ANNUAL INFORMATION FORM (AIF)
FOR 2007

(All amounts are in Canadian Dollars unless otherwise expressed)

March 28, 2008

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Unless the context otherwise requires, references in this Annual Information Form to the "Company" or "High Liner Foods" include High Liner Foods Incorporated and its subsidiaries.

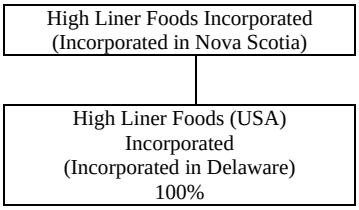
1. CORPORATE STRUCTURE

1.1 Name and Incorporation

High Liner Foods Incorporated is a Nova Scotia company, amalgamated under the Companies Act of Nova Scotia. Our 108-year history began in 1899 with the founding of W.C. Smith & Company Limited, a ships' chandlery and salt fish operation located in Lunenburg, Nova Scotia. In 1926, the same group of shareholders diversified into fresh fish and cold storage and formed Lunenburg Sea Products Limited and conceived the "High Liner" brand. In 1938, these two companies merged, and in 1945 the merged companies, along with Maritime National Fish Company Limited of Halifax, and other related companies, were brought together under the ownership of National Sea Products Limited. The present company was formed by amalgamation of the related companies in 1967. On December 31, 1998, we changed our name to High Liner Foods Incorporated. High Liner Foods' registered and principal office is at 100 Battery Point, Lunenburg County, Nova Scotia, B0J 2C0. On December 20, 2007 High Liner Foods acquired the North American Marketing and Manufacturing assets of FPI Limited.

1.2 Intercorporate Relationships

Our business is carried on through a parent company, High Liner Foods Incorporated, and one operating incorporated subsidiary, High Liner Foods (USA) Incorporated.



Our Canadian retail and food service businesses are headquartered in Toronto, Ontario, with regional sales offices in Calgary, Montreal and Halifax. We sold our Nova Scotia-based Fishing division in 2003 and our Newfoundland-based fishing assets in October 2004, completing our exit from the fishing and primary processing business.

High Liner Foods (USA) Incorporated, headquartered in Portsmouth, New Hampshire, distributes frozen seafood throughout the United States and Mexico and manufactures most of the seafood it sells. We sold our pasta operations in 2006 to focus on frozen seafood.

As a result of the Acquisition (see Section 2.2), High Liner Foods (USA) Incorporated acquired all of the issued and outstanding capital stock of Fishery Products International, Inc. on December 20, 2007. On the same date, Fishery Products International, Inc. was merged into High Liner Foods (USA) Incorporated, although Fishery Products International will continue to operate as the food service division of our U.S. subsidiary.

We operate food-processing plants in Lunenburg, Nova Scotia and Portsmouth, New Hampshire. As part of the Acquisition, we acquired two additional processing plants, one in Burin, Newfoundland and Labrador and another in Danvers, Massachusetts. Logistics and distribution are managed from Lunenburg, Danvers, and Portsmouth.

2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Corporate Profile

High Liner Foods Incorporated (HLF-TSX) has been a Canadian publicly traded company since 1967. We process and market superior quality seafood and other food products in North America. Our expertise is frozen seafood. We produce and market products for the retail, food service, and club store channels. The food service channel includes sales of seafood that are usually eaten outside the home and consists of sales through distributors to restaurant and institutional customers. We own strong retail brands, but we are also an important supplier of private labels for many North American food retailers and food service operators. Created in 1926, the *High Liner*® brand is among the most recognized brands in Canada.

2.2 Three Year History

Seafood Operations

During the past three years we have focussed on our vision to be the North American leader in frozen value added seafood by increasing the sales, profits and market share of our major brands, *High Liner*® and *Fisher Boy*®. Increasing market share for our brands has been a challenge, primarily due to the long-standing dominant position of *High Liner* in Canada, and an increase in market share for private label products in the food industry. However, we have benefited from the growth in private label, particularly in our U.S. subsidiary. High Liner continues to dominate the Canadian retail frozen seafood category. As a result of the Acquisition, we have acquired the FPI® portfolio of brands, which in addition to the flagship FPI® brand, includes the well-known *Sea Cuisine*™ and *Mirabel*® brands in FPI's food service and retail businesses as well as Royal Sea®, an important brand in Canadian club stores.

We support our brands by conducting consumer research to determine what food products and formats appeal to shoppers. We then focus product development to deliver on these expectations. A good example of this strategy is the *High Liner Signature*™ line of products. Based on research suggesting that Canadian shoppers want taste, convenience, quality, and nutrition in their food choices, we modified our product development and marketing strategies. "*Signature*" products are premium quality, family-sized products that we have now marketed for eight years. They are leading our growth in Canada with increased sales year over year. These products have been so successful that we introduced similar products under the *High Liner*® brand to US club stores several years ago. U.S. club store shoppers are generally above-average income earners who prefer high quality, healthful products. Our products meet their

expectations. In 2005 we expanded our offering of up-scale products by introducing a line of premium seafood products under the *High Liner* brand to traditional grocery stores in the United States. In 2006 we expanded our *High Liner* product offerings to supercentres (retailers selling both groceries and a wide range of general merchandise) and natural food stores in the United States.

Canadian Retail has also introduced new products into the seafood departments of Canadian grocery stores. These products are not breaded or battered. This increases our brand presence in grocery stores to two departments: the frozen food aisles and the seafood department. The acquisition of the FPI business strengthens the efforts in this area with their Sea Cuisine and Mirabel brands, especially with their expertise in shellfish products.

Pasta Operations

In 1998 we purchased the *Gina Italian Village*® and *Floresta*® brands of frozen unsauced stuffed pasta. *Gina Italian Village* was the market-leading brand in New York, the most important market in the USA for this category of product. During the past few years, we narrowed our strategic focus to concentrate on the opportunities we see in the seafood category. Due to poor results of our U.S. operations and the expected time required to increase profitability in the United States operations, a write down of the goodwill, which arose on the purchase of Italian Village, was required in the fourth quarter of 2005. In 2006, we sold our pasta operations for the net book value of the related working capital and equipment. The pasta operations are now disclosed as discontinued operations.

The Acquisition

On December 20, 2007, High Liner completed the acquisition of the Marketing & Manufacturing Group of FPI Limited. This Acquisition was initially announced by media release dated August 24, 2007 and its completion was confirmed by further release dated December 20, 2007. Both media releases are available at www.highlinerfoods.com and at www.sedar.com. At the same time, High Liner completed its agreement with Ocean Choice International Inc. for the purchase of certain assets of an Asian procurement business that Ocean Choice acquired from FPI Limited as part of Ocean Choice's acquisition on the same date of FPI Limited's Primary Group business. The Asian procurement business was previously carried on by FPI's Atlantic seafood trading division in its Primary Group and involves the procurement of all FPI branded products in Asia for sale in North America. As part of the agreement, High Liner also acquired all of the FPI trademarks in North America used in this business. High Liner has filed a Business Acquisition Report in *Form 51-102F4* dated March 4, 2008 that includes all of the information required by Part 8 of *National Instrument 51-102*. The Form can be found at www.sedar.com.

The Acquisition is uniformly aligned to the acquisition criteria in our growth strategy. While High Liner has long been the leader in value added seafood in the Canadian retail channel, the Acquisition has added the complementary and leading food service business of FPI, managed from FPI's operations in Danvers, Massachusetts. As well, FPI will

contribute expertise and sales opportunities in seafood species that have not historically been strong for High Liner, particularly in the shrimp category.

