initiatives in two of its business lines. A new lobster processing facility was constructed in order to produce a new premium quality processed raw lobster product, which is being targeted at the high-end restaurant market. Management believes this investment will result in increased growth in its lobster business over the next several years, which has historically been solely a live lobster business. In addition, until 2001, little attention was paid to the commercial prospects for the Northern propeller clams and Greenland cockle clams. The clam business is now expanding to include Northern propeller clams and Greenland clams. Management is working to develop chowder and sushi markets for both products. Product and market development plans are now underway.

Review of Clearwater LP Operating Results

The following table summarizes Clearwater LP’s consolidated income statements for the 5 months ended December 31, 2002, for the two years up to and including the year ended December 31, 2004, and for the 6 months ended July 3, 2004 and July 2, 2005:

CLEARWATER LP					
CONSOLIDATED INCOME STATEMENT SUMMARY					
(\$000's)	Audited			Unaudited	
	5 Mos. Ended	Year Ended		6 Mos. Ended	
	Dec. 31	Dec. 31		July 2	
	2002	2003	2004	2004	2005
Sales.....	\$156,006	\$349,737	\$345,459	\$157,779	\$137,071
Total operating expenses	113,659	259,937	274,154	136,063	118,339
EBITDA ⁽¹⁾	42,347	89,800	71 305	21,716	18,732
<i>EBITDA margin</i>	27.1%	25.7%	20.6%	13.8%	13.7%
Depreciation & amortization	5,563	15,540	16,145	8,106	7,618
Interest expense	2,655	7,059	11,149	4,421	6,086
Income taxes	2,795	2,338	4,276	2,475	805
Minority interest	911	2,746	2 262	932	1,207
Net Income	\$30,423	\$62,117	\$37,473	\$5,782	\$3,016
Distributions	\$22,476	\$58,502	\$54,276	\$18,244	\$27,654

Note:
(1) Earnings before interest, taxes, depreciation and amortization.

Review of Clearwater LP's Financial Position

The following table summarizes Clearwater LP's consolidated balance sheets as at December 31, 2003, December 31, 2004, and July 2, 2005:

CLEARWATER LP BALANCE SHEET SUMMARY (\$000s)	Audited		Unaudited
	Dec. 31, 2003	Dec. 31, 2004	July 2, 2005
Cash	\$ 564	\$ -	\$ -
Accounts receivable	52,763	61,344	41,163
Inventory	47,749	45,661	61,160
Other assets	27,644	18,241	18,099
Property & equipment	126,749	139,305	155,327
Licenses	108,443	105,083	104,848
Goodwill	8,972	10,378	16,378
Minority interest	1,598	-	10,378
Total Assets	\$374,482	\$380,012	\$390,975
Bank advances	\$ -	\$ 572	\$ 1,642
Accounts payable and accrued liabilities	38,320	37,607	37,607
Other current liabilities	9,990	9,051	4,185
Long-term debt	145,802	169,198	189,427
Future income taxes	13,004	7,693	7,775
Due to joint venture partner	1,995	1,995	1,995
Minority interest	-	1,874	2,212
Total Liabilities	209,111	227,990	253,735
Partnership units	172,251	173,133	173,133
Cumulative earnings	92,540	130,013	133,029
Cumulative distributions	(80,978)	(135,254)	(153,495)
Cumulative translation account	(18,442)	(15,870)	(15,424)
Total Unitholders' Equity	165,371	152,022	137,240
Total Liabilities & Unitholders' Equity	\$374,482	\$380,012	\$390,975

Equity Securities and Principal Holders of Equity Securities

The Fund has 29,407,626 Units and 23,381,217 Special Trust Units issued and outstanding. The Special Trust Units entitle the owner only to a voting interest in the Fund. CFFI, its affiliates and officers own 100% of the Special Trust Units as well as 1,136,541 Units in the Fund, providing them with a voting interest of approximately 46.44% in the Fund on an undiluted basis. As at the August 31, 2005 date of the most recent publicly available regulatory report, Burgundy Asset Management Ltd. owned 5,778,700 Units, which represents an equity interest of approximately 19.65% in the Fund on an undiluted basis.

There are 4,081,633 Class C units ("Class C Units") that were issued concurrently with the issue by the Fund in June 2004 of \$50 million of 7% Convertible Unsecured Subordinated Debentures (the "Convertible Debentures"). The Class C Units are held by the Fund through CSHT and are redeemable and retractable at a price of \$12.25 per unit and are due December 31, 2010. The Class C Units exist under an agreement whereby they will be converted, redeemed or retracted in

a manner that corresponds to any conversion, redemption or repurchase of the Convertible Debentures in a manner that ensures that the distributions on the Class C Units will be able to fund the ongoing interest payments on the Convertible Debentures.

Pursuant to a shareholders' agreement, CFFI has the right to appoint directors of CS ManPar on the following basis:

- so long as CFFI holds or controls at least 45% of the Units (on a fully diluted basis), it is entitled to appoint four of the seven directors;
- so long as CFFI holds or controls at least 33% of the Units (on a fully diluted basis) but less than 45% of such Units, it is entitled to appoint three directors;
- so long as CFFI holds or controls at least 20% of the Units (on a fully diluted basis) but less than 33% of such Units, it is entitled to appoint two directors; and
- once CFFI holds or controls less than 20% of the Units (on a fully diluted basis), it does not have the right to appoint any directors.

Cash Distributions

The Fund has paid monthly cash distributions to its Unitholders each year since its inception. For the period of January 15, 2002 to January 14, 2005, inclusive, the Fund paid monthly distributions of \$0.0958 per Unit. For the period February 15, 2005 to October 14, 2005, the Fund paid monthly distributions of \$0.07 per Unit. On October 18, 2005, the Fund publicly announced that having reached year-to-date distributions of \$0.63 per Unit, distributions for the remainder of the year would be suspended. The Trustees have indicated that after the end of the year, should there be any excess distributable cash for the year, they will consider whether it would be in the best interest of the Fund and its Unitholders to make a special one-time distribution with respect to such year. The Trustees have indicated that they will give guidance later this year as to the level of distributions anticipated for 2006.

