

**CLEARWATER SEAFOODS
INCOME FUND**

**Annual and Special Meeting of Unitholders
to be held on May 17, 2004**

**NOTICE OF MEETING
and
MANAGEMENT INFORMATION CIRCULAR**

April 7, 2004

Dear Unitholders,

You are invited to attend the annual and special meeting of unitholders of Clearwater Seafoods Income Fund, which will be held at The Toronto Stock Exchange Conference Centre in Toronto, Ontario, at 10:30 a.m. (Eastern Standard Time) on Monday, May 17, 2004. The meeting will give you the opportunity to learn more about Clearwater Seafoods Income Fund, receive its financial results, and hear about its plans for the future. You will also meet the trustees, as well as the directors and senior management of CS ManPar Inc.

The attached notice of meeting and management information circular describes the business to be conducted at the meeting. Even if you cannot attend the meeting, it is important that your units be represented and voted by using the enclosed proxy or voting instruction form. We encourage you to familiarize yourself with the issues by reading the management information circular, and then vote as soon as possible. We look forward to your participation.

Sincerely,

PURDY CRAWFORD
Chairman of the Trustees
Clearwater Seafoods Income Fund

NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

The annual and special meeting of unitholders of Clearwater Seafoods Income Fund will be held

on Monday, May 17, 2004
at 10:30 a.m. (Eastern Standard Time)
at the The Toronto Stock Exchange Conference Centre
The Exchange Tower
130 King Street West
Toronto, Ontario

for the following purposes:

- to elect trustees for the ensuing year;
- to appoint auditors for the ensuing year and to authorize the trustees to fix the remuneration to be paid to the auditors;
- to receive the financial statements of Clearwater Seafoods Income Fund and Clearwater Seafoods Limited Partnership for the year ended December 31, 2003 and the auditor's reports on the statements;
- to consider and, if though advisable, to pass, with or without variation, a special resolution substantially in the form set out in the accompanying management information circular, to approve the amendment of the amended and restated declaration of trust of Clearwater Seafoods Income Fund and the amendments to the declaration of trust of CSHT to provide that Clearwater Seafoods Holding Trust may have a single trustee that is a body corporate (i) that is 100% controlled by Clearwater Seafoods Income Fund and (ii) the directors of which are the trustees of Clearwater Seafoods Income Fund; and
- to transact such other business as may properly be brought before the meeting.

Registered unitholders are encouraged to complete the enclosed proxy form to be returned in person or by mail in the enclosed envelope, or in an envelope addressed to Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, or by fax to the attention of the Proxy Department at 1-866-249-7775 (within North America) or (416)-263-9524 (outside North America). **Proxies must be received by Computershare Trust Company of Canada no later than one full business day prior to commencement of the meeting.**

By Order of the Board of Trustees

Halifax, Nova Scotia
April 7, 2004

PURDY CRAWFORD
Chairman

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CLEARWATER SEAFOODS INCOME FUND
MANAGEMENT INFORMATION CIRCULAR

All information in this management information circular (this “**Circular**”) is as of April 7, 2004 unless otherwise indicated.

This Circular is furnished in connection with the solicitation of proxies on behalf of the trustees (the “**Trustees**”) of Clearwater Seafoods Income Fund (the “**Fund**”) by the management of CS ManPar Inc. (“**CS ManPar**”), as managing general partner of Clearwater Seafoods Limited Partnership (“**Clearwater**”), administrator of the Fund, for use at the annual and special meeting (the “**Meeting**”) of units and special trust units of the Fund to be held at the time and place and for the purposes set forth in the attached notice of meeting.

THE FUND

The Fund is an unincorporated open-ended trust established under the laws of the Province of Ontario by an amended and restated declaration of trust (the “**Declaration of Trust**”). The Fund is administered by the Trustees and by Clearwater pursuant to an administration agreement (the “**Administration Agreement**”) among the Fund, Clearwater and Clearwater Seafoods Holdings Trust (“**CSHT**”) dated July 31, 2002. See “**Administration Agreement**”.

The Fund was established to hold, directly or indirectly, investments in entities engaged in the harvesting, processing, distribution and marketing of seafood, including an interest in Clearwater, and such other investments as the Trustees may determine.

Clearwater is a limited partnership established under the laws of the Province of Nova Scotia to carry on, directly or indirectly, the business of, and the ownership, operation and lease of assets and property in connection with, the harvesting, processing, distribution and marketing of seafood and such other businesses as the directors of the managing general partner of Clearwater, CS ManPar, may determine, and all activities ancillary and incidental thereto. The Fund holds, indirectly, an approximate 55.71% interest in Clearwater.

Clearwater has outstanding 29,407,626 Class A units (the “**Class A Units**”), all of which are owned indirectly by the Fund, and 23,381,217 Class B Partnership units (the “**Exchangeable Units**”). The holders of Exchangeable Units have the right to exchange such units for units (“**Units**”) of the Fund on a one-for-one basis (subject to adjustment in certain circumstances) and such holders hold an equivalent number of special trust units (“**Special Trust Units**”) of the Fund, which will be cancelled on exchange of the Exchangeable Units.