As noted in the Business Acquisition Report, the Acquisition more than doubles the size of High Liner in terms of sales, assets and total capitalization. The purchase price paid to FPI Limited at closing was $86.5 million in cash, 3.0 million common shares and 1.2 million Series A Preference shares of High Liner, and the purchase price to Ocean Choice International Inc. was $15 million. The Series A Preference shares will be convertible to 3.0 million non-voting equity shares to be created at the Company's 2008 annual meeting, scheduled to take place on May 9, 2008. The purchase price to FPI Limited is subject to finalization of working capital adjustments that will not be finalized until the second quarter of 2008. High Liner has made a provisional allocation of the purchase price in its financial statements for the year ended December 29, 2007. Final adjustments will be made to the assets acquired and liabilities assumed on completion of the working capital adjustment under the Asset Purchase Agreement and upon completion of the analysis of intangibles and goodwill.

2.3 Business Strategy

Our vision is to be the leader in value-added frozen seafood in North America. Our mission is to bring value to our retail, food service and club store customers by being committed to the development and delivery of high-quality and innovative seafood products, and by providing them with superior service levels. By partnering with our customers and suppliers, developing our brands, achieving operational excellence, and providing leadership in the seafood category, we expect to increase shareholder value.

Our products must meet our rigorous criteria: good value, high quality, nutritious and convenient for North American consumers. In the retail sector, to appeal to consumers, products must be ready to eat from the freezer to table in less than twenty minutes. An important part of the Company's strategy is to focus on quality. We consistently strive to improve products to maintain and improve our market leadership positions. Quality of customer service, including setting objectives for continuity of supply and on-time delivery, is also a key element in our strategy.

Our private label business is stable, despite a reduction in the breaded seafood category overall, which is evidence of an increase in consumer acceptance and market share of private label seafood products and our strength in this part of the market.

2.4 Growth Strategy

High Liner Foods will pursue growth in two areas:

- ***Growth in Core Markets*:** We plan to continue to grow our seafood businesses in both Canada and the United States in traditional retail, club and food service channels. New product introductions as well as our strategy to be the supplier of choice for consolidating customers are an integral part of this strategy. Gaining additional sales volume through

U.S. grocery stores for our new *High Liner*® products is also key to achieving growth targets.

- ***Acquisition of Frozen Seafood Businesses*:** Although organic growth is our major focus, our strength in the value-added seafood business in North America is an opportunity to acquire other seafood businesses. Our strengths in management, customer relations, marketing, frozen food logistics, new product development, as well as our state of the art business systems, all provide the necessary infrastructure and skills to market, sell and distribute frozen seafood throughout North America. The Acquisition represents an important milestone in achieving our strategy, as we are now the clear market leader in both the retail and food service channels in Canada, and we are now one of the leading suppliers of frozen seafood in the U.S. food service channel. The Acquisition has also improved our position as a supplier to the U.S. club store channel, and will contribute to improved performance in the U.S. retail business.

3. THE BUSINESS

3.1 Product Marketing

Trademarks and Brand Names:

High Liner Foods is one of North America's largest marketers of prepared and packaged frozen seafood. We sell products, both directly and through distributors, to North American retail stores, club stores, hotels, restaurants and institutions. In Canada, we market the majority of seafood products under the *High Liner*® trademark, and in the United States and Mexico under the *Fisher Boy*® and *High Liner*® trademarks. High Liner Foods produces private label seafood for retailers and food service distributors throughout North America. The Acquisition has added the *FPI*® portfolio of brands, some of which are highly recognizable and popular in the food service channel, particularly *FPI*®, *Sea Cuisine*™, *Mirabel*® and *Royal Sea*®.

High Liner Foods markets a diverse range of frozen products under a variety of trademarks and species, including raw fillets and shellfish, sauced, glazed, breaded and battered seafood, breaded cheese sticks, entrees, and breaded chicken, under the trademarks and product names shown below.

Canada	**United States**	**Mexico**
Captain High Liner®	Fisher Boy®	Fisher Boy®
High Liner®	Fisher Boy A Great Catch! ®	RapiBarritas®
High Liner Foods®	Booth®	PescAritos™
Healthy Bake® / Cuisson Santé®	High Liner®	RapiCocinados®
Captain's Table®	Qwik Stix®	
Healthy Catch®	Hi-Flyin' Foods™	
Captain's Catch® / La Prise du Capitaine®	Café Appetita™	
Light Tonight® / Souper Léger®	Fun Bucket®	
Captain's Fish 'n Fries® / Croque-Capitaine®	3 in 1 Seafood Fun Bucket®	
Seafresh®	3 in 1 Family Fun Bucket®	
Captain's Chicken® / Poulet du Capitaine®	It's a Good Night for Fish ®	

Captain Burger® / Burger du Capitaine®
Captain's Grill™ / Grillades Capitaine™
Krunchies®
Fastbreak® / Rapidelice®
High Liner Signature™
It's A Good Night for Fish®
Always a Wise Catch® / Toujour une bonne prise®
OnLiner®
QuickSteam™
Eating Healthy Never Tasted So Good™
Manger sainement n'a jamais eu aussi bon gout!™
40 Fathoms®

Bateau de Crevettes®
Blazin' Buffalo®
Catch o' the Day®
Catch of the Day®
Costa Rica Queen®
Crevettes des Glaciers®
Des Bouchées Marines®
Fish 'n Chip Cut®
Fishery Products International®
FPI®
FPI & Design®
Homestyle Batterdipt®
Iceberg®

Kentucky Style Tilapia®
Les Tresors de la mer®
Maritimer®
Mirabel Brand®
Mirabel Shrimp Crisps®
Pan Sear Selects™
Petite Sole™
Prise du jour®
Royal Sea®
Salmon Elites®
Sea Cuisine™
Sea Cuisine & Design®
Seafood Elites®
FPI Seafood Starters®
Sea Nuggets®
Sea Treasures®
Sea Wonders®
Shore Grilled®
Shrimp Heart Design®
Sole Elites®
Sole Fingers®
Upper Crust™
Votre partenaire dans la resussite®
We Catch Customers For You®
We're There®
Your Seafood Specialists®

40 Fathoms®
Captain's Cut™
Seafood is Smart Food™
Seafresh®
Solo Selects™
Seafood Selects™
Daily Catch™
Captain's Classics™

Aquarius®
Bake r' Broil®
Battercrisp®
Blazin' Buffalo Shrimp®
Blazin' Redfish®
Boston Batter®
Breaded Naturals™
Captain Longboat®
Caribou®
Coastal Classics™
Country Cornmeal®
Fishery Products International®
FPI®
FPI & Design®
From the Icy Cold Waters of Newfoundland®
Funfish®
Galley on the Go®
Grilled 'n Glazed™
Healthybake®
Mandarin®
Maripac®
Maritimer®
Mirabel®
Ocean Maid®
Ovencrunch®
Pan Sear Selects™
Rack 'o Shrimp™
Royal Sea®
Scribbles®
Sea Cuisine®
Seafood Elites®
Sea Nuggets®
Sea Portions™
Sea Strips®
Sea Wonders®
Shrimp Mates®
Simple Serve®
Simple Serv Cod Fillets®
Tiki Island Shrimp®
Upper Crust™
Upper Crust®
We Catch Customers For You®

Sales revenues from operating segments that accounted for 15% or more of total consolidated sales revenues, excluding discontinued operations, in either of the last two fiscal years were:

	2007	2006
Canada	61%	60%
United States	39%	40%

Approximately 20% of the Company's 2007 total sales were private label products produced for a variety of retail grocery chains and food service distributors throughout North America. Private labels are products produced under the customer's logo or label to their specifications. Although relationships with these customers have been substantially long term in nature, they are not usually under long-term contracts and the loss of a significant private label customer might adversely affect the Company's results. Management is not aware of any fact or circumstance that would lead to an imminent loss of significant private label business. Until 2007, the trend in our private label business had been for growth as consumers purchased proportionately more private label seafood over branded products in the breaded and battered segment of the category. This trend changed in 2007, as the leading brands invested increased amounts in promotional activities. For example, *Fisher Boy* regained its position as the #2 fish stick in the United States, a position that had been overtaken in prior periods by private labels. A significant number of customers buy both branded and private label products from the Company.

