CLEARWATER SEAFOODS INCORPORATED

Notice of Annual Meeting of Shareholders
and
Management Information Circular

Meeting Date: Tuesday, May 15, 2012 at 10:00 a.m. (Atlantic time)

Purdy's Wharf Tower II
1969 Upper Water Street, Suite 1300
Halifax, Nova Scotia

April 13, 2012
NOTICE IS HEREBY GIVEN THAT:

The annual meeting ("Meeting") of the shareholders of Clearwater Seafoods Incorporated ("Corporation") will be held at Purdy's Wharf Tower II, 1969 Upper Water Street, Suite 1300, Halifax, Nova Scotia, on Tuesday, May 15, 2012 at 10:00 a.m. for the following purposes:

(a) to receive the financial statements of the Corporation for the year ended December 31, 2011, together with the report of the auditor thereon, copies of which were mailed to Shareholders on March 13, 2012;

(b) to elect directors of the Corporation for the forthcoming year;

(c) to appoint the auditor of the Corporation for the forthcoming year and to authorize the directors to fix the auditor's remuneration; and

(d) to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

Details of the matters proposed to be put before the Meeting are set forth in the management information circular ("Circular") accompanying and forming part of this notice of meeting ("Notice of Meeting").

Only Shareholders of record as of the close of business on April 10, 2012 are entitled to receive notice of the Meeting and, except as noted in the attached Circular, to vote at the Meeting.

To assure your representation at the Meeting as a Registered Shareholder, please complete, sign, date and return the enclosed proxy, whether or not you plan to personally attend. Sending your proxy will not prevent you from voting in person at the Meeting. All proxies completed by Registered Shareholders must be received by the Corporation's transfer agent, Computershare Investor Services Inc., not later than Friday, May 11, 2012 at 10:00 a.m. A Registered Shareholder must return the completed proxy to Computershare Investor Services Inc., as follows:

(a) by mail in the enclosed envelope;

(b) by the Internet or telephone as described on the enclosed proxy; or

(c) by registered mail, by hand or by courier to the attention of Computershare Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

Non-Registered Shareholders whose shares are registered in the name of an intermediary should carefully follow voting instructions provided by the intermediary. A more detailed description on returning proxies by Non-Registered Shareholders can be found on page 2 of the attached Circular.

If you receive more than one proxy or voting instruction form, as the case may be, for the Meeting, it is because your shares are registered in more than one name. To ensure that all of your shares are voted, you must sign and return all proxies and voting instruction forms that you receive.

DATED at Bedford, in the Halifax Regional Municipality, Nova Scotia, this 13th day of April, 2012.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) Colin MacDonald
Chairman
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INFORMATION REGARDING ORGANIZATION AND CONDUCT OF MEETING

THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY OR ON BEHALF OF THE MANAGEMENT OF CLEARWATER SEAFOODS INCORPORATED ("Corporation") for use at the annual meeting of shareholders of the Corporation ("Shareholders") to be held at Purdy's Wharf Tower II, 1969 Upper Water Street, Suite 1300, Halifax, Nova Scotia, on Tuesday, May 15, 2012 at 10:00 a.m., or at any adjournment thereof ("Meeting"), for the purposes set forth in the accompanying notice of meeting ("Notice of Meeting").

Solicitation of Proxies

Solicitation of proxies will be primarily by mail, but may also be by telephone or other means of communication by the directors, officers, employees or agents of the Corporation at nominal cost. All costs of solicitation will be paid by the Corporation. The Corporation will also pay the fees and costs of intermediaries for their services in transmitting proxy-related material in accordance with National Instrument 54-101, Communication with Beneficial Owners of Securities of a Reporting Issuer ("NI 54-101").

Appointment and Revocation of Proxies

General

Shareholders may be "Registered Shareholders" or "Non-Registered Shareholders". If common shares of the Corporation ("Common Shares") are registered in the name of an intermediary and not registered in the Shareholder's name, they are said to be owned by a "Non-Registered Shareholder". An intermediary is usually a bank, trust company, securities dealer or broker, or a clearing agency in which an intermediary participates. The instructions provided below set forth the different procedures for voting Common Shares at the Meeting to be followed by Registered Shareholders and Non-Registered Shareholders.

The persons named in the enclosed instrument appointing proxy are officers and directors of the Corporation. Each Shareholder has the right to appoint a person or company (who need not be a Shareholder) to attend and act for him at the Meeting other than the persons designated in the enclosed form of proxy. Shareholders who have given a proxy also have the right to revoke it insofar as it has not been exercised. The right to appoint an alternate proxyholder and the right to revoke a proxy may be exercised by following the procedures set out below under "Registered Shareholders" or "Non-Registered Shareholders", as applicable.

If any Shareholder receives more than one proxy or voting instruction form, it is because that Shareholder's shares are registered in more than one form. In such cases, Shareholders should sign and submit all proxies or voting instruction forms received by them in accordance with the instructions provided.

Registered Shareholders

Registered Shareholders have two methods by which they can vote their Common Shares at the Meeting; namely in person or by proxy. To assure representation at the Meeting, Registered Shareholders are encouraged to return the proxy included with this management information circular ("Circular"). Sending in a proxy will not prevent a Registered Shareholder from voting in person at the Meeting. The vote will be taken and counted at the Meeting. Registered Shareholders who do not plan to attend the Meeting or do not wish to vote in person can vote by proxy.
Proxies must be received by the Corporation's transfer agent, Computershare Investor Services Inc., not later than Friday, May 11, 2012 at 10:00 a.m. A Registered Shareholder must return the completed proxy to Computershare Investor Services Inc., as follows:

(a) by mail in the enclosed envelope; or
(b) by the Internet or telephone as described on the enclosed proxy; or
(c) by registered mail, by hand or by courier to the attention of Computershare Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

To exercise the right to appoint a person or company to attend and act for a Registered Shareholder at the Meeting, such Shareholder must strike out the names of the persons designated on the enclosed instrument appointing a proxy and insert the name of the alternate appointee in the blank space provided for that purpose.

To exercise the right to revoke a proxy, in addition to any other manner permitted by law, a Shareholder who has given a proxy may revoke it by instrument in writing, executed by the Shareholder or his attorney authorized in writing, or if the Shareholder is a corporation, by a duly authorized officer or attorney thereof, and deposited: (i) at the registered office of the Corporation, 757 Bedford Highway, Bedford, Nova Scotia, B4A 3Z7, Attention: Chairman of the Board of Directors, at any time up to and including the last business day preceding the Meeting at which the proxy is to be used, or at any adjournment thereof, or (ii) with the chairman of the Meeting on the date of the Meeting, or at any adjournment thereof, and upon either of such deposits the proxy is revoked.

Non-Registered Shareholders

Non-Registered Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Corporation are referred to as "NOBOs". Non-Registered Shareholders who have objected to their intermediary disclosing the ownership information about themselves to the Corporation are referred to as "OBOs".

In accordance with the requirements of NI 54-101, the Corporation is sending the Notice of Meeting, this Circular, a voting instruction form ("VIF") or a form of proxy, as applicable (collectively, the "Meeting Materials") directly to the NOBOs and, indirectly, through intermediaries to the OBOs.

Meeting Materials Received by OBOs from Intermediaries

The Corporation has distributed copies of the Meeting Materials to intermediaries for distribution to OBOs. Intermediaries are required to deliver these materials to all OBOs of the Corporation who have not waived their right to receive these materials, and to seek instructions as to how to vote Common Shares. Often, intermediaries will use a service company (such as Broadridge Financial Solutions, Inc.) to forward the Meeting Materials to OBOs.