As at December 31, 2003 the Fund and Clearwater had similar capital structures. The Fund has outstanding 29,407,626 Units and 23,381,217 Special Trust Units. The Special Trust Units were issued solely to provide voting rights to the holders of Clearwater Class B Partnership units. The right of the holders of Class B Partnership units to receive distributions is subordinated to the rights of the holders of Class A units. Class B Partnership units that are no longer subject to subordination may at any time at the option of the holder be exchanged for Units of the Fund.

Under applicable securities legislation, the Fund is required to provide certain information with respect to the Fund and its trustees and officers. The Fund, however, does not carry on business, does not have officers and is entirely dependent for its results on the performance of Clearwater; the Fund’s purpose is solely to hold investments as described above. The directors and officers of CS ManPar, in its capacity as managing general partner of Clearwater, the administrator of the Fund, are responsible for administering the Fund in accordance with the Administration Agreement. Consequently, in addition to information relating to the Fund and the Trustees, this Circular includes information relating to CS ManPar, Clearwater and their directors and officers.

VOTING

Who Can Vote?

One Vote Per Unit and One Vote Per Special Trust Unit

April 9, 2004 is the record date to determine the holders of Units and Special Trust Units who are entitled to receive notice of the Meeting. Each such holder is entitled to one vote for each Unit and one vote for each Special Trust Unit registered in his or her name as of April 9, 2004. If a unitholder transfers some Units or Special Trust Units after that date to someone else, and that person becomes a registered unitholder of the Fund, the new unitholder may vote the transferred Units or Special Trust Units at the Meeting, provided he or she has made a written demand to the Chief Financial Officer of CS ManPar to include his or her name in the list of unitholders. This request must be made at least 10 days before the Meeting.

As of March 31, 2004, there were 29,407,626 Units and 23,381,217 Special Trust Units outstanding.

To the knowledge of the Trustees, the only person or company that beneficially owns, directly or indirectly, or exercises control or direction over Units or Special Trust Units carrying more than 10% of the votes attached to Units and Special Trust Units is as follows:

<u>Name</u>	<u>Number of Units Owned on a Fully Diluted Basis</u>	<u>Percentage of Units Owned on a Fully Diluted Basis</u>
Clearwater Fine Foods Incorporated ⁽¹⁾	24,481,422	46.38%

Note:

- (1) Clearwater Fine Foods Incorporated holds 1,100,205 Units as well as an additional 23,381,217 Special Trust Units. Each Special Trust Unit was issued concurrently with the issuance of an Exchangeable Unit, which, subject to certain restrictions, will be exchangeable for Units on a one-for-one basis, subject to adjustment in certain circumstances. Upon exchange of the Exchangeable Units for Units of the Fund, the associated Special Trust Unit shall be cancelled.

Voting in Person

Registered unitholders who attend the Meeting in Toronto on May 17, 2004 can cast one vote for each Unit and one vote for each Special Trust Unit on resolutions put before the Meeting. If you are a registered unitholder who will attend and vote in person at the Meeting, you do not need to complete or return the form of proxy. Please register your attendance with the scrutineer, Computershare Trust Company of Canada, upon arrival at the Meeting.

Voting by Proxy

If you do not plan to come to the Meeting, you can vote by using the enclosed proxy form to appoint someone who will be there as your proxyholder. You can either tell that person how you want to vote, or let him or her choose for you.

What is a Proxy?

A proxy is a document that authorizes someone else to attend the Meeting and cast the votes for a registered unitholder. If you are a registered unitholder, a proxy form for the Meeting is enclosed in this package. Use it to appoint a proxyholder. (You can also use any other legal proxy form.)

Appointing a Proxyholder

Your proxyholder is the person you appoint to cast your votes for you. **You can choose anyone you want to be your proxyholder**; it does not have to be another unitholder. Just fill in the person's name in the blank space provided on the enclosed proxy form. If you leave the space in the proxy form blank, the persons designated in the form, who are Trustees or officers of CS ManPar are appointed to act as your proxyholder. Your proxy authorizes the proxyholder to vote and otherwise act for you at the Meeting, including any continuation after adjournment of the Meeting.

If you vote on the issues by marking the appropriate boxes on the proxy form, your Units and/or Special Trust Units will be voted as instructed. If you do not mark any boxes, your proxyholder can vote your Units and/or Special Trust Units as he or she sees fit (see “Your Proxy Vote”).

To record your vote, you must return the signed proxy by May 14, 2004, 5:00 p.m. Eastern Standard Time, to the Toronto office of Fund’s transfer agent, Computershare Trust Company of Canada, at:

100 University Avenue, 9th floor
Toronto, Ontario M5J 2Y1
or
Fax to 416-263-9524 or 1-866-249-7775.

The document appointing a proxy must be in writing and completed and signed by a unitholder or his or her attorney authorized in writing or, if the unitholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Persons signing as officers, attorneys, executors, administrator, trustees, etc., should so indicate and provide satisfactory evidence of such authority.

Webcast of Meeting

The Meeting may also be viewed via webcast on www.clearwater.ca commencing at 10:30am on the Meeting date. Unitholders may view the Meeting but will not be able to vote via the webcast. Unitholders wishing to vote must either attend the Meeting in person or submit a form of Proxy as described in this Circular.