United States

In the U.S., sales of frozen seafood were US$2.3 billion in 2007,[1] an increase of 10.7% over the previous year. The frozen seafood market can be divided into the breaded and battered segment, the prepared segment and the raw segment. High Liner competes principally in the breaded and battered and more recently, prepared segments in the United States. Growth occurred in all segments in 2007, due to the overall increasing popularity of seafood. Our new *High Liner* products launched in 2005 to traditional grocery stores and in early 2006 to a key customer leverage our seafood strengths into the emerging prepared segment. This segment grew by 16.5% in 2007, as more new products are introduced in this segment each year than in any other seafood category. In late 2006, we launched six all natural, no additives products under the *High Liner* brand to a new U.S. customer in the natural/health food segment. As a result of the Acquisition, the *Sea Cuisine*® line of products will increase High Liner's presence in this segment.

Our U.S. subsidiary markets a full range of breaded and battered fish sticks and portions under the *Fisher Boy*® brand. It also produces a wide variety of breaded and battered seafood products sold as retail private label brands in United States' supermarkets. In

[1] Market share is estimated by ACNielsen®, which tracks all grocery stores with sales of US$2.0 million or more and is measured in pounds. The category reported here is for all types of frozen seafood including fish and shellfish, whether breaded or unbreaded, but excludes seafood entrees.

2007, approximately 40% of our U.S. dollar seafood sales to the retail frozen food market were private label products. Today, most retailers carry a national brand, a store brand (private label), and usually a third brand if it is differentiated from the national brand. Our strategy for *Fisher Boy* differentiates the brand from its competition as the family-friendly brand. In 2006 and 2007 we launched new *Fisher Boy* products including new fish portion varieties, shrimp poppers, crab bites, crab sticks and crab cakes.

As part of our strategy to improve the competitive position of our *Fisher Boy* products, we are gradually transitioning all *Fisher Boy* products to the *High Liner* brand. *Fisher Boy* packaging featuring the *High Liner* logo alongside the current *Fisher Boy* logo was introduced for the Lenten period of 2007 and will be gradually modified to complete the transition to the Company's core brand. This will make our marketing spending more efficient as we focus it on one brand. Better display of our products at retail under one brand will also have an impact on our visibility to consumers.

The introduction of FPI's Sea Cuisine, sold mostly in the fresh seafood department of major chains and in Club stores, opens up new possibilities to extend our product lines in US retail markets. Our U.S. subsidiary is also a leading seafood supplier to Mexico, where it markets products under the *Fisher Boy*® and *High Liner*® brands and co-packs for other distributors.

The Acquisition has added the leading food service business of Fishery Products International, which is one of the top frozen seafood suppliers to the U.S. food service channel. This business delivers a wide range of seafood products to leading food service operators in the multiple restaurant segments, to broad line food service distributors, and to specialty seafood distributors. This business has a particularly strong track record of product innovation, and we intend to leverage this strength across the U.S. operations.

Canada

In Canada, frozen seafood including shellfish is the second largest category in the retail frozen food market, and accounted for consumer sales of $622 million in 2007, an increase of 5% over 2006.[2]

Our Canadian Packaged Foods division markets a full range of frozen fish fillets, breaded and battered fish sticks and portions, and premium sauced fillets under the *High Liner*® brand. These products are sold through both retail and food service channels. The food service business supplies products to restaurants and cafeterias, as well as other institutions. The Canadian division also produces a wide variety of seafood products sold as retail private label brands in Canadian supermarkets and to food service distributors.

The FPI acquisition adds strength to our Club store segment in Canada with its Royal Sea® brand and the combination of the two club businesses makes us a leader in this

[2] Market share is estimated by ACNielsen® which tracks all Canadian basic grocery banner stores, excluding club stores/warehouses, and is measured in pounds. The category reported here is total frozen fish, which excludes all shellfish and entrees.

category. The combination of FPI's Canadian food service business with High Liner also makes for an industry leader in all species and product forms. Particularly, FPI's strength in shellfish is an important addition to our line of products.

3.2 Production Facilities

The following chart describes High Liner's major production facilities:

LOCATION	TYPE OF PRODUCTION	ANNUAL CAPACITY (1)	CAPACITY UTILIZATION
Lunenburg, NS	*Prepared Seafood*	31,000,000	83%
Portsmouth, NH	*Prepared Seafood*	60,000,000	75%
Burin, NL (2)	*Prepared Seafood*	25,000,000	43%
Danvers, MA (2)	*Prepared Seafood*	62,000,000	63%

(1) In pounds; based on the production of finished pounds, on two shifts of forty hours each for 5 days per week.
(2) Acquired on December 20, 2007

All food processing plants conducting business throughout North America require a combination of State or Provincial and Federal licenses to operate. Requirements to obtain and maintain food-processing licenses principally relate to food safety and quality, transportation of food and labeling. High Liner Foods possesses all necessary licenses and approvals to operate.

The United States requires its seafood processing plants to adopt a quality management plan known as HACCP (Hazard Analysis of Critical Control Points). Our seafood processing plants in the USA always pass the regulatory HACCP audit.

In Canada all seafood-processing plants are required to adopt a Quality Management Plan (QMP) covering the regulatory and safety aspects of food processing. High Liner's QMP has been approved and in good standing since inception of this requirement. Canada's QMP is an accepted standard under the U.S. HACCP system.

All of the Company's non-North American suppliers are HACCP approved plants. The Company also maintains internal quality specifications that in many respects exceed HACCP or QMP requirements. Suppliers are required to adhere to our internal specifications and we regularly audit for compliance. High Liner has established a representative office in Qingdao, China, and employs procurement and quality control experts to oversee our procurement activities in Asia. High Liner's North American quality personnel also travel to China to supervisor activities overseas.

3.3 Competitive Conditions

High Liner Foods faces competition from other frozen food processors, including those that have larger sales and marketing organizations and greater financial resources than the

Company. In North America, High Liner Foods competes in many markets, each with diverse and unique characteristics.

Our major competitors in the retail seafood market are national marketers of brand name and generic products, including Nippon Suisan (owning *Gorton's*® brand in the U.S. and *BlueWater*® in Canada), National Fish and Seafood Incorporated (U.S.), Pinnacle Foods Corporation (owning the *Mrs. Paul's*® and *Van de Kamp*® brands in the U.S.), Jane's Family Foods Ltd. (Canada), and Aquastar. Private label products also compete with our brands and account for as much as 40% of the market[3]. The Acquisition has significantly increased the strength of our competitive position in both the retail and food service channels.