Trading History

The Units are listed and posted for trading on the TSX. The following table sets out the volume and price range of the Units on the TSX in the twelve-month period prior to the date hereof:

TSX TRADING SUMMARY			
Period	High (\$)	Low (\$)	Volume
October 2004	10.13	9.30	1,993,012
November 2004	9.90	8.10	2,961,971
December 2004	9.15	8.11	1,615,987
January 2005	9.40	7.92	3,432,454
February 2005	8.75	8.35	2,918,768
March 2005	9.01	8.10	742,089
April 2005	8.29	7.72	954,496
May 2005	7.92	6.95	1,775,507
June 2005	7.15	6.21	1,607,911
July 2005	6.43	5.82	1,827,715
August 2005	6.20	5.65	7,885,700
September 2005	6.24	5.80	1,928,600
October 2005 (to October 19, 2005)	6.10	2.25	3,070,400

The Offer was publicly announced after the market closed on August 3, 2005 and the closing price of the Units on the TSX immediately prior thereto was \$5.65 per Unit.

Valuation of the Units

Definition of Fair Market Value

Under the Policies and for the purpose of the Valuation, fair market value is defined as the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.

In accordance with the Policies, Crosbie has made no downward adjustment to the fair market value of the Units to reflect the liquidity of the Units, the effect of the Offer on the Units or the fact that the Units do not form part of a controlling interest.

Approach to Value

The Valuation has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Dealers Association (the "IDA"), but the IDA has not been involved in the preparation or review of the Valuation.

The Valuation is based on techniques and assumptions that Crosbie considered appropriate in the circumstances for the purposes of arriving at an opinion as to the range of fair market values for the Units.

Crosbie understands that the only assets of the Fund are its equity interest of approximately 55.71% in Clearwater LP, the Class C Units of Clearwater LP and its minority interest in CS ManPar (all held through the Fund's wholly-owned subsidiary CSHT). Crosbie has

considered the Fund's minority interest in CS ManPar and concluded that the fair market value of such minority interest is not material. Crosbie also understands that the Fund has no material liabilities other than the Convertible Debentures which are fully offset by the equivalent investment in Class C Units. Accordingly, Crosbie determined that the fair market value of the Units is the fair market value of the Fund's equity interest in Clearwater LP, consisting of ordinary units as opposed to Class C Units. In determining the fair market value of the Fund's equity interest in Clearwater LP, Crosbie analyzed the "en bloc" value of Clearwater LP on a going concern basis.

Crosbie considered the subordinated nature of the 9,352,487 of exchangeable units in Clearwater LP held by CFFI. Given that this subordination falls away as at December 31, 2005, Crosbie concluded that it has no material impact on the value of the Units of the Fund.

Crosbie also considered the potential equity dilution associated with the Convertible Debentures but assumed that for valuation purposes these would not be converted as their conversion price is substantially higher than the range of fair market values for the Units determined by Crosbie. Accordingly, all per Unit calculations herein are based on 52,788,843 Units outstanding.

Valuation Methodologies and Analysis

In preparing the Valuation, Crosbie considered the value of the Fund under both its current income trust structure and a traditional corporate structure in order to determine which structure represents the highest value for the Fund.

The methodologies Crosbie considered most appropriate in the circumstances under an income trust structure were comparable trading analysis and discounted cash flow ("DCF") analysis. Crosbie also considered other valuation methodologies appropriate in the circumstances for income trusts, including comparable transactions analysis and net asset value ("NAV") analysis. Crosbie relied on the comparable trading analysis to a greater extent than the DCF analysis as the comparable trading analysis reflects the uncertainty with respect to potential changes to the tax treatment of income trusts (see Valuation Summary), and also the DCF analysis was deemed to be less reliable as it is based on long-term financial projections for Clearwater LP that have a relatively high degree of uncertainty associated with them due to the nature of the Clearwater Business. Comparable transactions analysis was deemed to have limited applicability for valuing Clearwater LP as an income trust because Crosbie did not consider any of the income trust transactions it reviewed to be directly comparable to Clearwater LP. Crosbie also reviewed the NAV analysis prepared by Management but did not rely on the results of this analysis because of the limited market information available to support Management's NAV analysis, in particular the values attributed to certain of the quotas and licenses held by the Clearwater Business.

The methodologies Crosbie considered most appropriate in the circumstances under a corporate structure were comparable transactions analysis and DCF analysis. Crosbie relied on the comparable transactions analysis to a greater extent than the DCF analysis due to the limitations of the DCF analysis discussed above. Crosbie also considered other valuation methodologies appropriate for a corporate structure in the circumstances including comparable trading analysis and NAV analysis. Comparable trading analysis was deemed to have limited applicability for

valuing Clearwater LP under a corporate structure due to the limited number of directly comparable public companies to Clearwater LP and a lack of publicly available forecast information. NAV analysis was also deemed to have limited applicability under a corporate structure for the reasons discussed above.

Clearwater LP Projections

We reviewed the Management Projections and the underlying assumptions associated with these projections. These financial projections are based on a number of key assumptions including those regarding future TAC levels, market prices, market demand, catch rates, harvesting and processing costs and foreign exchange rates.

Based on its review of the Management Projections and underlying assumptions, Crosbie determined that certain adjustments were warranted for the purposes of establishing projections (the "Crosbie Base Case") to be used as a basis for valuation purposes. In the Crosbie Base Case, adjustments were made for each of the years ending December 31, 2006 through December 31, 2009 of the Management Projections. No adjustments were made to the forecast for the year ending December 31, 2005. The primary adjustments related to the methodology used for purchased products and harvested products and the assumptions with respect to foreign exchange rates and foreign currency option premium income.

The Management Projections are based on market prices, harvesting costs and processing costs for products that are blended for harvested and purchased products. However, Crosbie determined that it was more appropriate to prepare projections for Clearwater LP on a basis where the pricing and cost assumptions for purchased products are considered separately from those for harvested products.