Changing Your Mind

If you want to revoke your proxy after you have delivered it, you can do so any time before it is used. You can revoke your proxy by completing and signing a proxy bearing a later date and returning it to Computershare Trust Company of Canada in the manner and so as to arrive as described above. Alternatively, you or your authorized attorney must state clearly, in writing, that you want to revoke your proxy, and deliver such document to this address:

Clearwater Seafoods Income Fund
757 Bedford Highway
Bedford, Nova Scotia B4A 3Z7
Canada
Attention: Chief Financial Officer, Robert D. Wight
Fax: (902) 443-7797

The proxy can be revoked if a revocation: (i) is received by (or on) the last business day before the day of the Meeting (or of the continuation of the Meeting after adjournment), (ii) is deposited with the Chairman of the Meeting on the day of the Meeting (or of the continuation), or (iii) in any other way the law permits.

If you revoke your proxy and do not replace it with another that is deposited with the Toronto office of the Fund’s transfer agent, Computershare Trust Company of Canada, by May 14, 2004, 5:00 p.m. Eastern Standard Time, you can still vote your Units and/or Special Trust Units, but must do so in person at the Meeting.

Your Proxy Vote

If you have filled out and signed your proxy correctly (exactly as your name appears on the proxy form), and delivered it to the transfer agent by May 14, 2004, 5:00 p.m. Eastern Standard Time, then your proxyholder can vote for you at the Meeting. If you have specified on the proxy form how you want to vote on a particular issue (by marking FOR, AGAINST, or WITHHOLD), then your proxyholder must vote your Units and/or Special Trust Units accordingly on that ballot.

If you have NOT specified how to vote on a particular issue, then your proxyholder can vote your Units and/or Special Trust Units as he or she sees fit; and if you have appointed the persons designated in the form of

proxy as your proxyholder, unless otherwise specified, your Units and/or Special Trust Units will be voted at the Meeting as follows:

- **FOR the election of the three nominees to the board of trustees listed under the heading “Matters to be Considered at the Meeting — Election of Trustees”;**
- **FOR the appointment of KPMG LLP as auditors of the Fund; and**
- **FOR the special resolution substantially in the form set out in this Circular, to approve the amendment of the amended and restated declaration of trust of the Fund and the amendments to the declaration of trust of CSHT to provide that Clearwater Seafoods Holding Trust may have a single trustee that is a body corporate (i) that is 100% controlled by the Fund and (ii) the directors of which are the trustees of the Fund.**

If any amendments are proposed to the matters described in the attached notice of meeting, or if any other matters properly come before the Meeting, your proxyholder can vote your Units and/or Special Trust Units as he or she sees fit. The notice includes all the matters to be presented at the Meeting that are known to the Trustees as of this date.

Confidentiality

All proxies are considered confidential and will be returned to the Fund’s transfer agent, Computershare Trust Company of Canada. The transfer agent’s Stock Transfer Services division will count the proxies and tabulate the results, which will be verified by the Meeting’s scrutineers. The transfer agent will refer a proxy to the Fund if it has a comment intended for the Fund’s Trustees on it, or in connection with applicable legal requirements.

Information for Beneficial Holders

Most unitholders are “beneficial owners” who are non-registered unitholders. Their Units and/or Special Trust Units are registered in the name of an intermediary, such as a securities broker, financial institution, trustee, custodian or other nominee who holds the Units and/or Special Trust Units on their behalf, or in the name of a clearing agency in which the intermediary is a participant (such as The Canadian Depository for Securities Limited). Intermediaries have obligations to forward meeting materials to the non-registered holders, unless otherwise instructed by the holder (and as required by regulation in some cases, despite such instructions). Only registered unitholders or their duly appointed proxyholders are permitted to vote at the Meeting. Non-registered holders should follow the directions of their intermediaries with respect to the procedures to be followed for voting. Generally, intermediaries will provide non-registered holders with either: (a) a voting instruction form for completion and execution by the non-registered holder, or (b) a proxy form, executed by the intermediary and restricted to the number of Units and/or Special Trust Units owned by the non-registered holder, but otherwise uncompleted. These are procedures to permit the non-registered holders to direct the voting of the Units and/or Special Trust Units that they beneficially own.

If the non-registered holder wishes to attend and vote in person at the Meeting, they must insert their own name in the space provided for the appointment of a proxyholder on the voting instruction form or proxy form provided by the intermediary and carefully follow the intermediary’s instructions for return of the executed form or other method of response.

Solicitation Of Proxies

The Fund’s Trustees request that you sign and return the proxy form to ensure your votes are exercised at the Meeting. Clearwater will pay the cost of proxy solicitation, which will be primarily by mail. However, proxies may also be solicited by telephone, fax or personal contact, or by any other means of communication or by the Trustees who will not be remunerated therefor.

MATTERS TO BE CONSIDERED AT THE MEETING

Election of Trustees

The number of Trustees to be elected at the Meeting is three. All Trustees elected at the Meeting will hold office until the next annual meeting of unitholders or until their successors are duly elected or appointed.

Unless otherwise instructed, the persons designated in the form of proxy intend to vote FOR the nominees listed below. It is not contemplated that any of the proposed nominees will be unable to serve as a Trustee, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their discretion.