Retail competition in North America is very intense. In the retail market, price, convenience, nutrition, value, consumer brand recognition and loyalty are the primary competitive factors. *High Liner*® in Canada enjoys extremely high consumer brand recognition and *Fisher Boy*® has strong regional brand awareness in the U.S.

Our major competitors in the food service market consist of vertically integrated fishing companies, food processing companies and seafood traders. Competitors include Icelandic (USA), Clearwater Fine Foods Inc., Trident Seafoods Corporation, American Seafoods, Nippon Suisan (owning King & Prince and Fish King in the USA), Ocean Beauty, Aqua Star, Red Chamber, Beaver Street Fisheries Inc., Pacific Seafood Group, Toppits Quality Frozen Foods, Export Packers Company Limited, and many smaller trading companies. In the food service market, continuity of supply, customer service, and price are the major aspects of competition.

In the Canadian retail frozen seafood market, products sold under the *High Liner*® trademark enjoy a dominant market share position. According to ACNielsen®, High Liner held 41.6%[4] of the frozen packaged seafood market, for the 52 weeks ended December 22, 2007, down slightly from a year ago. The Company's food service business enjoys a leading market position in the processed seafood category in Canada and the Acquisition has ensured that it is now the leading provider of frozen seafood in this channel We use advertising and related consumer support activities to create, maintain and strengthen brand loyalty. "*Captain High Liner*®" is one of the most recognizable brand icons in Canada.

According to a 2007 frozen food study by ACNielsen®, seafood is the 2nd largest frozen food category in Canada, and High Liner Foods is the largest seafood company and 7th largest frozen food company in Canada.

[3] Market share is estimated by ACNielsen®, which tracks all grocery stores with sales of US$2.0 million or more and is measured in pounds. The category reported here is for all types of frozen seafood including fish and shellfish, whether breaded or unbreaded, but excludes seafood entrees.

[4] Market share is estimated by ACNielsen® which tracks all Canadian basic grocery banner stores, excluding club stores/warehouses, and is measured in pounds. The category reported here is total frozen fish, which excludes all shellfish and entrees.

In the U.S., *Fisher Boy*® brand sales are principally fish sticks and for the 52 weeks ended December 22, 2007, *Fisher Boy* held 15.8%[5] of the United States' national consumption for fish sticks, up slightly from 2006. Market share for the *Fisher Boy and High Liner* brands of the total frozen seafood category in the United States is 2.2%[6] for the same 52-week period, flat over 2006, due to decreased sales volumes for the *High Liner* brand. *Fisher Boy* is the leading brand of fish sticks at the world's largest retailer. *Fisher Boy* is also a leading brand in Mexico City. Up to 2005 Fisher Boy lost distribution outside of its core markets reducing the percent of stores carrying our products from approximately 50% to 24%. This volume reduction has negatively affected profitability of our U.S. operations and was partly the reason for the goodwill write down in 2005. Fisher Boy did not lose distribution in 2006 or 2007, and in 2007 has increased its profitability.

3.4 Components – Procurement of Raw Materials and Finished Goods

General

High Liner is dependent on its seafood procurement activities. We continue to increase procurement of commodity seafood products, either as raw material or finished goods, and we purchased over $136 million of these products in 2007. We purchase frozen raw material and finished goods from around the world. Of the seafood we procured in 2007, approximately 81% is processed in Asia, from wild species harvested in the North Atlantic and Pacific Oceans.

We have a stringent supplier selection process, and monitor and test products for quality. As mentioned in section 3.2 above, all of the Company's suppliers are HACCP approved plants, regardless of geographic location. We perform supplier audits to ensure the products they produce meet or exceed requirements set by the Canadian and United States food inspection agencies and our own product specifications. In many cases, our own specifications exceed regulatory requirements. When product is received in either Canada or the United States, the respective food inspection agencies may perform independent testing of our products before they are approved for use in production.

Our foreign representative office in Qingdao, China, employs procurement and quality control staff to oversee our procurement activities in Asia. High Liner's North American quality personnel also travel to China to supervise activities overseas. We are increasing our staff in this office in 2008, partly as a result of the FPI Acquisition and the increased procurement activities that we expect will result because of it.

It is not industry practice to have significant long-term contracts to purchase raw seafood. There are no futures markets for seafood where forward purchases can be hedged.

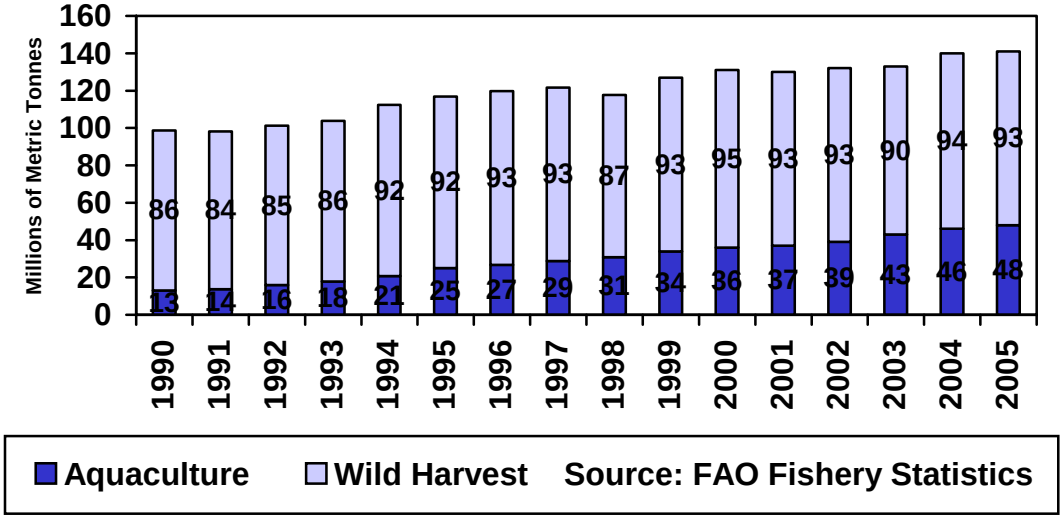
[5] Market share is estimated by ACNielsen® which tracks all grocery stores with sales of US$2.0 million or more and is measured in pounds. The category reported here are fish sticks.
[6] Market share is estimated by ACNielsen® which tracks all grocery stores with sales of US$2.0 million or more and is measured in pounds. The category reported here is for all types of frozen seafood including fish and shellfish, whether breaded or unbreaded, but excludes seafood entrees.

Therefore our strategy is to build long-term relationships with seafood suppliers and most of our existing suppliers have worked with us for many years. We enter into agreements of up to one year in duration with these suppliers. These agreements can cover both price and quantity, but often provide for quantities only, with price determined by the market at the time of shipment or on a quarterly basis. Substantially all purchases are in U.S. dollars. From time to time, depending upon market conditions, we take inventory positions to ensure that we have sufficient raw materials at acceptable costs.

Global demand for fish and seafood continues to grow. The catch of wild fish has stabilized at around 90 million tonnes, which represents approximately 70% of the total supply, while aquaculture continues to increase – see Exhibit 1. Exhibit 2 indicates catches of the 10 most important wild groundfish species, as reported by the FAO[7] in 2007, along with estimates of panelists delivered at the 2007 Groundfish Forum, an industry group that meets once a year to discuss the world seafood industry. Sustainability is now an important aspect of fisheries management for most developed countries, and some of the lower catch levels are attributable to increased regulation and industry conservation measures aimed at protecting fish stocks for the long term. It is management's opinion that wild harvests will not increase substantially in the near future.