Crosbie also adjusted the foreign exchange rates used in the Management Projections. The foreign exchange rates used in the Crosbie Base Case for the year ending December 31, 2006 were based on 12 month forward market rates (the longest time period for which forward market rates are available for all of the major currencies affecting the Clearwater Business) and then held constant for the balance of the forecast. In contrast, we understand that the C\$:US\$ foreign exchange rates used in the Management Projections were developed by Management based on a number of factors including published economic forecasts. Crosbie concluded that for valuation purposes, it was more appropriate to use market based foreign exchange rates than a particular foreign exchange forecast. The impact of the foreign exchange adjustments described above was an increase in revenue and margin and a decrease in foreign exchange hedging income.

Part of Management's foreign exchange strategy has historically been to sell options against unhedged foreign currency flows that require it to deliver a specific amount of a currency in the event that the option is in the money. Consistent with recent experiences, a certain amount of option premium income is assumed in each year of the Management Projections. Given the uncertain nature of this option premium income, Crosbie excluded this income from the Crosbie Base Case.

The foreign exchange rates used in the Crosbie Base Case and the Management Projections are outlined below:

COMPARISON OF FOREIGN EXCHANGE ASSUMPTIONS					
(Value of foreign currency in C\$)	Spot ⁽¹⁾	For the Year Ending December 31,			
		2006	2007	2008	2009
Crosbie Base Case					
US Dollar.....	1.1781	1.1609	1.1609	1.1609	1.1609
UK Sterling.....	2.0620	2.0456	2.0456	2.0456	2.0456
Yen.....	0.0102	0.0107	0.0107	0.0107	0.0107
Euro.....	1.4090	1.4240	1.4240	1.4240	1.4240
Management Projections					
US Dollar.....	1.1781	1.1600	1.1100	1.0500	1.0000
UK Sterling.....	2.0620	2.3036	2.3036	2.3036	2.3036
Yen.....	0.0102	0.0113	0.0113	0.0113	0.0113
Euro.....	1.4090	1.4500	1.4500	1.4500	1.4500
<i>Note:</i>					
(1) At October 19, 2005					

A comparison of EBITDA in the Management Projections to that developed in the Crosbie Base Case, is summarized in the following table:

COMPARISON OF MANAGEMENT PROJECTIONS TO CROSBIE BASE CASE				
(\$millions)	For the Years Ending December 31,			
	2006	2007	2008	2009
EBITDA - Management Projections	\$73.6	\$90.3	\$91.6	\$96.0
Adjustments to:				
Option Income.....	(5.0)	(3.0)	(2.0)	(2.0)
Hedge Income.....	3.9	(5.0)	(6.0)	(5.0)
Other.....	(1.8)	(2.5)	1.3	3.7
Total Adjustments.....	(2.9)	(10.5)	(6.7)	(3.3)
EBITDA – Crosbie Base Case.....	\$70.7	\$79.8	\$84.9	\$92.7

Sustainable Earnings

Crosbie reviewed the financial results of Clearwater LP for the years ended December 31, 2001 through December 31, 2004, the trailing 12 months ended June 30, 2005 as well as the forecasts for the years ending December 31, 2005 through December 31, 2009 under the Crosbie Base Case. We concluded that the financial results for the trailing 12 months ended June 30, 2005 as well as Management's forecast for the year ending December 31, 2005 are not representative of the sustainable earnings of Clearwater LP as the earnings for both periods reflect the adverse impact of certain short-term market and other factors that are not expected to impact Clearwater LP to the same extent going forward. These factors include the following:

- Lower earnings from Clearwater LP's scallop business due to lower than normal catch rates, a cyclically low TAC and the delay in the delivery of two new scallop vessels with frozen-at-sea ("FAS") capabilities.
- Reduced earnings from Clearwater LP's clam business due to lower than expected volumes, one-time vessel refit costs and a temporary disruption with Clearwater LP's main distributor in China.
- The adverse impact of changes in foreign exchange rates (primarily the considerable appreciation of the Canadian dollar relative to the US dollar).

For the balance of 2005 and in 2006 in particular, Management expects earnings from the scallop business to be materially higher due to record high market prices for scallops in general (expected to continue through 2006), enhanced relative scallop pricing that Clearwater LP will enjoy as a result of harvesting the majority of its scallops in the premium priced FAS format as well as an expected modest cyclical recovery in the scallop TAC. The forecast for the year ending December 31, 2006 under the Crosbie Base Case excludes to a large extent the impact of the factors outlined above and reflects Management's more positive outlook for the scallop business going forward. Based on its analysis, Crosbie concluded that the earnings in the Crosbie Base Case for the year ending December 31, 2006 are representative of the sustainable earnings of Clearwater LP and in its valuation analysis (other than the DCF analysis), Crosbie relied on this forecast as opposed to the financial results for the trailing 12 months ended June 30, 2005 or the forecast for the year ending December 31, 2005.

Comparable Trading Analysis – Income Trust

Crosbie reviewed the trading multiples of over 40 public income trusts based in Canada in a variety of different businesses. While none of these public income trusts were deemed to be directly comparable to the Fund, Crosbie selected 10 as relevant comparable business income trusts on the basis of a number of factors including the size, debt leverage, foreign exchange exposure and nature of the underlying business.

In analysing the trading multiples for the selected comparable public income trusts, Crosbie considered several different valuation multiples for different time periods in order to reflect key valuation considerations such as EBITDA, maintenance capital expenditures, growth capital expenditures and cash distributions. The market convention for income trusts is to determine cash distributions on the basis of a percentage of total cash available for distribution ("Distributable Cash") divided by the number of trust units outstanding.