<p>PURDY CRAWFORD, 72 Toronto, Ontario</p> <p>Units: 35,000</p>	<p>Mr. Crawford is Chairman of All Stream Inc. (formerly AT&T Canada Inc.) and Counsel at Osler, Hoskin & Harcourt LLP. He has been a Trustee since July 31, 2002 and currently chairs the Corporate Governance and Compensation Committee of CS ManPar.</p>	<p>Attended 12 of 14 Meetings, plus 2 of 2 Committee Meetings</p>
<p>JAMES W. GOGAN, 65 New Glasgow, Nova Scotia</p> <p>Units: 50,000</p>	<p>Mr. Gogan is President of High Street Investment Limited (an investment company). He has been a Trustee since July 31, 2002 and currently sits on the Corporate Governance and Compensation Committee of CS ManPar and is the Chair of the Audit Committee of CS ManPar.</p>	<p>Attended 14 of 14 Meetings, plus 9 of 9 Committee Meetings</p>
<p>THOMAS D. TRAVES, 55 Halifax, Nova Scotia</p> <p>Units: 7,000</p>	<p>Mr. Traves is President and Vice-Chancellor of Dalhousie University. He has been a Trustee since July 31, 2002 and currently sits on the Corporate Governance and Compensation Committee of CS ManPar.</p>	<p>Attended 11 of 14 Meetings, plus 2 of 2 Committee Meetings</p>

Notes:

- (1) The information as to Units and Special Trust Units beneficially owned, directly or indirectly, including by associates or affiliates, not being within the knowledge of the Fund, has been furnished by the respective nominees.
- (2) The number of meetings attended are shown in relation to the number of meetings held during the period of appointment of each Trustee during the fiscal year ended December 31, 2003. A total of 14 committee meetings were held during fiscal 2003.

Appointment of Auditors

KPMG LLP have served as the Fund's auditors since the date of completion of the Fund's initial public offering. It is proposed that KPMG LLP, Chartered Accountants, be re-appointed as auditors of the Fund, to hold office until the next annual meeting of the unitholders or until their successor is appointed and that the Trustees be authorized to fix the remuneration of the auditors.

The aggregate amount of fees billed by KPMG LLP during the year ended December 31, 2003, for the annual audit as well as for the reviews of the financial statements was \$451,926, including amounts in relation to a prospectus filed in 2003. The aggregate amount of fees billed by KPMG LLP for all non-audit services rendered during the year ended December 31, 2002, was \$165,524. The Trustees have determined that the provision of the non-audit services for which these fees were rendered is compatible with maintaining the KPMG LLP's independence.

One or more representatives of KPMG LLP will be present at the Meeting, will have an opportunity to make a statement as he or she may desire and will be available to respond to appropriate questions.

Financial Statements

The consolidated financial statements of the Fund and Clearwater for the year ended December 31, 2003, together with the auditors' reports on the statements, are contained in the 2003 Annual Report mailed to unitholders with this Circular. No formal action will be taken at the Meeting to approve the financial statements, the requirements of the Declaration of Trust having been satisfied by their advance circulation to unitholders. If any unitholders have questions regarding such financial statements, such questions may be brought forward at the Meeting.

Appointment of a Corporate Trustee for CSHT

The Declaration of Trust and the declaration of trust for CSHT (the "CSHT Indenture") currently provide that the trustees of the Fund are also to be the trustees of CSHT. As such, the trustees of CSHT are currently the Trustees (*i.e.*, Messrs. Crawford, Gogan and Traves). The Trustees believe that it would be desirable if, in lieu of the trustees of the Fund also being the trustees of CSHT, the trustee of CSHT could be a body corporate (i) that was 100% controlled by the Fund and (ii) the directors of which were the trustees of the Fund. The proposed amendments to the Declaration of Trust to give effect to this change are set forth in Schedule "A" to this Circular. The proposed amendments to the CSHT Indenture to effect this change are available from the Chief Financial Officer of CS ManPar on request.

This proposal is intended to increase Clearwater's flexibility in structuring debt financing. In particular, the change will facilitate Clearwater using additional structures in connection with financings from non-resident lenders that would not be available if the trustee of CSHT were not a body corporate. The amendments will also further mitigate a risk (which the Fund believes is already remote) that the Trustees could be held personally liable for the obligations of Clearwater.

The Declaration of Trust requires that certain amendments to the Declaration of Trust and the CSHT Indenture, including the above-noted amendments, be approved by special resolution of Unitholders.

In addition, approval of these amendments is subject to the consent of Clearwater's lenders. For the purpose of receiving the approval of Unitholders by special resolution, a special resolution must be proposed at a duly convened meeting of Unitholders at which a quorum is present, and approved by the holders of more than 66 $\frac{2}{3}$ % of the Units represented at the meeting and voted in the resolution. The proposed special resolution will be presented at the Meeting in substantially the form set forth below, and will be adopted if it receives the affirmative vote of more than 66 $\frac{2}{3}$ % of the votes cast thereon either in person or by proxy.