Exhibit 1

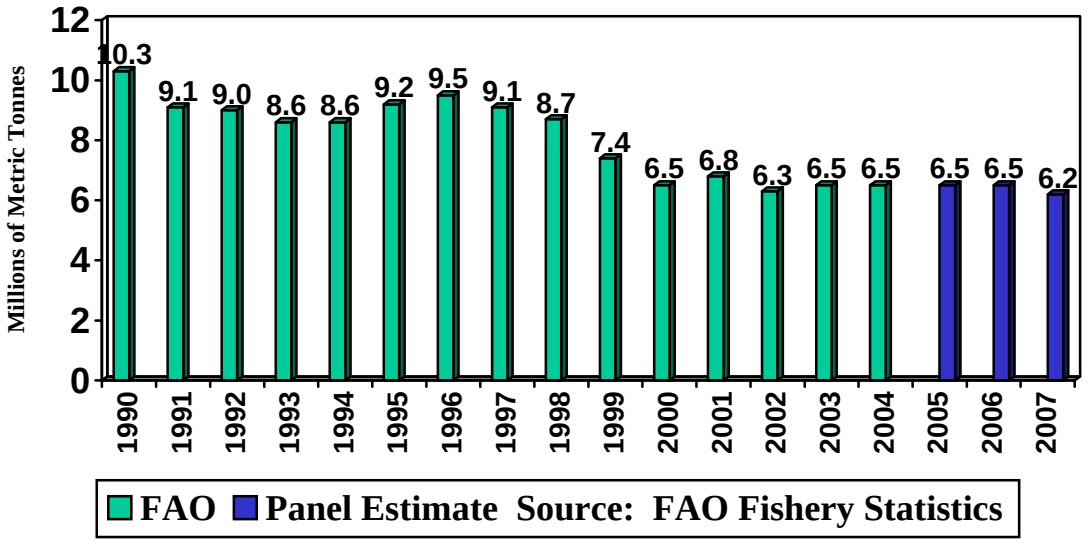
Global Overview: Total Catches
Aquaculture vs. Wild Catches



[7] Food & Agriculture Organization of the United Nations

Exhibit 2

Global Groundfish Summary
10 Major Species



Species included are: Alaskan pollock, Atlantic cod, Pacific cod, haddock, saithe (Atlantic Pollock), redfish (ocean perch), Cape hake, South American hake, North Pacific hake, and hoki.

The total supply of seafood continues to increase because of significant increases in aquaculture. Globally, there has been considerable development of the aquaculture industry both in finfish and mollusk species. This trend is expected to continue. We currently procure aquaculture products, including Atlantic salmon, tilapia, basa, mussels, scallops and warm water shrimp. The Company launched tilapia in late 2004 and has expanded sales in the last three years in both retail and club store channels. Tilapia is a relatively new species in North America; however it is already fifth on the list of the top 10 most popular fish species consumed in the United States and is increasing in popularity in Canada. It is a white fish that is farmed in fresh water and appeals to consumers due to its delicate flavour and texture. In late 2006 we began selling basa, another farmed specie. Our strategy is to increase the procurement of aquaculture products in the future as we continue to expand tilapia sales and investigate the feasibility and profitability of using more aquaculture species. As a result of the Acquisition we have gained additional expertise in the procurement of aquaculture products, especially shrimp.

The Company purchases most of its shrimp products – substantially all of which are from aquaculture – from Asia or Latin America, including a significant portion of its value-added products, with prices based in U.S. currency.

Despite procuring aquaculture products, the vast majority of our seafood product sales are from fish from the wild, including salmon where more than 95% of our salmon sales are of wild pacific salmon. Aquaculture accounts for almost 19% of our sales in 2007 and expect this to increase in future years. The Acquisition is expected to increase the amount of seafood sold from aquaculture.

For a detailed description of the risk associated with currency and interest rate fluctuations in relation to procurement of raw materials, refer to the Management Discussion & Analysis in the Company's 2007 Annual Report.

3.5 Seasonality

High Liner's operating results by quarter fluctuate throughout the year. A detailed discussion as to how seasonality affects the company's operations can be found in the MD&A on page 34 of the Company's 2007 Annual Report.

A summary of sales, income from operations, and net income for both total and on a per-share basis, for the eight most recently completed quarters ending December 29, 2007, is provided at page 78 of the Company's 2007 Annual Report.

3.6 Employees

At December 29, 2007, the operations of High Liner Foods involve 1,176 active permanent employees split as follows.

	Total
Salary	481
Hourly	695
Total	1,176

High Liner Foods has 260 unionized employees in its Lunenburg facility who are represented by the Canadian Auto Workers union and 185 unionized employees in its Burin facility represented by the Fish and Food Allied Workers union. The expiry date of the current Lunenburg collective agreement is December 31, 2008. The Burin collective agreement expires in 2011. We believe we have good relations with our unionized employees and anticipate no disruptions in operations in 2008. The hourly workers in Portsmouth and Danvers are not unionized.

3.7 Discontinued Operations

In 2005 we recorded an after-tax write down of the goodwill that was recognized on the acquisition of Italian Village in 1998. The full amount of goodwill of $41.2 million was expensed in the fourth quarter of 2005. This write down of goodwill was necessary as we were not able to return our pasta operations to profitability and, concurrently the distribution of our Fisher Boy products to U.S. grocery stores reduced from 50% to 24%. As a result of this deterioration of the expected future cash flows of the U.S. operations a

valuation of the U.S. operations was necessary. This valuation, when completed in early 2006, indicated that other assets, such as the Portsmouth plant and equipment and other intangibles were worth substantially more than their book values. Although we were not able to record these increased values on the balance sheet they contributed significantly to the amount of the write down of the goodwill.

In 2006 we sold our pasta operations for book value. All the income and expense items related to these transactions have been shown as discontinued operations.

3.8 Effect of Strengthening Canadian Dollar

Over the period 2005 to 2007 the average annual Canada/ USA exchange rate decreased (Canadian dollar strengthened) from 1.2122 to 1.0747 (value of USA dollar in Canadian dollars). The year-end rate increased from a high of 1.1659 at the end of 2005 to 0.9785 at the end of 2007, a 16% increase in the value of the Canadian dollar. In this time period the dollar strengthen to a high of $0.9170. This had a significant impact on the conversion of US dollar balance sheet and income statement items to Canadian dollars. It had the effect of reducing our reported sales, assets, liabilities and other line items in the income statement. However, it lowered the cost of raw materials for products sold in Canada, as these are purchased in U.S. dollars.

($ 000s)		2007		2006		2005
Sales as reported	**$**	**275,391**	**$**	**261,725**	**$**	**250,203**
Less FX effect at 1.00	$	(7,474)	$	(12,696)	$	(19,360)
Constant dollar sales	**$**	**267,917**	**$**	**249,029**	**$**	**230,843**
Growth excluding Fx effects		7.6%		7.9%		0.2%
Average FX rate (US = Cdn)	$	1.0747	$	1.1342	$	1.2122
Average FX rate (Cdn = US)	$	0.9305	$	0.8817	$	0.8249

3.9 Social and Environmental Policies

The Company's food processing plants are subject to Canadian Federal, Provincial and United States Federal and State legislation with respect to safety and environmental matters. In the United States, state labour laws and the federal Occupational Safety & Health Act (OSHA) regulate how work must be conducted in our Portsmouth and Danvers plants. In Canada, provincial legislation and Workers Compensation Boards play an active role in monitoring health and safety in our workplaces. Abroad, we engage external consultants who ensure our suppliers meet local requirements and our standards as well.