OBOs who receive Meeting Materials will typically be given the ability to provide voting instructions in one of two ways:

(a) Usually, an OBO will be given a VIF which must be completed and signed by the OBO in accordance with the instructions provided by the intermediary. In this case, the mechanisms described above for Registered Shareholders cannot be used and the instructions provided by the intermediary must be followed.

(b) Occasionally, however, an OBO may be given a proxy that has already been signed by the intermediary. This form of proxy is restricted to the number of Common Shares owned by the OBO but is otherwise not completed. This form of proxy does not need to be signed by the OBO but must be completed by the OBO and returned to Computershare in the manner described above for Registered Shareholders.

The purpose of these procedures is to allow OBOs to direct the proxy voting of the Common Shares that they own but that are not registered in their name. Should an OBO who receives either a form of proxy or a VIF wish to attend and vote at the Meeting in person (or have another person attend and vote on their behalf), the OBO should
strike out the persons named in the form of proxy as the proxy holder and insert the OBOs (or such other person's) name in the blank space provided or, in the case of a VIF, follow the corresponding instructions provided by the intermediary. In either case, OBOs who received Meeting Materials from their intermediary should carefully follow the instructions provided by the intermediary.

To exercise the right to revoke a proxy, an OBO who has completed a proxy (or a VIF, as applicable) should carefully follow the instructions provided by the intermediary.

Proxies returned by intermediaries as "non-votes" because the intermediary has not received instructions from the OBO with respect to the voting of certain shares or, under applicable stock exchange or other rules, the intermediary does not have the discretion to vote those shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Common Shares represented by such "non-votes" will, however, be counted in determining whether there is a quorum.

**Meeting Materials Received by NOBOs from the Corporation**

As permitted under NI 54-101, the Corporation has used a NOBO list to send the Meeting Materials directly to the NOBOs whose names appear on that list. If you are a NOBO and the Corporation's transfer agent, Computershare, has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained from the intermediary holding such shares on your behalf in accordance with applicable securities regulatory requirements.

As a result, any NOBO of the Corporation can expect to receive a scannable VIF from Computershare. Please complete and return the VIF to Computershare in the envelope provided. In addition, telephone voting and internet voting are available, as further described in the VIF. Instructions in respect of the procedure for telephone and internet voting can be found in the VIF. Computershare will tabulate the results of the VIFs received from the Corporation's NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs received by Computershare.

By choosing to send these materials to you directly, the Corporation (and not the intermediary holding Common Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. The intermediary holding Common Shares on your behalf has appointed you as the proxyholder of such shares, and therefore you can provide your voting instructions by completing the proxy included with this Circular in the same way as a Registered Shareholder. Please refer to the information under the heading "Registered Shareholders" for a description of the procedure to return a proxy, your right to appoint another person or company to attend the meeting, and your right to revoke the proxy.

Although a Non-Registered Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker, a Non-Registered Shareholder may attend the Meeting as proxyholder for the Registered Shareholder and vote the Common Shares in that capacity. Non-Registered Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the Registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.

**Exercise of Proxies**

Where a choice is specified, the Common Shares represented by proxy will be voted for, withheld from voting or voted against, as directed, on any poll or ballot that may be called. Where no choice is specified, the proxy will confer discretionary authority and will be voted in favour of all matters referred to on the form of proxy. The proxy also confers discretionary authority to vote for, withhold from voting, or vote against amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters not specifically mentioned in the Notice of Meeting but which may properly come before the Meeting.

Management has no present knowledge of any amendments or variations to matters identified in the Notice of Meeting or any business that will be presented at the Meeting other than that referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the
enclosed instrument appointing proxy to vote in accordance with the recommendations of management of the Corporation.

**Forward-Looking Statements**

Certain statements in this Information Circular that are not statements of historical fact, including statements relating to each as more particularly described herein, may constitute “forward-looking statements”. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Corporation’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this Circular, such statements use such words as “may”, “will”, “expect”, “believe”, “plan”, “intend”, “should”, “anticipate” and other similar terminology. These statements reflect current assumptions and expectations regarding future events and operating performance as of the date of this Information Circular. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward-looking statements. Although the forward-looking statements contained in this Circular are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with such forward-looking statements. All forward-looking statements are made as of the date of this Information Circular, and the Corporation assumes no obligation to update or revise them to reflect new events or circumstances. Accordingly, readers should not place undue reliance on forward-looking statements.

**Voting Shares**

The authorized capital of the Corporation consists of an unlimited number of Common Shares, of which 50,948,698 are issued and outstanding as of the date hereof.

The board of directors of the Corporation ("Board of Directors") has fixed the record date for the Meeting as the close of business on April 10, 2012 ("Record Date"). Only Shareholders as of the close of business on the Record Date will be entitled to vote at the Meeting. Shareholders entitled to vote shall have one vote each on a show of hands and one vote per Common Share on a poll.

Two or more persons present in person representing at least 25% of the Common Shares entitled to be voted at the Meeting will constitute a quorum at the Meeting.

**Principal Shareholders**

As of the date hereof, to the knowledge of the directors and officers of the Corporation, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attaching to all outstanding Common Shares of the Corporation, except as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Common Shares(2)</th>
<th>Percentage of Common Shares Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>7914091 Canada Inc.(1)</td>
<td>29,636,076</td>
<td>58.17%</td>
</tr>
</tbody>
</table>

Notes:
(1) 7914091 Canada Inc. is owned by Clearwater Fine Foods Incorporated ("CFFI") and Mickey MacDonald.
(2) Based on public filings with securities regulatory authorities in Canada on SEDAR.

**CORPORATE STRUCTURE**

The Corporation is the successor to Clearwater Seafoods Income Fund (the "Fund") following the completion of the reorganization of the Fund from an income trust structure to a corporate structure by way of a court approved plan of arrangement under the Canada Business Corporations Act ("CBCA") effective as of October 2, 2011 (the "Arrangement").
The Corporation was incorporated on July 7, 2011 under the CBCA and did not carry on any active business prior to the Arrangement, other than executing the arrangement agreement pursuant to which the Arrangement was implemented.

The Fund entered into an arrangement agreement dated as of July 22, 2011, as amended and restated on July 25, 2011 ("Arrangement Agreement"), with Clearwater Seafoods Holdings Trust, the Corporation, Clearwater Seafoods Limited Partnership (the “Limited Partnership”), CS ManPar Inc. ("CS ManPar") and 7914091 Canada Inc. ("Holdco"), providing for the implementation of a plan of arrangement which would reorganize the Fund in the form of a publicly traded corporation called “Clearwater Seafoods Incorporated”.

On August 25, 2011, the holders of units of the Fund approved Arrangement providing for the reorganization of the Fund's trust structure into a corporate structure and, on September 14, 2011, the Corporation, as applicant, obtained a final order from the Supreme Court of Nova Scotia with respect to the Arrangement.

The Arrangement

The Arrangement became effective as of 12:01 a.m. (Eastern Time) on October 2, 2011 and Industry Canada issued Articles of Arrangement as of that date. In accordance with the terms of the Arrangement, effective October 2, 2011, the Corporation acquired all of the outstanding trust units (the "Units") of the Fund, issuing one Common Share for each Unit acquired. In addition, Holdco received 23,381,217 Common Shares in consideration for the transfer of all of the Class B units of the Limited Partnership (and the associated special voting units of the Fund) owned by Holdco and all of the common shares of CS ManPar owned by Holdco.

As a result of the Arrangement, immediately after the completion of the transaction, there were 50,947,160 Common Shares issued and outstanding. The Common Shares commenced trading on the Toronto Stock Exchange ("TSX") on October 3, 2011, under the stock symbol "CLR" at which time the Units were delisted from the TSX.