We determined that the two most relevant multiples are total enterprise value ("TEV") to EBITDA and Distributable Cash yield (where TEV is defined as equity market capitalization plus debt outstanding net of cash; EBITDA is defined as earnings before interest, taxes, depreciation and amortization; and Distributable Cash yield is defined as annualized cash distributions per unit divided by the unit price), determined based on analyst estimates of EBITDA and cash distributions for 2006 where available. The trading multiples for the selected comparable public income trusts are summarized below:

COMPARABLE BUSINESS INCOME TRUSTS					
	Unit Price (10/19/05)	Market Cap (\$millions)	TEV (\$millions)	TEV / EBITDA (2006E)	Yield (2006E)
Arctic Glacier Income Fund	\$9.28	258	334	7.3x	n/a
Atlas Cold Storage Income Fund.....	\$5.88	358	527	9.1x	8.8%
Chemtrade Logistics Income Fund.....	\$12.98	436	626	7.9x	14.3%
Connors Bros. Income Fund.....	\$11.08	481	650	6.2x	14.0%
E.D. Smith Income Fund	\$9.88	141	211	9.3x	10.9%
KCP Income Fund	\$9.00	273	496	6.6x	11.7%
Menu Foods Income Fund.....	\$5.25	151	281	8.7x	12.4%
Premium Brands Income Fund.....	\$9.14	137	182	9.2x	n/a
Rogers Sugar Income Fund	\$3.64	323	542	8.3x	11.4%
Sun Gro Horticulture Income Fund.....	\$7.20	159	213	<u>8.2x</u>	<u>12.5%</u>
Average.....				8.1x	12.0%

The TEV/EBITDA multiples based on the 2006 EBITDA estimates for the 10 selected public income trusts range from 6.2 times to 9.3 times with an average of 8.1 times. The distributable cash yields for these income trusts range from 8.8% to 14.3% with an average of 12.0%.

In selecting the multiple ranges below, Crosbie gave consideration to several specific factors with respect to the Clearwater Business including:

- While the size of the consumer food industry has been relatively stable in recent years, an increasing awareness of the health benefits of seafood has led to an expansion of worldwide consumption of seafood as an alternative to other protein sources.
- The Clearwater Business holds the largest portfolio of licenses and enterprise allocations to harvest shellfish in the Atlantic Canada.
- Management has worked with the DFO and other industry players to build sustainable resource management regimes. Over the last ten years, the TAC levels of Clearwater LP's primary species (excluding sea scallops) have generally been stable or increasing in Atlantic Canada. Over this time period, sea scallop TAC levels increased to a cyclical high in 2001 and 2002 before declining considerably, as generally expected, to what Management believes to be a cyclical low in 2005. As the DFO has generally not issued new licenses in the offshore Atlantic Canada fishery since 1991, the long-term outlook for TAC levels for Clearwater LP's primary species is generally positive.
- Management believes that the Clearwater Business has further growth potential as it is not currently fully utilizing its clam quotas due in part to limited market demand. Management has also identified specific opportunities to extract more value from certain of its other quotas and licenses.

- Considerable investments have and continue to be made in vessels and processing facilities which have included implementing new technologies in order to increase harvest yields, reduce costs and improve product quality.
- A significant portion of Management's growth plans for the Clearwater Business are reliant on developing new markets for Greenland cockle clams, Northern propeller clams and raw processed lobster. As the market demand for these new products is relatively unproven and the Clearwater Business has only a limited track record for developing markets for new products, there appears to be reasonably significant uncertainty associated with this portion of the Management's Forecast.
- While the diversification of the Clearwater Business' products and vertically integrated business model help mitigate the effects of fluctuations in prices of any particular product, the financial performance of the Clearwater Business is quite reliant on the market prices and TAC levels for its core species of scallops, clams and lobster. The market prices for these species and the scallop TAC level in particular have historically fluctuated considerably.
- The operating challenges that have been experienced so far in 2005 highlight the near term operational risks associated with achieving the Management's Projections for the balance of 2005 and 2006. We understand that these operational risks include the potential for further unexpected break-downs of the two oldest clam vessels (which are to be replaced by the new clam vessel in 2007) and further start-up issues related to the two new FAS scallop vessels.
- As the majority of the Clearwater Business' products are sold outside of Canada and are priced in foreign currencies, the Clearwater Business has considerable exposure to fluctuations in foreign currency exchange rates, in particular US Dollars, Japanese Yen, UK Sterling and Euros.

Summarizing the analysis above, the Clearwater Business appears to have a strong market position and arguably more attractive growth prospects than many of the selected comparable income trusts. However, we also believe that the business specific risks discussed above, result in Clearwater LP's future distributable cash being less stable and less predictable than many of the selected comparable income trusts. Accordingly, Crosbie determined that as an income trust, Clearwater LP should be valued at a modest premium to the selected comparable public income trusts.

Based on these factors, Crosbie concluded that an appropriate TEV EBITDA multiple range for valuing Clearwater LP is between 8.1 and 9.1 times and an appropriate yield range is between 11.0% and 12.0%.

While the Fund announced on October 18, 2005 a suspension of cash distributions for the balance of 2005, Crosbie considered what level of annualized cash distributions a Unitholder can reasonably expect to receive over the medium to long term. Distributable Cash is not a recognized measure under Canadian generally accepted accounting principles, however the Fund calculates it on the basis of EBITDA less interest expense, less maintenance capital expenditures

(where maintenance capital expenditures exclude those related to growth initiatives and planned fixed asset replacement), less cash taxes.

For the purposes of determining Clearwater LP's Distributable Cash for valuation purposes, Crosbie considered the appropriate EBITDA and capital expenditures to use as a basis. Based on the analysis discussed above, Crosbie determined that it was appropriate to use the Crosbie Base Case EBITDA for the year ending December 31, 2006. With respect to capital expenditures, Crosbie deemed that for valuation purposes it was not appropriate to use the \$3.0 million estimate of maintenance capital expenditure used in Clearwater LP's calculation of Distributable Cash, as this excludes long-term capital expenditures associated with replacing Clearwater LP's fixed assets as they reach the end of their useful lives. Accordingly, Crosbie decided to use Management's long-term average annual capital expenditure estimate of \$10.7 million. This capital expenditure estimate was based on the estimated remaining useful life of Clearwater LP's current fixed assets and the expected future timing and cost of replacing those assets that Management expects to replace. Crosbie also considered whether the high capital expenditures in 2004 and 2005 on assets with a useful life in excess of 20 years would result in a situation where Clearwater LP's capital expenditures would be below the \$10.7 million estimated long-term average for any meaningful period of time and concluded that this was not the case. Based on this analysis, Crosbie determined Distributable Cash for valuation purposes of \$0.75 per Unit as set out in the following table:

DISTRIBUTABLE CASH CALCULATION	
<i>(000's, except percentages and per Unit data)</i>	
EBITDA (2006 Crosbie Base Case).....	\$70,733
Less: Minority interest	(3,307)
Capital expenditures	(10,717)
Interest.....	(14,365)
Cash taxes	(2,687)
Distributable Cash	\$39,656
Payout Ratio.....	100%
Distributable Cash per Unit	\$0.75

The following summarizes the value of Clearwater LP and the Units on an income trust basis resulting from the selected trading valuation multiples, EBITDA and Distributable Cash:

INCOME TRUST VALUATION – TEV / EBITDA APPROACH					
	Benchmark	Selected Multiple Range		Value Range	
	(\$000s)	Low	High	Low	High
EBITDA ^{(1) (2)}	\$67,426	8.1x	9.1x		
Total Enterprise Value				\$546,151	\$613,577
Less: Net Obligations at October 1, 2005				(190,643)	(190,643)
Equity Trading Value				355,508	422,934
Value per Unit				\$6.73	\$8.01

Notes:
(1) Net of minority interest.
(2) Based on 2006 Crosbie Base Case.

INCOME TRUST VALUATION – DISTRIBUTABLE CASH YIELD APPROACH					
	Benchmark	Selected Yield Range		Value Range	
	(\$000s)	Low	High	Low	High
Distributable Cash ^{(1) (2)}	\$39,656	12.0%	11.0%		
Equity Trading Value				\$330,467	\$360,509
Value per Unit				\$6.26	\$6.83

Notes:
(1) Net of minority interest.
(2) Based on 2006 Crosbie Base Case.

Given the fact that market trading prices generally do not reflect “en bloc” values, Crosbie considered whether an “en bloc” premium should be applied to the values determined above. However, the valuation of Clearwater LP as an income trust based on comparable public income trusts, determined above, reflects a premium to the value of Clearwater LP under a corporate structure based on comparable transactions analysis (discussed below). Furthermore, Crosbie concluded that it was highly unlikely that another income trust could justify paying a significant premium to the value determined above based on an expectation of realizing material synergies from an acquisition of the Fund or Clearwater LP. Accordingly, Crosbie concluded that it was not appropriate to attach a further “en bloc” premium to the value range determined above.

Comparable Transactions Analysis – Corporate Structure

Crosbie reviewed the available public information with respect to over 50 third party transactions announced in the last five years involving seafood harvesting and processing companies as well as branded seafood products companies. Of the transactions reviewed, Crosbie identified 11 transactions where the target company owned significant harvesting quotas. However, none of these transactions were deemed to be relevant as either financial details of the transaction were not publicly available or the transactions involved Icelandic target companies. Based on its

research, Crosbie concluded that the Icelandic transactions were not comparable due to certain unique attributes of the Icelandic seafood market. From the remaining transactions, Crosbie selected 7 comparable transactions involving seafood processor target companies valued at more than \$25 million in TEV.

While Crosbie considered several valuation multiples for its comparable transactions analysis, it concluded that the most relevant multiple was TEV/LTM EBITDA prior to announcement. A summary of the multiples implied by the prices paid in the selected comparable transactions is provided below:

ARM'S LENGTH COMPARABLE SEAFOOD TRANSACTIONS						
Date	Acquiror	Target/Seller (Region)	Currency	TEV (100%) (millions)	TEV to LTM	
					Revenue	EBITDA
Sep-05	FPI Ltd.	The Seafood Company Ltd. (UK)	UK£	£17.3	0.5x	5.7x
May-05	Gorton's Inc.	King & Prince Seafood Corporation (US)	US\$	\$148.0	1.1x	n/a
Oct-04	SIF Group	Labeyrie Group (France, Spain, UK)	€	€32.3	1.1x	8.2x
Jul-03	SIF Group	Lyons Seafood Ltd. (UK)	UK£	£14.0	0.2x	5.0x
Mar-02	Industri Kapital AB	Labeyrie SA (France, Spain, UK)	€	€208.3	1.0x	7.6x
Mar-02	CapVest Equity Partners	Young's Bluecrest Seafood Ltd. (UK)	UK£	£137.0	0.5x	n/a
Aug-01	Nippon Suisan (S.S.A.), Inc.	Gorton's & Blue Water Seafoods (US)	US\$	\$175.0	<u>0.7x</u>	<u>n/a</u>
AVERAGE					0.7x	6.6x

The TEV/LTM EBITDA multiples for the 7 selected transactions range from a low of 5.0 times to a high of 8.2 times with an average of 6.6 times. It appears that the higher multiple transactions are typically ones where the buyer could realize considerable cost savings through consolidating processing facilities whereas in the lower multiple transactions there was little opportunity for such cost savings. In the case of Clearwater LP, there appears to be limited scope for a purchaser to realize cost savings, as a high proportion of Clearwater LP's operating costs are harvesting costs and any purchaser would still have to harvest Clearwater LP's quotas and a buyer would be very unlikely to have excess harvesting capacity suited to harvesting Clearwater LP's quotas. However, Clearwater LP's quotas represent a very attractive and scarce asset that the target seafood processing companies in the comparable transactions did not have, although ownership of these quotas and licenses is restricted to Canadians which would limit the number of potential buyers.

On balance, Crosbie determined that these factors largely offset each other and that Clearwater LP should be valued at the mid-point of the multiple range for comparable seafood processor transactions. Crosbie concluded that an appropriate TEV/EBITDA multiple range for valuing Clearwater LP is between 6.1 times and 7.1 times. While the multiples for the comparable seafood processor transactions were based on LTM EBITDA prior to announcement, Crosbie applied the selected multiple range to forecast EBITDA for the year ending December 31, 2006 under the Crosbie Base Case as Crosbie determined that this represented a reasonable estimation of Clearwater LP's sustainable earnings, as discussed above.

Crosbie also reviewed the proposed acquisition of CFFI by FPI Limited ("FPI") announced in September of 2001 but disallowed by the Newfoundland Government. Crosbie understands that at the time this transaction was announced, the primary asset of CFFI was 100% of the Clearwater Business. The proposed transaction valued CFFI at a TEV/LTM EBITDA multiple of 7.4 times. Crosbie concluded that this proposed transaction was not particularly relevant as it was not completed and there were certain unique circumstances that impacted the implied valuation.