With respect to environmental protection, we have an Environmental Management Policy designed to ensure that we meet or exceed the requirements of the federal, provincial, state, municipal and local environmental laws and requirements in both Canada and the

United States. A risk of environmental impact is inherent in food processing operations, activities associated with such operations, and the ownership, management or control of real estate. However, our Policy and internal management ensures this risk is managed in accordance with diligent practices.

Our plants contain substantial freezing equipment, all of which utilize ammonia systems. Any release of ammonia in the operation of this equipment would result in environmental hazard and remediation requirements, and therefore maintenance of the freezers is a priority. We have a comprehensive emergency response plan in all facilities, and personnel are well trained and, where required, certified in hazardous materials handling.

Each facility has a preventative maintenance program that is monitored and upgraded as required. Currently, the Lunenburg and Portsmouth plants operate Computerized Maintenance Management System, known in the industry as "MP-2". This PC-enabled program allows our maintenance teams to closely monitor and manage both preventative maintenance and work orders at both facilities. Our Integration Plan for the newly acquired Burin and Danvers facilities will involve a determination of how best to implement our programs and standards at these plants.

As part of our Environmental Management Policy, we have an employee Environmental Steering Committee. The mandate of the Environment & Safety Committee is:

a) to review and report to the Board on the Company's compliance with all environmental and safety regulations and laws in the areas where it carries on business;
b) to assist management in developing action plans to deal with environmental and safety issues; and
c) to monitor management's progress at rectifying any situations identified as potential risks.

The Company's Board of Directors, through the Human Relations and Corporate Governance Committee, receives quarterly reports on the Company's safety and environmental management, and oversees efforts of the Company to maintain safe and environmentally compliant workplaces.

Our environmental protection requirements are integrated into our overall enterprise-wide risk management programs. In 2008, and in the near future years, we anticipate no material impact of such requirements on capital expenditures, earnings and competitive position.

Due to our reliance on global raw material procurement, we have also implemented compliance standards for our suppliers. All suppliers to High Liner are required to accept and comply with our Supplier Approval and Audit Standards. Approval as a supplier requires compliance with all regulatory requirements applicable to High Liner's food products, including Hazard Analysis of Critical Control Point and Quality Management Plan, and with our own high quality specifications. As well, suppliers must accept our

Supplier Code of Conduct, which requires compliance with local laws and ethical business practices. We employ qualified individuals and retain external consultants to audit suppliers for compliance.

4. RISK FACTORS

There is no present risk, trend, commitment, event or uncertainty known to us that we reasonably expect to have a material effect on our business, financial condition or results of operations in 2008 or later years, other than the changes in the value of the Canadian dollar relative to the U.S. dollar, the increase in raw material costs as discussed in the Management Discussion and Analysis accompanying the 2007 Financial Statements, and items below.

There are a number of external factors that might impact operations, either positively or negatively, depending on our execution of our business and growth strategies, and our Integration Plan for the Acquisition: (a) industry consolidation, (b) increase in seafood production from Asia, (c) the uncertainty of future global groundfish supply and increased supply of seafood from aquaculture, (d) costs and selling prices for seafood raw materials and finished goods, (e) cost of other commodity inputs, and (f) rapid technological change.

(a) Industry Consolidation*:* Grocery retailers, wholesalers and food processors in North America have consolidated and continue to consolidate. In Canada, 5 major food retailers control in the aggregate more than 91%[8] of the retail food sales market. In the U.S., retailers are also consolidating. Ten retail operators now control approximately 81%[9] of USA retail grocery sales. Grocery retailers typically charge suppliers listing or "slotting" fees for shelf space on a per product basis for new products, and also require money to support product advertising and promotions. Arising out of these consolidations we have experienced demands from strong retailers for increased listing and promotional incentives. However, as a supplier of Canada's leading frozen seafood brand and a leading supplier to the U.S. food service channel, we expect to remain an important supplier to grocery retailers and food service distributors. We are focusing efforts on brand strength, new products, and superior customer service to ensure we outperform competitors. Consolidation makes it more important to achieve and maintain a brand leadership position, as consolidators move towards centralized buying and streamlined procurement. We are in a good position to meet these demands, since we offer quality, popular products under leading brands and have the ability to meet the customer service expectations of the major retailers. Given our brand strategy, customer consolidation is an opportunity for High Liner to grow in step with customer growth.

Consolidation of customers is expected to result in some consolidation of suppliers in the USA seafood industry. The supply of seafood, especially in the food service market, is highly fragmented. Consolidation is needed to reduce costs and increase service levels to

[8] Market share is estimated by ACNielsen®
[9] According to "2007 Marketing Handbook", published by Trade Dimensions International, Inc.

keep pace with the expectation of customers. We are always looking for acquisition opportunities to leverage our current strengths.

***(b) Increase in seafood production from Asia*:** Since 1999, various seafood companies, including High Liner, have diverted production of certain primary produced products to Asia, and China in particular. Asian processing plants are able to produce many seafood products at a lower cost than is possible in North America and in other more developed countries. These plants are also able to achieve a better yield on raw material due to the use of more manual processes. Land-based seafood primary processing plants in developed countries, such as Norway, Iceland and Canada, have found it extremely difficult to compete with Asian processors, especially when they compete with them for the raw material on global markets. We anticipated this trend ahead of our competitors. It was part of our rationale for exiting the primary processing and fishing businesses, and the trend allowed us to develop opportunities that are now contributing to our growth strategy. We chose to work closely with selected Asian suppliers to become an important customer. We have made it possible for these suppliers to meet our exacting quality and manufacturing standards and in turn we have access to the variety and volume of raw materials that we need to fulfil our brand strategy. The trend has continued in the last 12 months in the area of processed shrimp and we have taken advantage of this trend and moved a significant portion of our processed shrimp production from U.S. co-packers to Asian suppliers. Although we have not seen this trend significantly affect products produced in our North American plants we continue to look for ways of reducing cost and investment.

(c) Global seafood supply and aquaculture: With respect to seafood raw material availability, we anticipate that the global supply of groundfish will not increase significantly over the next few years. Recent predictions delivered at the Groundfish Forum (an annual industry convention of global seafood companies), as illustrated in Exhibit 2 on page 13, indicate stability in aggregate landings of the ten most important groundfish species. We view the increasing effort on a global basis to observe sustainable management practices as a factor in the decrease of supply. Around the world, there is increased government response to the need to responsibly manage groundfish resources. These responses are driven by international legislation originating from the Food & Agriculture Organization of the United Nations ("FAO"). Overall, seafood available for human consumption continues to increase because of significant increases in aquaculture, as illustrated in Exhibit 1 on page 12.

We can manage the uncertainties of seafood supply and cost to some degree by adjusting product lines, and substituting species in certain products. We have targets set to increase the proportion of our sales that come from aquaculture. We launched our first food service product from aquaculture in 2002, and have introduced additional choices in each year since. We also have used aquaculture species for our some of our retail *High Liner*® launches. We continue to investigate the feasibility of using aquaculture raw materials for other products.

Procurement issues and trends are discussed in more detail in Section 3.4 of this document and under the section entitled "Risk Management" in the Management Discussion & Analysis in the Company's 2007 Annual Report.