In addition, pursuant to the Arrangement, the obligations of the Fund under the outstanding 7.25% convertible unsecured subordinated debentures, due March 31, 2014 (the "7.25 Debentures") and 10.5% convertible unsecured subordinated debentures, due December 13, 2013 (the "10.5% Debentures", and together with the 7.25% Debentures, the "Fund Debentures") were assumed by the Corporation. Holders of the Fund Debentures are now entitled to receive Common Shares on conversion of the debentures of the Corporation on the same basis that they were entitled to receive Units prior to the closing of the Arrangement.

After the completion of the Arrangement, the principal amount of 7.25% Debentures and 10.5% Debentures outstanding was $44,389,000 and $43,423,000 respectively. Additionally, the 7.25% Debentures and 10.5% Debentures commenced trading on the TSX on October 3, 2011 under the stock symbols "CLR.DB.A" and "CLR.DB.B", respectively, at which time the Fund Debentures were delisted from the TSX.

Pursuant to the Arrangement, Clearwater Seafoods Holdings Trust and the Fund dissolved on October 2, 2011. Effective October 2, 2011, the Corporation became a successor reporting issuer in all provinces in Canada (where the Fund was previously a reporting issuer) and continued to carry on the business previously conducted by the Fund.

The Arrangement is more particularly described in the management information circular of the Fund dated July 25, 2011. A copy of this management information circular is available on SEDAR at www.sedar.com under the Fund's SEDAR profile.

Therefore, information included in this Information Circular provides information on the Fund (until October 2, 2011) and the Corporation (after October 2, 2011).

BUSINESS TO BE TRANSACTED AT THE MEETING

Financial Statements

The financial statements of the Corporation, the auditor's report thereon and management's discussion and analysis for the financial year ended December 31, 2011 will be presented to the Shareholders at the Meeting.
Election of Directors

The Articles of Incorporation of the Corporation provide that the size of the Board of Directors must consist of not less than three directors and not more than ten directors to be elected annually. The Corporation's by-laws provide that the size of the Board of Directors is to be determined by the Board of Directors and it is currently fixed at eight (8) directors.

Each of the persons named in the list which follows is currently a director of the Corporation and all are, in the opinion of management, well qualified to direct the Corporation's activities for the ensuing year. They have all confirmed their willingness to serve as directors, if elected. The term of office of each director elected will be until the next annual meeting of the Shareholders or until the position is otherwise vacated.

Unless the proxy specifically instructs the proxyholder to withhold such vote, Common Shares represented by the proxies hereby solicited shall be voted for the election of the nominees whose names are set forth below. Management does not contemplate that any of these proposed nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the Common Shares represented by the properly executed proxies given in favour of nominees of management named in the enclosed form of proxy may be voted for another nominee at such proxyholder's discretion.

<table>
<thead>
<tr>
<th>Name, Province and Country of Residence</th>
<th>Principal Occupation</th>
<th>Director Since</th>
<th>Position(s) with the Corporation</th>
<th>Common Shares Owned, Controlled or Directed(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colin E. MacDonald, 64 Nova Scotia, Canada</td>
<td>Mr. MacDonald's principal occupation is that of Chairman of the Corporation.</td>
<td>October 2, 2011</td>
<td>Director, Chairman of the Board of Directors</td>
<td>29,765,176(2)(3)</td>
</tr>
<tr>
<td>John C. Risley, 63 Nova Scotia, Canada</td>
<td>Mr. Risley is the President of CFFI.</td>
<td>October 2, 2011</td>
<td>Director</td>
<td>29,636,076(3)</td>
</tr>
<tr>
<td>Thomas D. Traves(4)(5), 63 Nova Scotia, Canada</td>
<td>Dr. Traves is President and Vice-Chancellor of Dalhousie University.</td>
<td>October 2, 2011</td>
<td>Director</td>
<td>7,500</td>
</tr>
<tr>
<td>Larry Hood(4)(5), 64 Nova Scotia, Canada</td>
<td>Mr. Hood was a Partner at KPMG LLP for 24 years.</td>
<td>October 17, 2011</td>
<td>Director</td>
<td>42,830</td>
</tr>
<tr>
<td>Harold Giles(4), 67 Ontario, Canada</td>
<td>Harold Giles is a former senior executive with General Electric and Bell. Since retiring he has provided operations and leadership consulting to corporations in Canada and in Europe and to not for profit organizations.</td>
<td>October 2, 2011</td>
<td>Director</td>
<td>4,000</td>
</tr>
<tr>
<td>Name, Province and Country of Residence</td>
<td>Principal Occupation</td>
<td>Director Since</td>
<td>Position(s) with the Corporation</td>
<td>Common Shares Owned, Controlled or Directed&lt;sup&gt;(1)&lt;/sup&gt;</td>
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<td>Brendan Paddick&lt;sup&gt;(5)&lt;/sup&gt;, 48 Grand Bahama Island, Bahamas</td>
<td>Mr. Paddick is the Chief Executive Officer of Columbus International Inc.</td>
<td>October 2, 2011</td>
<td>Director</td>
<td>90,000</td>
</tr>
<tr>
<td>(Mr. Paddick was a Director of CS ManPar, the managing partner of the Limited Partnership from 2006 to October 2, 2011)</td>
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<tr>
<td>Mickey MacDonald&lt;sup&gt;(4)&lt;/sup&gt;, 60 Halifax, Nova Scotia, Canada</td>
<td>Mr. MacDonald is President of Micco Companies (residential land development and automotive leasing).</td>
<td>October 2, 2011</td>
<td>Director</td>
<td>29,653,482&lt;sup&gt;(5)&lt;/sup&gt;</td>
</tr>
<tr>
<td>(Mr. MacDonald was a Director of CS ManPar, the managing partner of the Limited Partnership from June 2009 to October 2, 2011)</td>
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<tr>
<td>Stan Spavold&lt;sup&gt;(4)&lt;sup&gt;(5)&lt;/sup&gt;&lt;sup&gt;(7)&lt;/sup&gt;, 53 Halifax, Nova Scotia, Canada</td>
<td>Mr. Spavold is the Executive Vice President of CFFI.</td>
<td>October 2, 2011</td>
<td>Director</td>
<td>51,500</td>
</tr>
<tr>
<td>(Mr. Spavold was a Director of CS ManPar, the managing partner of the Limited Partnership from June 2009 to October 2, 2011)</td>
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Notes

1. The information as to Common Shares beneficially owned, directly or indirectly, including by associates or affiliates, not being within the knowledge of the Corporation, has been furnished by the respective directors.

2. Colin MacDonald controls 129,100 Common Shares directly and indirectly and 29,636,076 Common Shares indirectly through 7914091 Canada Inc.

3. 7914091 Canada Inc, which is owned by Clearwater Fine Foods Incorporated (owned by Messrs. Colin MacDonald and John Risley) and Mickey MacDonald holds directly and indirectly 29,636,076 Common Shares.

4. Member of Corporate Governance and Compensation Committee.

5. Member of the Audit Committee.

6. Mickey MacDonald holds 17,406 Common Shares directly and 29,636,076 Common Shares indirectly through his investment in 7914091 Canada Inc. He also holds 229,000 of the 10.5% Debentures due in 2013 and 430,000 of the 7.25% Debentures due in 2014 indirectly through his holding company, CJR Investments Inc.