The Trustees have determined that the amendments to the Declaration of Trust and the CSHT Indenture to provide that, in lieu of the trustees of the Fund also being the trustees of CSHT, the trustee of CSHT may be a body corporate (i) that is 100% controlled by the Fund and (ii) the directors of which are the trustees of the Fund is in the best interests of the Fund and its Unitholders and recommend that the Unitholders vote "FOR" the following special resolution:

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the amendments of the Declaration of Trust, as described in Schedule "A" to the Management Information Circular of the Fund dated April 7, 2004, to provide that the trustee of CSHT may be a body corporate (i) that is 100% controlled by the Fund and (ii) the directors of which are the trustees of the Fund, is approved;
2. the amendments of the CSHT Indenture, as described in the Management Information Circular of the Fund dated April 7, 2004, to provide that the trustee of CSHT may be a body corporate (i) that is 100% controlled by the Fund and (ii) the directors of which are the trustees of the Fund, is approved; and
3. any Trustee of the Fund is hereby authorized and directed, for and on behalf of and in the name of the Fund and CSHT, to do all such acts and things and to execute and deliver all such documents and instruments as may be considered necessary to implement these special resolutions."

COMPENSATION

Compensation of Trustees and Directors

In the last fiscal year, the Fund paid its Trustees, and CS ManPar paid its directors that are not also Trustees of the Fund or officers of CS ManPar the following:

- a basic payment of \$30,000 for the fiscal year;
- a fee of \$3,000 for chairing a committee of CS ManPar; and
- a fee of \$1,500 for meetings of the Trustees, the directors or meetings of committees attended, to a limit of \$15,000, regardless of the number of meetings attended.

The Fund reimbursed the Trustees for out-of-pocket expenses for attending these meetings and the Trustees participate in the insurance and indemnification arrangements described in this Circular. CS ManPar also reimbursed the directors for out-of-pocket expenses for attending these meetings, and the directors also participate in the insurance and indemnification arrangements. During the year ended December 31, 2003, the Fund and CS ManPar paid the Trustees a total of \$151,146 and the directors, excluding those who are Trustees, a total of \$90,000.

Board of Directors of CS ManPar

The board of directors of CS ManPar consists of the Trustees and the persons set out in the following table.

<p>GEORGE S. ARMOYAN, 44 Halifax, Nova Scotia</p> <p>Units⁽¹⁾: None</p>	<p>Mr. Armoyan is President and CEO of Clarke Inc., President of Geosam Investments Limited and Chairman of Vaquero Energy Ltd. Mr. Armoyan has been a director of CS ManPar since July 31, 2002 and currently sits on the Audit Committee.</p>	<p>Attended 12 of 14 Meetings, plus 6 of 7 Committee Meetings</p>
<p>COLIN E. MACDONALD, 56 Halifax, Nova Scotia</p> <p>Units and Special Trust Units: 24,496,422⁽²⁾⁽³⁾</p>	<p>Mr. MacDonald is the Chief Executive Officer of CS ManPar. He has been a director since July 31, 2002.</p>	<p>Attended 14 of 14 Meetings</p>
<p>JOHN C. RISLEY, 55 Halifax, Nova Scotia</p> <p>Units and Special Trust Units: 24,481,422⁽³⁾</p>	<p>Mr. Risley is the Chairman of CS ManPar. He has been a director since July 31, 2002.</p>	<p>Attended 14 of 14 Meetings</p>
<p>HUGH K. SMITH, 59 Halifax, Nova Scotia</p> <p>Units: 28,000</p>	<p>Mr. Smith is Vice President of Municipal Group of Companies (quarry and asphalt plant operator) and Counsel at Stewart McKelvey Stirling Scales. He has been a director since July 31, 2002 and currently sits on the Audit Committee.</p>	<p>Attended 14 of 14 Meetings, plus 6 of 7 Committee Meetings</p>

Notes:

- (1) The information as to Units and Special Trust Units beneficially owned, directly or indirectly, including by associates or affiliates, not being within the knowledge of the Fund, has been furnished by the respective directors.
- (2) Colin MacDonald holds 15,000 Units directly.
- (3) Clearwater Fine Foods Incorporated holds 1,100,205 Units as well as an additional 23,381,217 Special Trust Units. Each Special Trust Unit was issued concurrently with the issuance of an Exchangeable Unit, which, subject to certain restrictions, is exchangeable for Units on a one-for-one basis, subject to adjustment in certain circumstances. Upon exchange of the Exchangeable Units for Units, the associated Special Trust Unit shall be cancelled. Messrs. MacDonald and Risley are the sole shareholders and directors of Clearwater

Fine Foods Incorporated and as such beneficially own and control and direct the Units and Special Trust Units owned by Clearwater Fine Foods Incorporated.

During 2003 the board of directors adopted a policy whereby board members will be required, over a three year period, to hold units equal to three times their total annual retainer.

Pursuant to a securityholders' agreement entered into in respect of CS ManPar, Clearwater Fine Foods Incorporated (“CFFI”) has the right to appoint four directors of CS ManPar, and will continue to have the right to appoint directors of CS ManPar on following basis:

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

Executive Compensation

Under applicable securities legislation, the Fund is required to disclose certain financial and other information relating to the compensation of its Chief Executive Officer and the Fund's four most highly compensated executive officers (other than the Chief Executive Officer). The Fund, however, does not carry on a business; its purpose is to hold, directly or indirectly, investments in entities engaged in the harvesting, processing, distribution and marketing of seafood and such other investments as the Trustees may determine. The executive officers of CS ManPar, as managing general partner of Clearwater, the administrator of the Fund, are responsible for the management of Clearwater's and its subsidiaries' business. The Summary Compensation Table below provides a summary of compensation earned by the Chief Executive Officer and the seven most highly compensated executive officers of CS ManPar and its subsidiaries (the “**Named Executives**”).