(d) Costs and selling prices for seafood raw materials and finished goods: Approximately 81% of our products are derived from wild species. We expect this to decrease in 2008 as a result of the Acquisition. Prices for seafood have increased significantly over the past 24 months. In 2007 increasing input costs reduced High Liner's earnings by more than $4 million. Aquaculture has a stabilizing effect on historically volatile raw material and commodity prices as supply and demand can better be balanced. At the same time, demographic and environmental trends are increasing the demand for seafood. North American consumers are increasingly more health conscious, and seafood is considered a healthy food choice. Higher disposal incomes in countries like Russia and China have also increased the worldwide demand for seafood. As well, the emergence of BSE (mad cow disease) and Avian flu affects the popularity of other protein food choices, and increases the demand for seafood. The demand increases sales but also increases raw material costs. We have been able to pass on the majority of these seafood cost increases to our customers.

The declining U.S. dollar relative to other currencies also increases the cost of fish. As the world market for seafood is transacted in U.S. dollars, a declining U.S. dollar means that other countries currencies are increasing relative to the U.S. and are able to pay more in U.S. dollars for their purchases. On the other hand suppliers, others than those in the USA, need more U.S. dollars to maintain their profit at historic levels.

As well, a weakening of the Canadian dollar relative to other currencies will make it harder for us to be competitive in purchasing raw material and finished goods. This is true in all cases where other countries currencies are strengthening relative to the Canadian dollar – making it easier for them to pay a higher price in U.S. dollars for the raw material.

(e) Costs of commodity products: High Liner has significant exposure to commodity prices of items other than seafood, including paper, flour, cooking oil and diesel fuel. In terms of paper, we procure boxboard and corrugated material for packaging. We procure flour-based breaders and batters for our value-added coated seafood products. We also use cooking oil in some of our products. Diesel fuel surcharges can significantly affect our transportation costs. To minimize the risk of commodity cost changes for these items, we, where we can, negotiate fixed price contracts with our suppliers. Going into 2008, we have fixed price contracts with our flour, paper products and cooking oil suppliers for part of 2008.

(f) Rapid technological change: In terms of rapid technological change, our leading edge enterprise-wide computer software systems (principally Oracle ® (J.D. Edwards) and Lotus Notes®), and our investment in Internet-enabling connectivity, means that we are able to control our business processes and are prepared and able to communicate with

customers as the customer chooses. As customers grow, they are centralizing and reducing costs to achieve merger synergies. We are well positioned to be a supplier of choice due to our ability to meet customer requirements. We have plans in place to transition the newly acquired FPI businesses to our J.E. Edwards platform before the end of 2008.

5. DIVIDEND POLICY

Subsequent to year end, all of the Second Preference Shares were called for redemption at February 20, 2008. See note 8 to the 2007 Annual Financial Statements for a full explanation of changes to the Company's capital structure subsequent to year end. The dividend rate on the Second Preference Shares was tied to the prime rate of one of Canada's chartered banks, and dividends were paid in full in the amount of $1.2 million ($6.05 per share) for 2007, $1.2 million ($5.87 per share) for 2006 and $1.0 million ($5.18 per share) for 2005.

Beginning in the last quarter of 2003, we instituted a quarterly dividend to holders of High Liner's Common Shares. The implementation of this policy reflects our confidence in the future as we focus on growing our business. A dividend of $0.05 per common share was paid in the fourth quarter of 2003 and in each quarter since. On February 18, 2008, the Directors approved a quarterly dividend of $0.05 per share on the Company's common shares payable on March 15, 2008 to holders of record on March 1, 2008. On the same date, the Directors also approved a quarterly dividend of $0.1250 per share on the Company's Series A Preference Shares.

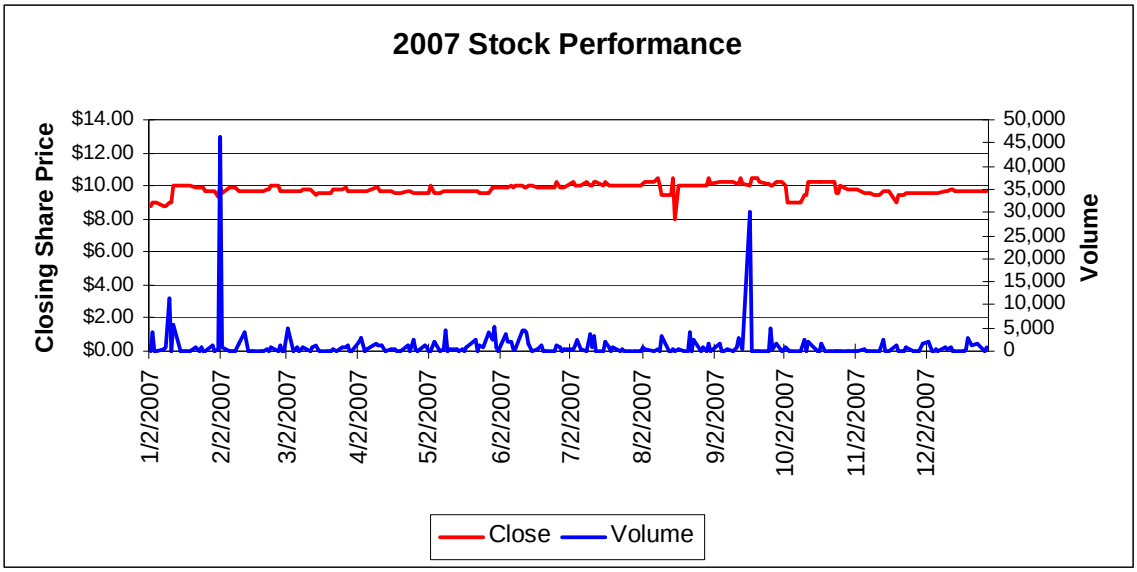
It is the Company's intention to pay current quarterly dividends in 2008 on both the Common and Series A Preference Shares.

6. CAPITAL STRUCTURE

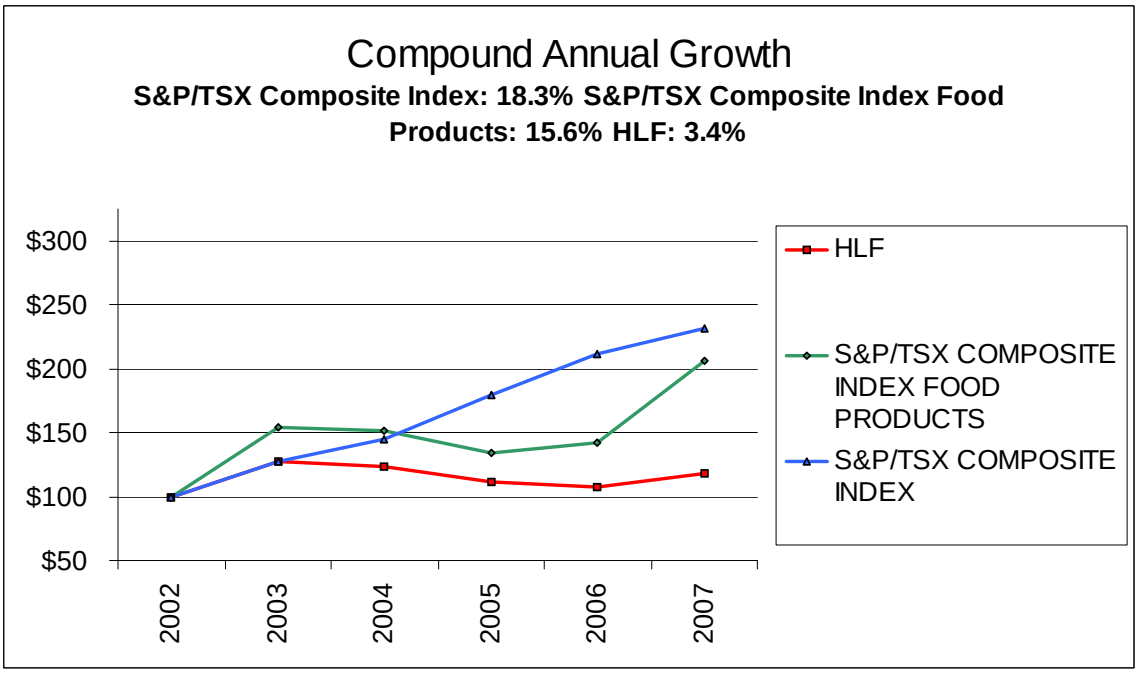
High Liner's capital structure, including a description of each class of authorized security and associated characteristics of each security, including voting rights, provisions for conversion, dividend rights, etc., is fully disclosed in note 8 to the Financial Statements, beginning at page 61 of the Company's 2007 Annual Report.