7. Stan Spavold also holds 100,000 of the 10.5% Debentures due in 2013.

All of the directors of the Corporation have been engaged in their principal occupations or other senior positions with the firms and organizations listed above or their predecessors or affiliates for five years or more, except Colin E. MacDonald who was previously the Chairman of CS ManPar Inc. from 2010 to 2011. Prior to 2010, Colin E. MacDonald was the chief executive officer of CS ManPar Inc.

No proposed director, or the proposed director’s associates or affiliates, beneficially owns, or controls or directs, directly or indirectly, securities carrying 10% or more of the voting rights attached to all Common Shares.

However, Colin E MacDonald, Stan Spavold and Mickey MacDonald are executive officers of 7914091 Canada Inc. and Colin E MacDonald, and John C. Risley are the principal shareholders of CFFI. Collectively, CFFI and Mickey MacDonald own, through 7914091 Canada Inc., 29,636,076 Common Shares, representing approximately 58% of the outstanding Common Shares.

*Corporate Cease Trade Orders and Bankruptcies*

No proposed director of the Corporation:

(a) is, as at the date hereof, or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation), that:
(i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days (any such order, an “Order”) while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer, chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) is, as at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any issuer (including the Corporation), that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties and Sanctions

No proposed director of the Corporation has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Appointment of Auditor

KPMG LLP, Chartered Accountants, has been the auditor of the Corporation since its incorporation and was the auditor of the Corporation’s predecessor (the Fund) since completion of its initial public offering in 2002. Management recommends the re-appointment of KPMG LLP. At the Meeting, Shareholders will be asked to vote for the appointment of KPMG LLP as auditor of the Corporation until the next annual meeting of the Shareholders, at a remuneration to be fixed by the Board of Directors.

It is intended that all proxies received will be voted in favour of the appointment of KPMG LLP as auditor of the Corporation, unless a proxy contains instructions to withhold the same from voting.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Note Regarding the Arrangement

The Arrangement was completed on October 2, 2011. Pursuant to the Arrangement, the Fund dissolved effective October 2, 2011. Prior to the completion of the Arrangement, the NEOs (as defined herein) were employed by the Limited Partnership. Following completion of the Arrangement, the NEOs remain employed by the Limited Partnership.

Information regarding compensation to the trustees of the Fund for the years ended December 31, 2008 and December 31, 2009 can be found in the management information circular of the Fund dated March 31, 2010. The management information circular is available on SEDAR at www.sedar.com under the Trust’s profile.
Background

This section will describe how decisions are made as they relate to determining the appropriate level of executive compensation paid, payable, awarded, granted or otherwise provided, directly or indirectly, by the Corporation to each Named Executive Officer, as defined in Form S-102F6 (each, an “NEO”). The Corporation's NEOs are Ian Smith, CEO, Robert Wight, Vice President, Finance and Chief Financial Officer, Eric Roe, Chief Operating Officer, Michael Pittman, Vice President Fleet and Paul Broderick, Vice President, International Sales.

The Corporate Governance and Compensation Committee (the "Compensation Committee") has been established by the Board for the purposes of monitoring and providing guidance on the level of executive compensation. The Compensation Committee provides advice on terms and conditions of employment so as to ensure they are designed to advance the growth and profitability objectives of the Limited Partnership and to attract senior employees for long-term organizational commitment.

The Compensation Committee currently consists of Thomas D. Traves, Larry Hood, Harold Giles, Mickey MacDonald and Stan Spavold. Each of Thomas D. Traves, Larry Hood and Harold Giles qualify as an independent director within the meaning of National Instrument 58-101 - Disclosure of Corporate Governance Practices. Each member of the Compensation Committee has more than 30 years of experience in their respective field and, throughout that time, each has been involved with implementing and reviewing compensation policies at their respective organizations.

Objectives of the Compensation Program

The Limited Partnership's executive compensation program is designed to provide a competitive level of compensation, to reward individual performance and to provide incentives to executives to achieve and exceed performance-based goals. Performance goals are substantially based on improving the company's financial results and therefore, individual goals are aligned with shareholder interests.

Elements of Compensation, Determination of Amounts for each Element, and Rationale for Amounts of each Element

The major elements of the Limited Partnership's executive compensation program are base salary, an annual incentive plan and beginning in 2012, a long-term incentive plan.

For all NEOs other than the CEO, the compensation policies and guidelines are recommended by the CEO and approved by the Corporate Governance and Compensation Committee. The compensation for the CEO is recommended by the Corporate Governance and Compensation Committee and approved by the Board.

Personal benefits and other perquisite benefits provided to senior management are reflective of generally accepted and competitive practices in the industry.

No NEO or director of the Corporation is permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Base Salary

Base salary compensates NEOs for discharging their duties in respect of their position descriptions. Salaries are reviewed on an annual basis. Factors considered in setting base salaries include corporate as well as individual performance, the requirements of their position, the executive's skills and experience, job complexity and competence compared to executives in similar roles in comparable companies. Each of these factors is reviewed in accordance with the contribution expected of the individual executive officer.

Annual Incentive Plan

An annual incentive plan is an integral part of a balanced compensation program. The method of determining performance based compensation for NEOs, as determined by the Compensation Committee, takes into account
certain quantitative factors such as the Limited Partnership's performance against its budget, as well as various qualitative elements. Personal achievement, including extraordinary performance beyond the normal expectations for an individual’s position, is also taken into account. Bonus payments can be lower or higher based on corporate performance and individual achievement.

The annual bonus amounts are determined upon completion of the annual audited financial statements. For example, the annual bonus earned with respect to fiscal 2010 was paid to the NEO’s in the first quarter of 2011.

The annual bonuses for fiscal 2010 and 2011 were based on target EBITDA levels. The NEOs, except the CEO, were eligible for a target bonus of 40% of their annual salary. The CEO was eligible for a target bonus of 60% of his annual salary. All NEO’s, except the CEO, have the opportunity to earn up to 150% of target (i.e. 60% of annual salary) based on corporate performance and individual achievement. The CEO is eligible to earn up to 167% of target (i.e. 100% of annual salary). Bonus payments for all NEO’s in 2010 were based upon hitting 100% of the corporate performance target and individual achievement. Bonus payments for all NEO’s in 2011 were based upon hitting 132% of the corporate performance target and individual achievement.

Long-term Incentive Plan

Upon commencement of his employment the CEO received share appreciation rights (“SAR”) in respect of the Common Shares of the Corporation as follows:

(a) 255,000 SARs at a strike price of $0.01/Common Share;
(b) 250,000 SARs at a strike price of $0.80/Common Share; and
(c) 200,000 SARs at a strike price of $1.00/Common Share.

The SARs vest over a three year period and have no expiry. As of December 31, 2011, 405,000 of the SAR’s have vested (December 31, 2010 – 255,000).

The amounts included in the Summary Compensation Table for long-term incentive plan for the CEO for both 2010 and 2011 represent the amount expensed in each year for accounting purposes (but not paid) related to the stock appreciation rights.

In 2012 and subsequent years, the NEO’s will be eligible to participate in long-term incentive plan that will provide target grants of that vary from to 35% to 50% of the NEO’s annual salaries with the first grants to be issued in the second quarter of 2012. This long-term incentive plan will result in the issue of share appreciation rights, the number of which will be based on the amount of the grant divided by the market value of the shares for the 5 days prior to the issue of the grant. The share appreciation rights will vest in 3 years and will be cash settled upon vesting. The number of shares that vest can be increased or decreased from the grant date based on the relative performance of the company versus a peer group. The payment at the time of settlement will be based on the number of SARs vested multiplied by the market price of Clearwater’s shares at that date.

In addition, the board is giving consideration to the establishment of a deferred share unit plan for special grants to certain NEOs.