The Summary Compensation Table lists the compensation earned by the Named Executives in 2003 for the period from January 1, 2003 to December 31, 2003. The compensation earned by the Named Executives in 2002 is for the period from July 31, 2002 (the date of completion of the Fund's initial public offering and acquisition of its interest in Clearwater) to December 31, 2002. Executive compensation disclosure has not been provided for the period prior to the initial public offering of the Fund because the compensation arrangements of Clearwater differ in a number of respects from the compensation arrangements that existed at CFFI (the entity that previously carried on the Clearwater business). In this context, the historical executive compensation disclosure is not comparable or relevant to the existing executive compensation arrangements disclosed below.

SUMMARY COMPENSATION TABLE

Name and Principal Position ⁽⁸⁾	Year	Annual Compensation			Long Term Compensation		
		Salary ⁽¹⁾ (\$)	Bonus ⁽²⁾ (\$)	Other Annual Compensation ⁽¹⁾ (\$)	Awards		Payouts
					Securities under Options/ SARs Granted ⁽³⁾ (\$)	Restricted Shares or Restricted Share Units ⁽⁴⁾ (\$)	All other Compensation ⁽⁵⁾ (\$)
COLIN E. MACDONALD ⁽⁶⁾ , Chief Executive Officer	2003	150,000	162,904	13,210	—	—	—
	2002	62,500	0	6,900			
ROBERT D. WIGHT, Vice President, Finance and Chief Financial Officer	2003	175,000	76,877	10,255	—	—	—
	2002	72,917	125,000	4,485			
ERIC R. ROE, Chief Operating Officer	2003	175,000	76,877	10,170	—	—	—
	2002	72,917	125,000	4,000			
J. MICHAEL MAGNUS, Executive Vice-President, Marketing and Sales	2003	175,000	67,877	10,256	—	—	—
	2002	72,917	125,000	5,520			
IAN G. BRUCE ⁽⁷⁾ , Vice-President, Clam Operations	2003	175,000	67,877	10,914	—	—	—
	2002	72,917	125,000	5,175			
PETER MATTHEWS ⁽⁷⁾ , (former) Vice President, Fleet	2003	175,000	67,877	522	—	—	—
	2002	72,197	125,000	0			
MICHAEL PITTMAN, (current) Vice President, Fleet	2003	147,000	67,877	570	—	—	—
	2002	54,167	28,000	0			

Notes:

- (1) For 2002, the salary and other compensation amounts are in respect of the period from July 31, 2002 to December 31, 2002. On an annual basis the salary for Messrs. MacDonald, Wight, Roe, Magnus, Bruce, Matthews and Pittman for fiscal 2003 was \$150,000, \$175,000, \$175,000, \$175,000, \$175,000, \$175,000 and \$130,000, respectively, and other annual compensation was \$16,560, \$10,764, \$9,600, \$13,248, \$12,420, \$0 and \$0, respectively.
- (2) Bonuses were paid in December, 2002 in respect of the entire 2002 year during which such persons had served as officers of CS ManPar and, prior to completion of the Fund's initial public offering, of CFFI. Two-thirds of the 2003 annual bonuses were paid out in cash and one-third was used to purchase Units on the executive's behalf which will vest over three years.
- (3) The Fund does not have an option plan.
- (4) The Fund does not issue restricted Units.
- (5) No other compensation was paid.
- (6) Mr. MacDonald chose to forgo \$108,603 of his 2003 bonus (which represented the two-thirds cash portion of his bonus) which Clearwater then donated to certain charitable organizations.
- (7) On January 1, 2004, both Ian G. Bruce and Peter Matthews retired as officers of Clearwater. Michael Pittman has replaced Peter Matthews as Vice President, Fleet.
- (8) Messrs. Wight, Roe, Magnus, Bruce, and Matthews hold 170,000, 70,000, 35,300, 140,000 and 80,300 of the Fund, respectively. Mr. Pittman beneficially owns and exercises control or direction over 6,000 Units. CFFI holds 1,100,205 Units as well as an additional 23,381,217 Special Trust Units (total of 24,481,422 Units and Special Trust Units). Messrs. MacDonald and Risley beneficially own, and exercise control or direction over such Units and Special Trust Units as the sole directors and shareholders of CFFI. Mr. MacDonald also holds 15,000 Units of the Fund directly.

Employment Contracts

All of the Named Executives are parties to employment agreements with Clearwater, which outline the terms and conditions pertaining to their employment. These employment contracts generally provide for

minimum base salaries, which, in the case of Mr. MacDonald, is \$150,000 per annum and, in the case of the others, is \$175,000 per annum. The contracts also provide that the Named Executives shall be entitled to participate in any short-term or long-term incentive plans established by CS ManPar, although no parameters are set out. Each contract provides that the senior officer's employment may be terminated by Clearwater by giving twenty-four months written notice of termination or by paying an amount in lieu thereof.

EXECUTIVE COMPENSATION REPORT

Corporate Governance and Compensation

The Fund does not have a standing Corporate Governance and Compensation Committee. In lieu of a governance committee, the Trustees are directly responsible for developing the Fund's approach to governance issues, filling vacancies among the Trustees and periodically reviewing the composition and effectiveness of the Trustees and the contribution of individual Trustees, although the Corporate Governance and Compensation Committee of CS ManPar, which is comprised of all of the Trustees, also reports to the board on matters concerning corporate governance and compensation in respect of the Fund and its subsidiaries as described below. The Trustees are also responsible for adopting and periodically reviewing and updating the Fund's written corporate disclosure policy.