The following table summarizes the value of the Units, under a corporate structure, based on the comparable transactions analysis on a TEV/EBITDA multiple basis:

CORPORATE VALUATION – COMPARABLE TRANSACTION APPROACH					
	Benchmark (\$000s)	Selected Multiple Range		Value Range	
		Low	High	Low	High
2006 EBITDA ⁽¹⁾⁽²⁾	\$67,426	6.1x	7.1x		
Enterprise Trading Value				\$411,299	\$478,725
Less: Net Obligations at October 1, 2005				(190,643)	(190,643)
Equity Trading Value				220,656	288,082
Value per Unit				\$4.18	\$5.46

Notes:
(1) Net of minority interest.
(2) Based on Crosbie Base Case.

Discounted Cash Flow ("DCF") Analysis

Crosbie also considered the DCF approach in its determination of the fair market value of Clearwater LP under both an income trust structure and a corporate structure. DCF methodology reflects the growth prospects and risks inherent in Clearwater LP's business by taking into account the amount, timing and relative certainty of projected unlevered free cash flows expected to be generated by Clearwater LP. The DCF approach requires that certain assumptions be made regarding, among other things, future unlevered free cash flows, discount rates and terminal

values. The possibility that some of the assumptions will prove to be inaccurate is one factor involved in the determination of the discount rates used to establish a range of values.

Unlevered Free Cash Flows

Crosbie's income trust DCF analysis involved discounting to a present value, the unlevered free cash flows under both an income trust structure and a corporate structure from October 2, 2005 to December 31, 2009 and a terminal value determined as of December 31, 2009. For the purpose of developing the unlevered free cash flows for the DCF analysis, Crosbie used the Crosbie Base Case forecast as a basis.

In the DCF analysis, Crosbie considered the uncertainty associated with achieving Management's projections with respect to developing new markets for Greenland cockle clams, Northern propeller clams and raw processed lobster, discussed above (see Comparable Trading Analysis – Income Trust). Based on its assessment, Crosbie determined that the portion of unlevered free cash flow relating to developing markets for these new products was considerably less certain than that relating to unlevered free cash flow for the balance of the Clearwater Business. Accordingly, Crosbie deemed it appropriate to split the unlevered free cash flow in the Crosbie Base Case into a new business segment that includes the incremental clam and raw lobster business (the "New Products") and the remaining core business segment (the "Core Products") and to discount these two unlevered free cash flow streams at different discount rates reflecting the different relative certainty of the underlying business segments.

As a basis for calculating terminal values, Crosbie developed terminal year unlevered free cash flows for both the Core Products and the New Products based on the projections for the year ending December 31, 2009 under the Crosbie Base Case, subject to the following adjustments:

- The sea scallop TAC level in the terminal year was reduced to the 2008 level to reflect a cyclical peak in 2009 and average sea scallop prices were reduced by \$0.25 per pound to reflect a continued moderation of scallop prices.
- Plant overheads and selling, general and administrative expenses are assumed to increase by an estimated inflation rate of 1%.

In assessing the unlevered free cash flow for Clearwater LP, Crosbie considered the synergies that might be achieved by a third party purchaser of Clearwater LP and the amount that might be paid for synergies in an open auction of Clearwater LP. As discussed above (see Comparable Transactions Analysis – Corporate Structure), Crosbie concluded that there is limited scope for significant synergies for a third-party purchaser of Clearwater LP.

Crosbie also adjusted for projected capital expenditures, changes in non-cash working capital and cash taxes as set out in the Crosbie Base Case. The capital expenditure adjustment was based on Management's projected capital expenditures for 2006 through 2009 and the terminal year capital expenditures were determined to be \$11.2 million based on Management's estimated long-term average annual capital expenditures of \$10.7 million in current dollars (see Comparable Trading Analysis – Income Trust) adjusted for estimated annual inflation of 1%. Crosbie allocated the full amount of the capital expenditures to the Core Products as we

understand that the requirement for these capital expenditures is primarily a result of the need to replace and upgrade assets as they reach the end of their useful lives as opposed to capital expenditure required to support the New Products.

Crosbie determined that it was appropriate to apply the full adjustment for changes in non-cash working capital to the New Products as they represent the majority of the projected growth. Under an income trust structure, no cash taxes are assumed for Clearwater LP other than the Clearwater LP portion of taxes payable on its Argentine subsidiary, Glaciar Pesquera S.A., and certain other relatively small international operations. Under the corporate structure, Crosbie adjusted the unlevered free cash flow to reflect cash taxes at an effective tax rate of 38.1% and utilization of tax shelter based on the undepreciated capital cost allowance for the assets.

The following table provides a summary of the unlevered free cash flow for an income trust under the Crosbie Base Case:

CROSBIE BASE CASE FREE CASH FLOW SUMMARY – INCOME TRUST					
<i>(\$000's)</i>	2005 ⁽¹⁾	2006	2007	2008	2009
EBITDA – Total	\$16,539	\$70,732	\$79,782	\$84,882	\$92,712
EBITDA – Core Products	16,539	66,020	66,743	69,351	73,582
Less:					
Minority interest	(1,156)	(3,307)	(3,339)	(3,382)	(3,589)
Capital expenditures	(6,700)	(20,000)	(3,030)	(23,462)	(3,091)
Changes in non-cash working capital	(2,000)	-	-	-	-
Unlevered cash taxes	(1,156)	(2,687)	(2,709)	(2,739)	(2,884)
Unlevered after-tax free cash flow – Core Products	\$5,527	\$40,026	\$57,665	\$39,767	\$64,017
EBITDA – New Products		4,713	13,039	15,532	19,130
Less:					
Changes in non-cash working capital		(4,446)	(5,275)	(3,382)	(3,412)
Unlevered after-tax free cash flow – New Products		\$267	\$7,764	\$12,150	\$15,718
<i>Note:</i>	(1) For the period of October 2, 2005 to December 31, 2005				

The following table provides a summary of the resulting unlevered free cash flows under a corporate structure:

CROSBIE BASE CASE FREE CASH FLOW SUMMARY – CORPORATE STRUCTURE					
(\$000's)	2005⁽¹⁾	2006	2007	2008	2009
EBITDA – Total	\$16,539	\$70,732	\$79,782	\$84,882	\$92,712
EBITDA – Core Products	16,539	66,020	66,743	69,351	73,582
Less:					
Minority interest	(1,156)	(3,307)	(3,339)	(3,382)	(3,589)
Capital expenditures	(6,700)	(20,000)	(3,030)	(23,462)	(3,091)
Changes in non-cash working capital	(2,000)	-	-	-	-
Unlevered cash taxes	(4,763)	(19,637)	(21,243)	(22,482)	(24,452)
Unlevered after-tax free cash flow – Core Products	\$ 1,920	\$23,075	\$39,131	\$20,024	\$42,450
EBITDA – New Products		4,713	13,039	15,532	19,130
Less:					
Changes in non-cash working capital		(4,446)	(5,275)	(3,382)	(3,412)
Cash taxes		(1,308)	(3,472)	(4,114)	(5,045)
Unlevered after-tax free cash flow – New Products		\$(1,041)	\$4,292	\$8,036	\$10,673

Note:
(1) For the period of October 2, 2005 to December 31, 2005.

Terminal Value

Crosbie applied the capitalization in perpetuity of unlevered free cash flows approach to calculate the TEV of Clearwater LP beyond December 31, 2009 and also considered the terminal TEV/EBITDA multiple implied by this approach. Crosbie capitalized terminal year unlevered free cash flows at the appropriate discount rates (discussed below) less a long-term growth rate. Crosbie used a long-term growth rate of 1.0% to 1.5% for both the income trust structure and the corporate structure. This resulted in an implied terminal TEV/EBITDA multiple of 7.2 to 8.5 times under an income trust structure 5.0 to 6.1 times under a corporate structure.

Discount Rates

Projected unlevered free cash flows for the Core Products and the New Products were discounted based on different estimated Weighted Average Costs of Capital (“WACC”) for these business segments. These WACCs were calculated based upon estimated costs of debt and equity, weighted based upon assumed optimal capital structures. The assumed optimal capital structure for the Core Products was based upon a review of the capital structures of other comparable public income trusts and seafood companies as well as an assessment of the specific risks associated with the environment in which Clearwater LP operates. The cost of debt for the Core Products was calculated based on the risk-free rate of return plus an appropriate borrowing spread to reflect the credit risk for Core Products at the assumed optimal capital structure. The

assumed optimal capital structure for the New Products was deemed by Crosbie to be 100% equity due to the unproven nature of this business.

Crosbie determined the cost of equity and cost of debt for the Core Products by utilizing the Capital Asset Pricing Model (“CAPM”). The CAPM approach calculates the cost of equity capital as a function of the risk-free rate of return, the volatility of equity prices in relation to a benchmark (“beta”), a premium for equity risk and a size premium, if appropriate. For the cost of equity for the New Products, Crosbie concluded that the CAPM approach was not appropriate for this relatively unproven business and instead applied a cost of equity range of 15% to 18% which Crosbie believed was appropriate under the circumstances in light of the relatively high level of uncertainty associated with the New Products projections.

The assumptions used by Crosbie to calculate the WACCs for the Core Products under the income trust and corporate structures (factoring the impact of higher tax shield under a corporate structure on the after-tax cost of debt) are outlined below:

WACC ANALYSIS – CORE PRODUCTS		
	<u>Income Trust</u>	<u>Corporate</u>
Cost of Debt		
Risk-free rate (Government of Canada long-term bond yield)	4.30%	4.30%
Borrowing spread.....	3.00%	3.00%
Pre-tax cost of debt	7.30%	7.30%
Tax rate	0.00%	38.10%
After-tax cost of debt	7.30%	4.52%
Cost of Equity		
Risk-free rate (Government of Canada long-term bond yield)	4.30%	4.30%
Market risk premium ⁽¹⁾	5.10%	5.10%
Levered Beta ⁽²⁾	0.56	0.53
After-tax cost of equity before Capitalization Premium	7.14%	7.01%
Size Premium ⁽³⁾	4.91%	4.91%
After-tax Cost of Equity.....	12.05%	11.92%
WACC		
Optimal capital structure (% debt).....	35%	35%
WACC	10.4%	9.3%
<i>Notes:</i>		
(1) Sourced from Ibbotson Associates.		
(2) Based on average industry betas of comparable income trusts and public companies.		
(3) Data compiled by Crosbie from the Ibbotson Associates S&P CVC Risk Premium Report 2005.		

Summary of DCF Approach – Income Trust

The following is a summary of the value of Units as an income trust resulting from the DCF analysis:

DCF ANALYSIS – INCOME TRUST	Value Range	
	Low	High
<i>(\$000's, except percentages and per Unit amounts)</i>		
Assumptions		
WACC – Core Business	10.9%	9.9%
WACC – New Business	18.0%	15.0%
Terminal Growth Rate	1.0%	1.5%
DCF Approach		
Net Present Value		
Unlevered free cash flows – Core Business.....	\$159,913	\$163,469
Terminal value – Core Business	310,590	383,013
Unlevered free cash flows – New Business	21,304	23,078
Terminal value – New Business	51,965	74,429
Total Enterprise Value	543,772	643,989
Less: Net obligations at October 1, 2005.....	(190,643)	(190,643)
En Bloc Equity Value	\$353,129	\$453,346
Value per Unit.....	\$6.69	\$8.59

Summary of DCF Approach – Corporate Structure

The following is a summary of the value of the Units under a corporate structure resulting from Crosbie's DCF analysis:

DCF ANALYSIS – CORPORATE STRUCTURE	Value Range	
	Low	High
<i>(\$000's, except percentages and per Unit amounts)</i>		
Assumptions		
WACC – Core Business.....	9.8%	8.8%
WACC – New Business	18.0%	15.0%
Terminal Growth Rate	1.0%	1.5%
DCF Approach		
Net Present Value		
Unlevered free cash flows – Core Business	\$99,703	\$102,008
Terminal value – Core Business	221,156	278,369
Unlevered free cash flows – New Business	12,596	13,726
Terminal value – New Business.....	39,135	56,344
Total Enterprise Value	372,590	450,446
Less: Net obligations at October 1, 2005	(190,643)	(190,643)
En Bloc Equity Value.....	\$181,947	\$259,803
Value Per Unit.....	\$3.45	\$4.92