Performance Graph

The following graph compares the total cumulative return, including distributions, to unitholders for $100 invested in Units of the Fund with the total cumulative return, including distributions, of the S&P/TSX Composite Index over the past five-year period ended December 31, 2011. On December 31, 2011, the closing price of the Units on the TSX was $2.39 (2010 - $1.02).
The above graph and table demonstrate a continued improvement over the past two years due to improving financial results. As a result, the Corporation paid annual bonuses in respect of 2011 and 2010. There were no bonus payments for 2009.

Assessment of Risks Associated with the Corporation’s Compensation Policies and Practices

The Compensation Committee has assessed the Corporation’s compensation plans and programs for its executive officers to ensure alignment with the Corporation’s business plan and to evaluate the potential risks associated with those plans and programs. The Compensation Committee has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Corporation.

The Compensation Committee considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs have generally been implemented by or at the direction of the Compensation Committee.

Summary Compensation Table

The following table sets forth all forms of executive compensation received by the NEOs for the 2011 financial year (in Canadian $).

<table>
<thead>
<tr>
<th>Name and Principal Position</th>
<th>Year</th>
<th>Salary ($)</th>
<th>Share-based awards ($)</th>
<th>Option-based awards ($)</th>
<th>Annual incentive plans ($)</th>
<th>Long-term incentive plans ($)</th>
<th>Pension value ($)</th>
<th>Other Annual Compensation ($)</th>
<th>Total Compensation ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ian Smith, CEO</td>
<td>2011</td>
<td>441,193</td>
<td>-</td>
<td>-</td>
<td>441,193</td>
<td>-</td>
<td>-</td>
<td>5,259</td>
<td>887,645</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>275,343</td>
<td>479,000</td>
<td>-</td>
<td>441,193</td>
<td>-</td>
<td>-</td>
<td>101,356</td>
<td>1,296,892</td>
</tr>
<tr>
<td>Name and Principal Position</td>
<td>Year</td>
<td>Salary ($)</td>
<td>Share-based awards ($)</td>
<td>Option-based awards ($)</td>
<td>Annual incentive plans ($)</td>
<td>Long-term incentive plans ($)</td>
<td>Pension value ($)</td>
<td>Other Annual Compensation ($)</td>
<td>Total Compensation ($)</td>
</tr>
<tr>
<td>----------------------------</td>
<td>-------</td>
<td>-------------</td>
<td>------------------------</td>
<td>------------------------</td>
<td>----------------------------</td>
<td>-------------------------------</td>
<td>-------------------</td>
<td>-----------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Robert D. Wight</td>
<td>2011</td>
<td>259,453</td>
<td>-</td>
<td>-</td>
<td>120,386</td>
<td>-</td>
<td>-</td>
<td>5,386</td>
<td>385,225</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>259,453</td>
<td>-</td>
<td>-</td>
<td>103,781</td>
<td>-</td>
<td>-</td>
<td>10,449</td>
<td>373,683</td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td>259,453</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12,877</td>
<td>272,330</td>
</tr>
<tr>
<td>Eric R. Roe</td>
<td>2011</td>
<td>259,453</td>
<td>-</td>
<td>-</td>
<td>133,359</td>
<td>-</td>
<td>-</td>
<td>11,600</td>
<td>404,412</td>
</tr>
<tr>
<td>Chief Operating Officer</td>
<td>2010</td>
<td>259,453</td>
<td>-</td>
<td>-</td>
<td>103,781</td>
<td>-</td>
<td>-</td>
<td>9,600</td>
<td>372,834</td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td>259,453</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,600</td>
<td>269,053</td>
</tr>
<tr>
<td>Michael Pittman, Vice</td>
<td>2011</td>
<td>259,453</td>
<td>-</td>
<td>-</td>
<td>120,386</td>
<td>-</td>
<td>-</td>
<td>11,600</td>
<td>391,439</td>
</tr>
<tr>
<td>President, Fleet</td>
<td>2010</td>
<td>259,453</td>
<td>-</td>
<td>-</td>
<td>103,781</td>
<td>-</td>
<td>-</td>
<td>9,600</td>
<td>372,834</td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td>259,453</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,600</td>
<td>269,053</td>
</tr>
<tr>
<td>Paul Broderick, Vice</td>
<td>2011</td>
<td>259,453</td>
<td>-</td>
<td>-</td>
<td>120,386</td>
<td>-</td>
<td>-</td>
<td>14,602</td>
<td>394,441</td>
</tr>
<tr>
<td>President, International</td>
<td>2010</td>
<td>259,453</td>
<td>-</td>
<td>-</td>
<td>103,781</td>
<td>-</td>
<td>-</td>
<td>13,274</td>
<td>377,008</td>
</tr>
<tr>
<td>Sales</td>
<td>2009</td>
<td>259,453</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,765</td>
<td>273,218</td>
</tr>
</tbody>
</table>

Notes:
1. Mr. Smith joined the Limited Partnership as CEO on May 17, 2010. The amounts included in the following compensation table for long-term inventive plans for Mr. Smith for both 2010 and 2011 represent the amount expensed in each year for accounting purposes (but not paid) related to stock appreciation rights.

2. The fair value of each SAR included in the share based awards column is estimated on the date of grant using the Black-Scholes option pricing formula. The Black-Scholes pricing model was used as it is an established pricing methodology widely used by the financial industry and by public companies for securities valuations and is supported as an appropriate methodology under IFRS. This is also the accounting fair value. The pricing model includes assumptions on expected volatility, expected life, expected termination rate, expected dividend yield and risk-free interest rate. This value does not represent the actual value of the payout which will be received after the maturity date of the award.

   The fair value at the date of the grant in 2010 was $479,000. For financial statement purposes the fair value of the liability is remeasured at every balance sheet date and the fair value is amortized over the service period. The Corporation recorded a liability for SARs of $1.3 million at December 31, 2011 (December 31, 2010 - $0.4 million). Share-based compensation expense included in the income statement for the year ended December 31, 2011 was $0.9 million (December 31, 2010 - $0.4 million).

3. Amounts included in the previous table for annual incentive plans were paid to the NEOs in the first quarter of the following calendar year.

**Pension plan benefits**

There are no arrangements that provide for any form of pension plan benefits to NEOs.

**Termination and Change of Control Benefits**

All of the NEOs are parties to employment agreements with the Limited Partnership, which outline the terms and conditions pertaining to their employment. Each contract provides that the NEO’s employment may be terminated by the Limited Partnership by giving written notice of termination or by paying an amount in lieu thereof. There are no contracts, agreements, plans or arrangements that provide for any incremental payments, payables or other benefits upon termination, resignation, retirement or a change of control of the Corporation other than compensation in lieu of notice of termination, as described in the preceding sentence. The termination payments for certain of the NEO’s, except the CEO, provide for a payment of one months annual compensation for each month worked up to a limit of twenty-four (24) months. The termination payment for the CEO provides for a payment of twelve (12) months severance plus one months annual compensation for each month worked up to a limit of eighteen (18) months. In the event that the Vice President, Fleet retires by providing twelve (12) months advance notice, he is entitled to receive his base salary for twenty-four (24) months, along with continuation of his benefit plan (excluding long term disability, life insurance and automobile benefits).
Director Compensation

**Director Compensation Table**

The following tables set forth all forms of compensation paid to the Directors of CS ManPar and Trustees of the Fund from January 1, 2011 to the date of the Arrangement on October 2, 2011. The table also discloses all forms of compensation paid to the Directors of the Corporation for the period from the date of the Arrangement, October 2, 2011 to December 31, 2011.

