

Attention news editors:

## **Clearwater Seafoods Limited Partnership Announces Changes to North Sydney plant**

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NORTH SYDNEY, June 30, 2006 /CNW): Clearwater Seafoods Limited Partnership ("Clearwater") announced today that it is partnering with a consortium of local for profit and non profit organizations including Cape Breton University, Enterprise Cape Breton Corporation and several community and business leaders to form a corporation to be known as the Cape Breton Innovation Research Corporation (CBIRC). CBIRC's mandate and commitment will be to find alternative opportunities for its North Sydney plant.

Eric Roe, Clearwater's COO stated, "The canned clam business is very competitive and highly dependent on the US market. The significant investments we have made in the plant have not enabled us to overcome the impact of a weakening US dollar, the increasing cost of metal cans, the effect of fuel on freight costs and the intense U.S. based competition in the canned clam market. Combined, these factors have made it uneconomic to maintain a plant in North Sydney to process these clams.

Mr. Roe continued, "Under the reorganized business model Clearwater will provide seed funding and the physical plant to the consortium, as well as serving as a member of CBIRC's Board. CBIRC will work to minimize any disruption in employment at the plant. In addition Clearwater will provide an experienced CEO to ensure the project has the right resources, experience and focus to be successful with new initiatives for the plant. The provision of the plant to CBIRC and the related commitments it has made to CBIRC will result in a charge to Clearwater's earnings of approximately \$3 million dollars in the second quarter of 2006, \$2 million of which will be non-cash and \$1 million of cash to be funded over a five year period. Finally, Clearwater will contract directly with the corporation to provide processing of our added valued masago product and commit to the rental of office space and freezer storage from CBIRC as is needed from time to time and contract out the canning of its canned clam products to an independent third party."

"We see this as a great opportunity to engage the larger business and professional community in partnership with the company to find responsible solutions to the challenges of the new realities in the fishery as dictated by a stronger Canadian dollar, higher fuel costs and global competitive forces. We all have witnessed the devastating effect that the several recent failures of seafood processing facilities have had on the Cape Breton Community. We are doing our very best to avoid these effects in North Sydney." concluded Mr. Roe.

**About Clearwater**

Clearwater is recognized for its consistent quality, wide diversity and reliable delivery of premium seafood, including scallops, lobster, clams, cold water shrimp, crab and groundfish.

For further information: Eric Roe, Chief Operating Officer, Clearwater, (902) 457-2343.