The Corporate Governance and Compensation Committee of CS ManPar, which is comprised of Messrs. Crawford, Gogan and Traves, reviews and makes recommendations to the board concerning the appointment of officers of CS ManPar and the hiring, compensation, benefits and termination of senior executive officers and all other key employees of CS ManPar. The committee annually reviews the chief executive officer's goals and objectives for the upcoming year and provides an appraisal of the chief executive officer's performance. The committee is also responsible for developing CS ManPar's approach to corporate governance issues, advising the board in filling vacancies on the board and periodically reviewing the composition and effectiveness of the board and the contribution of individual directors. Each member of the committee is an outside, unrelated director.

Report on Executive Compensation

It is one of the responsibilities of the Corporate Governance and Compensation Committee, which is comprised of Messrs. Crawford, Gogan and Traves, to make recommendations on the level of compensation of the senior executives of CS ManPar. In carrying out this mandate, the Corporate Governance and Compensation Committee members, all of whom are outside and unrelated directors, consult with the other outside directors, Messrs. Armoyan and Smith, in the making of decisions on the matter.

In November 2002, the Corporate Governance and Compensation Committee engaged a compensation expert to assess the current compensation arrangements with senior executives (which were implemented at the time of the initial public offering). The recommendations of the compensation expert, on base salary levels, short-term performance incentives and long-term performance incentives have been accepted and implemented.

With respect to annual base salaries, Mr. MacDonald's annual base salary is \$150,000 which is less than the \$175,000 annual base salary earned by other executive officers of Clearwater. Mr. MacDonald has agreed to this annual base salary in light of the fact that he holds a substantial indirect interest in CFFI. He believes that a lower salary better aligns his interest with the interest of the public Unit holders.

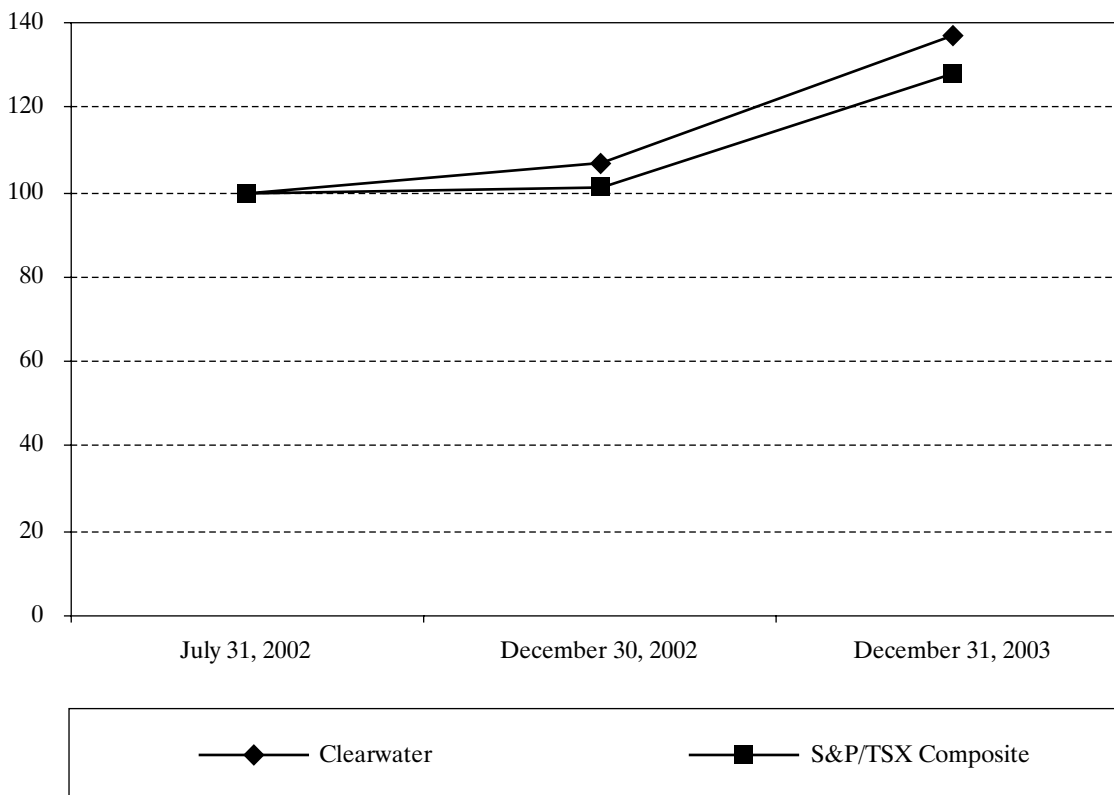
In 2003, the executive officers were eligible for short-term bonuses of up to 40% of their base salary with the exception of the Chief Executive Officer who was eligible for a bonus of up to \$180,000. Two-thirds of the annual bonuses were paid out in cash and one-third was used to purchase Units on the executive's behalf which will vest over three years.