Trustees of the Fund (January 1 to October 2, 2011)

<table>
<thead>
<tr>
<th>Name</th>
<th>Fees earned ($)</th>
<th>Share-based awards ($)</th>
<th>Option-based awards ($)</th>
<th>Non-equity incentive plan compensation ($)</th>
<th>Pension value ($)</th>
<th>Other Annual Compensation ($)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thomas D. Traves</td>
<td>$68,080</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$68,080</td>
</tr>
<tr>
<td>Bernard Wilson</td>
<td>$48,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$48,500</td>
</tr>
<tr>
<td>Harold Giles</td>
<td>$49,125</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$49,125</td>
</tr>
</tbody>
</table>

Directors of CS ManPar (January 1 to October 2, 2011)

<table>
<thead>
<tr>
<th>Name</th>
<th>Fees earned ($)</th>
<th>Share-based awards ($)</th>
<th>Option-based awards ($)</th>
<th>Non-equity incentive plan compensation ($)</th>
<th>Pension value ($)</th>
<th>Other Annual Compensation ($)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colin MacDonald(1)</td>
<td>$375,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$18,000</td>
<td>$393,000</td>
</tr>
<tr>
<td>Brendan Paddick</td>
<td>$34,875</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$34,875</td>
</tr>
<tr>
<td>Mickey MacDonald(2)</td>
<td>$36,375</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$36,375</td>
</tr>
<tr>
<td>Stan Spavold</td>
<td>$36,750</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$36,750</td>
</tr>
<tr>
<td>John Risley</td>
<td>$30,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$30,000</td>
</tr>
</tbody>
</table>

Notes:
(1) Mr. MacDonald is entitled to annual fees of $500,000. Of this amount, Mr. MacDonald takes a salary of $155,572 and has directed that the remaining fees that he would have otherwise earned be donated to charity by the Corporation. The amounts donated in 2011 were $344,328.
(2) Mickey MacDonald has directed that all fees that would have otherwise been earned by him in his role as a director be donated to charity by the Corporation.

Directors of the Corporation (October 2 to December 31, 2011)

<table>
<thead>
<tr>
<th>Name</th>
<th>Fees earned ($)</th>
<th>Share-based awards ($)</th>
<th>Option-based awards ($)</th>
<th>Non-equity incentive plan compensation ($)</th>
<th>Pension value ($)</th>
<th>Other Annual Compensation ($)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colin MacDonald(1)</td>
<td>$125,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$6,000</td>
<td>$131,000</td>
</tr>
<tr>
<td>Thomas D. Traves</td>
<td>$15,250</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$15,250</td>
</tr>
<tr>
<td>Harold Giles</td>
<td>$14,375</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$14,375</td>
</tr>
<tr>
<td>Brendan Paddick</td>
<td>$12,125</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$12,125</td>
</tr>
<tr>
<td>Mickey MacDonald(2)</td>
<td>$13,625</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$13,625</td>
</tr>
<tr>
<td>Stan Spavold</td>
<td>$13,750</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$13,750</td>
</tr>
<tr>
<td>John Risley</td>
<td>$10,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$10,500</td>
</tr>
<tr>
<td>Larry Hood</td>
<td>$16,250</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$16,250</td>
</tr>
</tbody>
</table>

Notes:
(1) Mr. MacDonald is entitled to annual fees of $500,000. Of this amount, Mr. MacDonald takes a salary of $155,572 and has directed that the remaining fees that he would have otherwise earned be donated to charity by the Corporation. The amounts donated in 2011 were $344,328.
(2) Mickey MacDonald has directed that all fees that would have otherwise been earned by him in his role as a director be donated to charity by the Corporation.

Narrative Discussion

The Compensation Committee members look at general compensation surveys annually to compare the Corporation’s directors’ compensation to generally accepted practices for comparable public entities.

The Directors (formerly the Trustees and the directors of CS ManPar) were paid the following, as applicable, over the past fiscal year:

- A fee of $500,000 for the Chairman of the board;
- A basic payment of $30,000 for the fiscal year, ($33,000 for fiscal year 2012);
- A fee of $25,000 for chairing the Trustees, (nil as of October 2, 2011);
- A fee of $3,000 for chairing a committee ($6,000 for fiscal year 2012); and
- A fee of $1,500 for meetings of the Trustees, the directors or committees attended. ($1,000 for meetings attended by phone for fiscal year 2012)

The Corporation (and formerly the Fund) reimbursed the Directors for out-of-pocket expenses for attending these meetings and the Directors participate in the insurance and indemnification arrangements described in this Information Circular. The Corporation reimbursed its directors, excluding those who are Directors (formerly the Trustees), for out-of-pocket expenses for attending these meetings. During the year ended December 31, 2011, the Corporation paid the directors a total of $70,815 (2010 - $180,141).

In 2012 and subsequent years, the Directors will be eligible to participate in a performance share units plan (“PSU”) that will provide target grants of up to 25% of the value of the Director’s retainer fees with the first grants to be issued in the second quarter of 2012. Similar to the NEO’s long-term incentive plan, this long-term incentive plan will result in the issue of share appreciation rights and will be based on similar performance criteria.

In addition, a deferred share unit plan (“DSU”) is being developed for implementation in 2012 which allows up to 25% of the Director’s retainer fees to be received in share appreciation rights with the first grants to be issued in 2012. The grants issued under this plan will be paid to the Directors upon such time as they leave the Corporation.

DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

The Corporation has acquired liability insurance for the directors and officers of the Corporation to insure them from claims against them for certain of their acts, errors or omissions as well as insurance for the Corporation to insure the Corporation against any loss arising out of any liability to indemnify a director or officer. The insurance is in effect until February 28, 2013 at an annual premium of approximately $91,000. The insurance provides coverage of up to $5,000,000 with a $50,000 deductible. The insurance also covers directors and officers of the Limited Partnership.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of the current or former directors, executive officers or employees of the Corporation, or associates or affiliates of a director or executive officer of the Corporation, have been indebted to the Corporation or its subsidiaries at any time since the beginning of the last completed financial year of the Corporation, other than "routine indebtedness" as that term is defined in applicable securities legislation.
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than the Arrangement, none of the directors or executive officers of the Corporation, or associates or affiliates of any of these persons, had any material interest, direct or indirect, in any transaction since January 1, 2011, or in any proposed transaction which, in either case, has materially affected or would materially affect the Corporation or its subsidiaries.

CORPORATE GOVERNANCE

The Corporation is required to include disclosure of its corporate governance practices in this Circular in accordance with National Instrument 58-101, Disclosure of Corporate Governance Practices ("Instrument"). The Instrument has been adopted by the securities commissions or similar regulatory authorities across Canada ("Canadian Securities Administrators").

The Board endorses the efforts of the Canadian Securities Administrators in continuing the evolution of good corporate governance practices. The Board is committed to adhering to the highest standards in all aspects of its activities.

The corporate governance practices described below are subject to change as the Corporation evolves. The Board shall remain sensitive to corporate governance issues and shall continuously seek to set up the necessary measures, control mechanisms and structures to ensure an effective discharge of its responsibilities without creating additional overhead costs and reducing the return on Shareholders' equity.

The Audit Committee is comprised of Larry Hood (Chair), Brendan Paddick, Stan Spavold and Thomas Traves. The Corporate Governance and Compensation Committee is comprised of Harold Giles (Chair), Thomas Traves, Mickey MacDonald, Stan Spavold and Larry Hood.

The Directors from time to time meet separately and, at other times, as part of the Board and committees thereof. The Directors consider their major responsibility to be protecting the interests of the Shareholders and, in particular, protecting the public Shareholders in all respects.