DCF Sensitivity Analysis

As part of its DCF analysis, Crosbie performed sensitivity analyses on certain key assumptions for both an income trust and a corporate structure. The results of these sensitivities are outlined below:

Variable	Sensitivity	Impact on DCF (\$ per Unit)	
		Income Trust	Corporate
Scallop Volumes	+5% / -5%	+0.36 / -0.36	+0.26 / -0.26
Scallop Prices.....	+5% / -5%	+0.71 / -0.70	+0.51 / -0.50
Clam Volumes	+5% / -5%	+0.22 / -0.22	+0.10 / -0.10
Processed Raw Lobster Volumes.....	+5% / -5%	+0.03 / -0.03	+0.01 / -0.01
Terminal Capital Expenditures	±\$1,000,000	-0.12 / +0.13	-0.15 / +0.15
C\$: US\$ Exchange Rate.....	+1% / -1%	-0.07 / +0.08	-0.05 / +0.05
C\$: Euro Exchange Rate.....	+1% / -1%	-0.02 / +0.03	-0.02 / +0.02
Discount Rate (Core Business)	+0.5% / -0.5%	-0.51 / +0.57	-0.39 / +0.45
Discount Rate (New Business)	+1.0% / -1.0%	-0.13 / +0.15	-0.10 / +0.11
Terminal Growth Rate	+0.5% / -0.5%	+0.42 / -0.37	+0.33 / -0.29

Benefits of the Offer to CFFI

In arriving at our opinion of the fair market value of the Units, Crosbie reviewed and considered whether any material value would accrue to CFFI through the acquisition of the additional Units as contemplated in the Offer. Crosbie noted that if CFFI purchased the full amount of the Units contemplated under the Offer, its voting interest in the Fund would increase from approximately 46.44% to approximately 65.39% on an undiluted basis. However, prior to giving effect to the Offer CFFI already has a controlling interest in CS ManPar, the general partner of Clearwater LP, and the right to appoint four of the seven directors on the board of CS ManPar, Crosbie concluded that there was no material benefit to CFFI resulting from attaining a majority voting interest in the Fund. Crosbie also concluded that there were no material operational or financial benefits that would accrue to CFFI such as earlier use of available tax losses, lower income tax rates, reduced operating costs, increased revenues, higher asset utilization or any other operational or financial benefits.

Valuation Summary

The conclusions of Crosbie's valuation analysis with respect to the Units are summarized in the following table:

VALUATION SUMMARY PER UNIT	Income Trust		Corporate	
	Low	High	Low	High
Comparable Trading Analysis:				
TEV / EBITDA	\$6.73	\$8.01		
Distributable Cash Yield	\$6.26	\$6.83		
Discounted Cash Flow Analysis	\$6.69	\$8.59	\$3.45	\$4.92
Comparable Transactions Analysis:				
TEV / EBITDA			\$4.18	\$5.46
Other Ranges:				
52 week market trading range	\$2.25	\$10.13		
Offer	\$6.00	\$6.25		

In determining the value of the Units under an income trust structure, Crosbie relied upon the results of the Comparable Trading Analysis – Income Trust to a greater extent than the DCF Analysis – Income Trust in reaching its value range of \$6.50 to \$7.60. In determining the value of the Units under a corporate structure, Crosbie considered and relied upon the results of the Comparable Transactions Analysis – Corporate Structure to a greater extent than the DCF Analysis – Corporate Structure in reaching its conclusion that the value of the Units under a corporate structure is in the range of \$4.05 to \$5.40.

The Department of Finance announced on September 8, 2005 a consultation process to consider taxation differences between income trusts and corporations and the Minister of Finance subsequently requested on September 19, 2005 that the Minister of National Revenue postpone providing advance tax rulings respecting flow-through entities, such as income trusts. If the Department of Finance ultimately decides to address taxation differences between income trusts and corporations, one possible alternative could be to adversely change the tax treatment of income trusts. If such an adverse change was material, it could have a significant negative impact on the market valuation of income trusts. At this stage, Crosbie believes that it is not possible to determine what, if any, action the Department of Finance will take as a result of its consultation process and accordingly has not factored any such action into the Valuation over and above that which is already reflected in the market value of the comparable income trusts. As the value of the Units was determined at this time to be higher under an income trust structure than under a corporate structure, Crosbie determined the value of the Units based on the current income trust structure.

Accordingly, Crosbie determined that the valuation range of the Units is materially higher than the current trading price of the Units. The Unit price has declined by approximately 65% from the 52-week high as a result of significant negative earnings announcements by the Fund and

market speculation of further reductions in distributions, confirmed by the announcement by the Fund on October 18, 2005 of a temporary suspension of distributions for the balance of 2005. Investors typically purchase income trust units for the benefit of receiving stable cash distributions. Therefore, it is understandable that the Unit price has declined due to increased uncertainty in respect of the level of and sustainability of short-term distributions. In addition, the income trust market has also witnessed a general sell-off since late September when the Minister of Finance's comments created speculation that the favourable tax status of income trusts may be in jeopardy.

Notwithstanding the negative short-term outlook for distributions, Crosbie's approach to valuation factored in the recovery in earnings and resumption of distributions anticipated by Management and, accordingly, Crosbie concluded that the price of the Units in the recent trading range is not representative of fair market value.

Valuation Conclusion

Based on and subject to all of the foregoing, it is Crosbie's opinion that, as at the date hereof, the fair market value of the Units is in the range of \$6.50 to \$7.60 per Unit.

As directed by the Special Committee, the Valuation is based on the assumption that CFFI had not announced its decision not to proceed with the Offer. Crosbie expresses no opinion herein concerning the future trading price of the Units and makes no recommendations to the Unitholders of the Fund as to whether they should continue to hold their Units.

Yours very truly,

Crosbie & Company Inc.

Crosbie & Company Inc.