Submitted by:

Purdy Crawford
James W. Gogan
Thomas D. Traves

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 for the period from July 31, 2002, when the Units were listed on the TSX for trading, to December 31, 2002 and for the fiscal year ended December 31, 2003. On December 31, 2003, the closing price of the Units on the TSX was \$12.00.



	July 31, 2002	December 30, 2002	December 31, 2003
Clearwater Seafoods Income Fund	100	107.16	137.01
S&P/TSX Composite Index	100	101.03	127.97

TRUSTEES, DIRECTORS AND OFFICERS INSURANCE

The Trustees, the directors and officers of CS ManPar and the trustees, directors and officers of their respective subsidiaries are covered under a directors and officers insurance policy that provides an aggregate limit of liability to the insured trustees, directors and officers of \$25 million. Losses are subject to a deductible of \$75,000.

For the period from January 1, 2003 to December 31, 2003, the total premium paid on the policy, including fees, was \$238,000.

The trust declaration of each of the Fund and CSHT and the by-laws of CS ManPar also provides for the indemnification of their respective trustees, directors and officers from and against liability and costs in respect of any action or suit against them in connection with the execution of their duties of office, subject to certain usual limitations.

INDEBTEDNESS OF TRUSTEES AND DIRECTORS AND OFFICERS OF THE FUND AND ITS SUBSIDIARIES

No amounts are owed to the Fund or its subsidiaries by any trustee, director, or officer of the Fund or its subsidiaries.

MANAGEMENT CONTRACTS

Administration Agreement

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

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

The Administration Agreement terminates on termination of the Fund, unless terminated at an earlier time in accordance with its provisions. The Administration Agreement may be terminated by either party in the event of the insolvency or receivership of the other party or in the case of default by the other party in the performance of a material obligation under the Administration Agreement (other than as a result of the occurrence of a *force majeure* event) which is not remedied within 30 days after notice thereof has been delivered.

CORPORATE GOVERNANCE

In accordance with the rules of the Toronto Stock Exchange ("TSX"), the Fund annually discloses information relating to its system of corporate governance. Details of the Fund's corporate governance practices are described in the 2003 Annual Report under the heading "Corporate Governance".

INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS

For the year ended December 31, 2003 Clearwater was charged \$252,000 by CFFI for use of a corporate airplane (period from July 30, 2002 to December 31, 2002 — \$105,000), charged CFFI \$236,000 for rent and other services (period from July 30, 2002 to December 31, 2002 — \$62,000), had an amount receivable from CFFI of \$21,000 (December 31, 2002 due to CFFI — \$2,541,000), and a distribution payable to CFFI of \$6,718,000 relating to the fourth quarter distribution on subordinated units (December 31, 2002 — \$6,720,000).

Clearwater was charged approximately \$209,000 for vehicle leases in 2003 (period from July 30, 2002 to December 31, 2002 — \$82,000) and approximately \$78,000 for other services (period from July 30, 2002 to December 31, 2002 — \$65,000) by companies controlled by a relative of an officer of Clearwater.

These transactions are in the normal course of operations and have been recorded at fair market value.

Clearwater had an amount due from a minority owner in a subsidiary located in Argentina of nil (December 31, 2002 — \$3,302,000).

In addition, CFFI provides certain treasury functions at no charge.

Except as disclosed in this Circular, the Trustees are not aware of any other material interest of any Trustee of the Fund or director or officer of CS ManPar and Clearwater, or any unitholder who beneficially owns more than 10% of the Units or Special Trust Units, or any known associate or affiliate of these persons, in any transaction since the commencement of the last fiscal year of the Fund or in any proposed transaction that has materially affected or would materially affect the Fund.

OTHER BUSINESS

The Trustees are not aware of any matter intended to come before the Meeting other than those items of business set forth in this Circular and the attached notice of meeting. If any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote in respect of those matters in accordance with their judgement.

ADDITIONAL INFORMATION

A copy of the Fund's most recent Consolidated Financial Statements, Annual Information Form and Management Information Circular may be obtained by unitholders, without charge, upon request from the Chief Financial Officer of CS ManPar, 757 Bedford Highway, Bedford, Nova Scotia B4A 3Z7.

APPROVAL OF TRUSTEES

The content and the sending of this Circular to the unitholders have been approved by the Board of Trustees of Clearwater Seafoods Income Fund and the directors of CS ManPar Inc.

By Order of the Board of Trustees

(Signed) PURDY CRAWFORD
Purdy Crawford
Chairman

Halifax, Nova Scotia
April 7, 2004

SCHEDULE "A"

PROPOSED AMENDMENTS TO THE DECLARATION OF TRUST

1. Section 9.3 is amended and restated as follows:

Subject to the provisions hereof, the CSHT Units and the CSHT Notes and the securities of CS ManPar held from time to time by the Trustees as part of the Trust Assets may be voted by the Trustees at any and all meetings of unitholders or noteholders of CSHT or shareholders of CS ManPar at which the holders of such securities are entitled to vote provided that (a) the CSHT Units held by the Trust shall be voted to cause the election of (i) the Trustees as trustees of CSHT or (ii) a body corporate that is 100% controlled by the Fund and the directors of which are the Trustees and (b) the ManPar Shares held by the Trust shall be voted to cause the election of the Trustees as directors of CS ManPar.