The Corporation is required to include disclosure of its corporate governance practices in accordance with National Instrument 58-101 - Disclosure of Corporate Governance Practices (the "Governance Disclosure Rule"), which has been adopted by the securities regulatory authorities in Canada. See Appendix "A" for this disclosure.

PROPOSALS BY SHAREHOLDERS

Pursuant to the Canada Business Corporations Act (the "Act"), resolutions intended to be presented by Shareholders for action at the next annual meeting must comply with the provisions of the Act and be deposited at the Corporation's head office not later than January 26, 2013, in order to be included in the management information circular relating to the next annual meeting.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information is provided in the Corporation's comparative financial statements and management discussion & analysis ("MD&A") for its most recently completed financial year. To request copies of the Corporation's financial statements and MD&A, Shareholders should contact Tyrone Cotie at Clearwater Seafoods Incorporated, 757 Bedford Highway, Bedford, Nova Scotia, B4A 3Z7, Telephone (902) 457-8181. The financial statements and MD&A are also available on SEDAR at www.sedar.com.
APPROVAL OF CIRCULAR

The contents and the sending of this Circular have been approved by the Board.

Dated at Halifax, Nova Scotia, this 13th day of April, 2012.

(signed) Colin MacDonald
Chairman
APPENDIX "A"

CORPORATE GOVERNANCE DISCLOSURE

National Policy 58-201 – Corporate Governance Guidelines and National Instrument 58-101 – Disclosure of Corporate Governance Practices issued in 2005, effectively replaces the former TSX guidelines followed by the Corporation for corporate governance disclosures. References to the Corporation and the Limited Partnership are collectively referred to below as “Clearwater”. These disclosures and guidelines are set out below along with the Corporation's conformity to them. The information disclosed in the form is based on information available as of April 13, 2012.

Form 58-101F1

Corporate Governance Disclosure

<table>
<thead>
<tr>
<th>Section 1 – Board of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Disclose the identity of directors who are independent. Directors of the Corporation that are independent are:</td>
</tr>
<tr>
<td>▪ Thomas Traves – Director of the Corporation, member of the Corporate Governance and Compensation Committee and member of the Audit Committee</td>
</tr>
<tr>
<td>▪ Larry Hood – Director of the Corporation, Chair of the Audit Committee and member of the Corporate Governance and Compensation Committee</td>
</tr>
<tr>
<td>▪ Harold Giles – Director of the Corporation, Chair of the Corporate Governance and Compensation Committee</td>
</tr>
<tr>
<td>▪ Brendan Paddick – Director of the Corporation, member of the Audit Committee</td>
</tr>
<tr>
<td>(b) Disclose the identity of directors who are not independent, and describe the basis for that determination. Directors who are not independent are:</td>
</tr>
<tr>
<td>▪ John Risley – Director of the Corporation, a significant shareholder of 7914091 Canada Inc.</td>
</tr>
<tr>
<td>▪ Colin MacDonald – Chairman of the Corporation, a significant shareholder of 7914091 Canada Inc.</td>
</tr>
<tr>
<td>▪ Mickey MacDonald – Director of the Corporation, brother of Colin MacDonald, a significant shareholder of 7914091 Canada Inc., member of the Corporate Governance and Compensation Committee</td>
</tr>
<tr>
<td>▪ Stan Spavold – Director of the Corporation, Executive Vice President of CFFI, member of the Audit Committee and member of the Corporate Governance and Compensation Committee</td>
</tr>
<tr>
<td>(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.</td>
</tr>
<tr>
<td>Four of the eight directors of the Corporation are not independent. When necessary or desirable, the Board has and will establish committees consisting of members who are considered to be independent with respect to the issues to be determined. Currently, members of the Board possess sufficient public Corporation and industry experience such that the Board, in its totality is able to operate effectively. The Board encourages an atmosphere of candour and constructive dissent. Further, the directors of the Corporation are aware of the laws requiring disclosure of conflicts of interest and the fact that the Corporation will rely on such laws in respect of any conflict of interest, including the obligation of a director to abstain from voting in respect of any matter involving a conflict of interest.</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>---</td>
</tr>
</tbody>
</table>
| **(d)** | *If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.*  
Thomas Traves does not serve as a director of any other reporting issuers.  
Larry Hood does not serve as a director of any other reporting issuers.  
Colin MacDonald does not serve as a director of any other reporting issuers.  
Harold Giles does not serve as a director of any other reporting issuers.  
Mickey MacDonald serves as a director for the following reporting issuers:  
- Newfoundland Capital Corporation Limited  
Brendan Paddick serves as a director for the following issuers:  
- Columbus Communications  
John Risley serves as a director for the following reporting issuers:  
- Columbus Communications  
Stan Spavold serves as a director for the following reporting issuers:  
- High Liner Foods Incorporated  
- Columbus Communications |
| **(e)** | *Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.*  
The independent directors meet from time to time separately and, at other times, as part of the Board or Directors and committees thereof.  
The members of the Board have met 3 times during 2011 and included management, the Directors met 7 times during 2011 without management in attendance, the audit committee met 4 times during 2011. During 2011, regular meetings without the inclusion of management were held at the conclusion of all board meetings.  
A committee may convene meetings of the committee without management present and any member of the Board may call a meeting to be held without the management present and members of the Audit Committee meet directly with the Corporation’s auditors at least quarterly without management present. |
| **(f)** | *Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.*  
Colin MacDonald is the Chairman of the Corporation and is not independent.  
Larry Hood is the Chair of the Audit Committee and is an independent director. His role and responsibilities are outlined in the Audit Committee’s Mandate.  
Harold Giles is the Chair of the Corporate Governance and Compensation Committee and is an independent director. His role and responsibilities are outlined in the committee's mandate.  
See additional information under Section 1(c). |
Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.

During the year there were 7 trustee meetings, 4 board meetings, 6 Corporate Governance & Compensation Committee meetings and 3 Special meetings.

<table>
<thead>
<tr>
<th>Trustee</th>
<th>Trustees</th>
<th>Board</th>
<th>Audit</th>
<th>Corporate Governance &amp; Compensation</th>
<th>Special</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thomas D. Traves (1)</td>
<td>7</td>
<td>4</td>
<td>4</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Bernard Wilson (2)</td>
<td>6</td>
<td>3</td>
<td>3</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Stan Spavold</td>
<td>-</td>
<td>3</td>
<td>2</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Brandan Paddick</td>
<td>-</td>
<td>4</td>
<td>4</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Colin MacDonald</td>
<td>-</td>
<td>4</td>
<td>-</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>John Risley</td>
<td>-</td>
<td>4</td>
<td>-</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Mickey MacDonald</td>
<td>-</td>
<td>4</td>
<td>-</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Harold Giles</td>
<td>7</td>
<td>4</td>
<td>-</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Larry Hood (3)</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Notes
(1) Tom Traves joined the audit committee in late 2011 and since joining has attended 1 of 1 meetings.
(2) Bernard Wilson retired as a member of the board of directors effective October 14, 2011.
(3) Larry Hood was appointed to the board of directors effective October 17, 2011. Since joining the board Larry has attended 1 of 1 board meetings, 1 of 1 audit meetings, 2 of 2 corporate governance meetings and 1 of 1 special meetings.

Section 2 – Board Mandate

Disclose the text of the board’s written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

While the Board has not adopted a written board mandate, the Board of the Corporation is ultimately responsible for supervising the management of the business and affairs of the Corporation and managing the risks to the business of the Corporation and, in doing so, is required to act in the best interests of the Corporation. The Board act in accordance with the Canadian Business Corporations Act, the applicable declarations of the limited partnership agreement, Clearwater's Code of Business Conduct, conflict of interest policies, corporate disclosure policy and corporate governance policy including the related charters of the board committees as well as other applicable laws. The Board approves all significant decisions that affect the company and its subsidiaries before they are implemented. The Board supervises their implementation and reviews the results.

Section 3 – Position Descriptions

(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.

There is a written description for the chair of a committee in the Corporate Governance and Compensation Committee Mandate.

The role of the Board is to establish an agreed upon planning process, then review, question and validate, the strategies for Clearwater. The Board believes that management is responsible for the development of individual business unit and overall corporate strategy. The Board receives presentations from management with respect to the long-term direction of Clearwater, strategic priorities, and performance. The Board reviews and analyzes these presentations to ensure that there is
congruence between strategic plans, performance, and unitholder expectations.

(b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

There is a written position description for the CEO, which is reviewed annually to evaluate the performance of the CEO and determine his/her compensation.

Section 4 – Orientation and Continuing Education

(a) Briefly describe what measures the board takes to orient new directors regarding
(i) the role of the board, its committees and its directors, and
(ii) the nature and operation of the issuer's business.

New directors will be provided with an orientation and education program, which will include written information about the duties and obligations of Directors, the businesses and operations of Clearwater, documents from recent Board meetings and opportunities for meeting and discussions with senior management and other Directors. The details of the orientation of each new Director will be tailored to that director's individual needs and areas of interest.

(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

On a regular basis, Management of Clearwater provides presentations on the operations to the board to continually update them on the status of the business and to provide awareness of current issues and financial results.

Section 5 – Ethical Business Conduct

(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:
(i) disclose how a person or company may obtain a copy of the code;
(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and
(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

Clearwater has a written "Code of Business Conduct", "Employees' Conflict of Interest Policy" and "Directors' Conflict of Interest Policy". A copy of the code is provided at the time of hire. Compliance is monitored through an "Ethics Hotline" that allows individuals to report illegal or unethical business practices, fraud, theft and financial controls and audit matters via phone or e-mail. There have been no reports filed pertaining to the conduct of a director or executive officer that constitutes a departure from the code.

A Code of Business Conduct of the Fund is available on SEDAR at www.sedar.com. Upon request from any shareholder of the Corporation, the Corporation will promptly provide a copy of its Code of Business Conduct free of charge.

(b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

No inside director (non-independent) shall be a voting member of a Board Committee but may attend meetings of such committee as appropriate as a non-voting or ex-officio member as has been the case for the Corporate Governance and Compensation Committee. Non-members of the board may also be invited to the meetings to provide additional insight to various transactions and agreements to provide a more complete picture of the issue. Directors may also, at the expense of Clearwater, retain the services of an advisor on matters involving their responsibilities at the authorization of the Corporate Governance and Compensation Committee.
Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.
The board meets regularly to ensure that a clear line of communication always remains open and reviews the policies of the company to ensure that proper processes are in place to promote ethical business conduct and makes recommendations and revisions when necessary. A statement on Corporate Governance is maintained on the Clearwater website along with a number of important policies.
The Corporate Governance and Compensation Committee is also responsible for performing an annual assessment of the overall performance of the board, board committees, and each individual director's contribution and reporting on that assessment.

### Section 6 – Nominations of Directors

| (a) | Describe the process by which the board identifies new candidates for board nomination.  
The Corporate Governance and Compensation Committee is responsible for assist the board in reviewing recommendations for directorship as prepared by the Chairman of the Board. |
|-----|---------------------------------------------------------------------------------------------------------------|
| (b) | Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.  
The nominating committee responsibilities are carried out by the Corporate Governance and Compensation Committee, which is composed of five members; three of which are independent.  
The nominations are screened by the Corporate Governance and Compensation Committee. |
| (c) | If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.  
The nominating committee’s responsibilities are carried out by the Corporate Governance and Compensation Committee, whose responsibilities, powers and operation are outlined in the attached mandate. |

### Section 7 – Compensation

| (a) | Describe the process by which the board determines the compensation for the issuer's directors and officers.  
The Corporate Governance and Compensation Committee reviews the compensation of outside directors on a periodic basis. The Corporate Governance and Compensation Committee will make recommendations to the board for consideration when it believes changes in compensation are warranted. |
|-----|-----------------------------------------------------------------------------------------------------------------|
| (b) | Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.  
The Corporate Governance and Compensation Committee is composed of five members; three of which are independent directors. In determining compensation, the Corporate Governance and Compensation Committee makes recommendations to the Board for consideration. |
| (c) | If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.  
The Corporate Governance and Compensation Committee’s responsibilities are outlined in the attached mandate. |
| (d) | If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.  
Not applicable. |
## Section 8 – Other Board Committees

*If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.*

The Corporation re-established the Risk Management Committee in 2010, it is comprised of the management and employees of the Corporation and it reports to the Audit Committee on a regular basis. The Risk Management Committee is responsible for assisting the Corporation’s CEO and Chief Financial Officer in fulfilling their oversight responsibilities with risk management.

## Section 9 – Assessments

*Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.*

The Corporate Governance and Compensation Committee is responsible for making a regular assessment of the overall performance of the Board, Board Committees, and of each individual Director's contribution, and reporting on the results of that assessment. The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. It is expected that the result of such reviews will be to identify any areas where the Directors and/or management believe that the Board could make a better collective contribution to overseeing the affairs of Clearwater and meeting its overall responsibilities.
Corporate Governance and Compensation Committee Mandate

The Committee is responsible for developing and reviewing the overall governance principles and practices for the Corporation.

The Committee’s mandate is exercised through appropriate and timely assessments of the Board, its Committees and Directors, and the CEO and Senior Executives.

The Committee monitors corporation best practices to ensure the Company maintains high standards of governance.

In general and without limiting its overall accountability, the following are the responsibilities of the Committee:

- Oversee processes to periodically assess the effectiveness of the Board, its Committees and Board Directors.
- Receives recommendations for Directors from members of the board, complete reference checks and together with the chair, interview candidates.
- Review and where required recommend to the Board, changes to Director’s compensation.
- Annually review the conformity of the Company’s practices to Securities Regulatory guidelines.
- Review and recommend to the Board, the appointment of senior executives and their individual compensation and benefit plans.
- Review and recommend to the Board, approval of recommended annual and long-term incentive compensation plans and awards, including eligible participants.
- Review of leadership succession planning and individual development initiatives for high potential leaders with an annual report to the Board.
- Review and recommend to the Board compensation and benefit adjustments to the CEO and senior executives.
- Annual review of the performance of the CEO against the objectives as set by the Board, which include the following:
  - Recommending a long range competitive strategy that leads to increased shareholder value;
  - Development of the overall direction of the business which includes a competitive strategy and the implementation of that strategy to maximize business performance;
  - Recommending to the Board, business plans and operating and capital budgets that support the business strategy;
  - Leading and fostering a corporate culture promoting a positive and ethical work climate which sponsors innovation, growth, personal accountability and integrity in all matters;
  - Providing effective relationships with all external factions; customers, the financial community and governments.
  - Achieving maximum return on invested capital while pursuing and negotiating mergers, acquisitions and dispositions;
  - Overseeing the financial and human resource assets ensuring the continuous improvement and highest quality of these resources.
  - Ensuring competitiveness by effectively monitoring and anticipating change in the competitive environment.
  - Achievement of the financial and operational goals as approved by the Board and maintaining their consistent competitiveness.

The Committee will meet quarterly and as required to fulfill its responsibilities.