7. MARKET FOR SECURITIES

High Liner's Common Shares are listed for trading on The Toronto Stock Exchange under the symbol "HLF". During 2007, these shares traded between $8.00 and $10.50. On December 28, 2007, they closed at $9.65. The chart below identifies the price ranges and volumes by month for our last fiscal year.



The following graph compares the yearly percentage change in the Company's cumulative total shareholder return on its common shares with the cumulative total return of the S&P/TSX Composite Index Food Products and the S&P/TSX Composite Index over the last six financial years, assuming a $100 investment and dividends are reinvested. Due to the discontinuance of the TSX Food Index in 2004, we have used the S&P/TSX Composite Index Food Products and have adjusted historical information to reflect this.



8. DIRECTORS AND OFFICERS

8.1 Directors

The names, residence, occupations, and shareholdings of the directors of High Liner are set out on pages 3 to 8 of the Management Information Circular dated March 28, 2008 and prepared for the Annual Meeting of Shareholders to be held on May 9, 2008. This information also identifies members of each committee of the Board of Directors. All but one of the directors proposed for nomination in 2008 were directors at the Company's fiscal year end on December 29, 2007. Mr. Stanley Spavold was appointed to the Board of Directors by the Board on February 18, 2008.

Pursuant to High Liner's by-laws, directors are elected to serve until the next Annual General Meeting of Shareholders or until a successor is elected. The terms of all incumbents therefore expire on May 9, 2008, and all incumbents have been nominated for re-election. The current non-executive directors own in the aggregate 292,391 common shares of High Liner (as of March 28, 2008), representing 2.0% of the total issued and outstanding shares.

8.2 Executive Officers

Except where noted, the executive officers of High Liner have served in their current roles for more than five years. The names, residences, and offices held by the executive officers of High Liner are:

- Henry E. Demone, President & Chief Executive Officer, Lunenburg, Nova Scotia.
- Kelly L. Nelson, Vice President Corporate Services & Chief Financial Officer, Mader's Cove, Nova Scotia.
- Mario Marino, Vice President and Chief Operating Officer Canadian Operations, Toronto, Ontario. Prior to 2003, Mr. Marino was Vice President Canadian Sales and Marketing.
- Mark Lamothe, President and Chief Operating Officer United States Retail Operations, Beverly, Massachusetts. Prior to joining High Liner in 2006, Mr. Lamothe was Managing Director of Fishking Processors Inc. and prior to that worked for Gorton's Inc. in seafood marketing.
- Keith Decker, President and Chief Operating Officer, Fishery Products International Food Service Division, Exeter, New Hampshire. Prior to joining High Liner in 2007 as part of the Acquisition, Mr. Decker was President and Chief Operating Officer of Fishery Products International, Inc.
- Paul Snow, Vice President Procurement, Pleasantville, Nova Scotia.
- Mark Leslie, Vice President Supply Chain and Operations, Fishery Products International Food Service Division, Danvers, Massachusetts. Mr. Leslie joined Fishery Products International in 1992, bringing over 20 years of experience in the seafood business.

- Joanne Brown, Vice President Human Resources, Lunenburg, Nova Scotia. Prior to joining High Liner in 2007, Ms. Brown was Vice President of Farmers Cooperative Dairy Limited.

The executive officers as a group own 249,944 common shares of High Liner, representing 1.9% of the issued and outstanding shares.

9. AUDIT COMMITTEE INFORMATION

9.1 Audit Committee Charter

High Liner's Audit Committee Charter is attached as an appendix to this Annual Information Form.

9.2 Composition of the Audit Committee

The Audit Committee of High Liner has six members: R.P. Dexter, Q.C. (Chairman), F.J. Dickson, Q.C., R.L. Pace, R.E. Shea, J.R. Winters, Q.C. and C.R. Bell.

Each member of the Audit Committee is both independent and financially literate[10]. For full biographies of these directors, please see pages 3 to 7 of the 2007 Management Information Circular for the Annual General Meeting of Shareholders. The Human Resources & Corporate Governance Committee of the Board determines whether each director is independent. See the report of this Committee at page17 of the Circular.

9.3 Relevant Education and Experience of Audit Committee Members

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member is as follows:

Mr. Robert P. Dexter, Q.C., Chairman of the Audit Committee is the Chairman and Chief Executive Officer of one of Canada's 50 Best Managed Companies, Maritime Travel Inc., (selected ten consecutive years by the National Post newspaper), which operates 79 travel stores across Canada. Maritime Travel Inc. has also been named as one of the 20 Top Best Small and Medium Employers in Canada for 2007, according to a study commissioned by the Report on Business Magazine of the Globe and Mail newspaper. Mr. Dexter is also a director of other major Canadian companies, including Empire Company Limited, Bell Aliant Regional Communications Income Fund, and Wajax Income Fund. Mr. Dexter was appointed Chairman of Empire Company Limited in 2004 and Sobeys Inc. in 2007. He is a member of the Audit and Governance, Management Resources and Compensation Committees of Bell Aliant Regional Communications Income Fund.

[10] "Financially literate" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Mr. Fred J. Dickson, Q.C. Mr. Dickson is of counsel to McInnes Cooper of Halifax, Nova Scotia and has practiced business law for more than twenty-five years. He is a director of the Offshore Trade Association of Nova Scotia and the Canadian Council for Public-Private Partnerships. Recently, Mr. Dickson has participated in KPMG LLP's Audit Committee Institute Roundtables.

Mr. Robert Pace, in addition to building several successful private companies, has served on the Board of Directors of Canadian National Railway since 1994 and chairs its Human Resources and Compensation Committee. Canadian National Railway is listed on the Toronto and New York Stock Exchanges. He also serves as a director of Overland Realty Limited. He holds both a Bachelor of Laws and a Masters in Business Administration degree from Dalhousie University, and has more than twenty years of business experience.

Mr. Robert Shea is a successful entrepreneur in the insurance industry and financial services industries. He is Chairman and President of Shea Financial Group Inc., engaged in the design and funding of executive compensation plans, and is a director of Plaintree Systems Inc., Overland Realty Limited, and SolutionInc Technologies Limited.

Mr. Robert Winters, Q.C. is of counsel to Burchell MacDougall, a law firm of Truro, Nova Scotia. Apart from his law practice, Mr. Winters has been a successful owner and chief executive officer of a number of companies in the hospitality and food service industries including a processed food manufacturing company. In recent years, Mr. Winters has chaired a number of organizations in the fields of health care, economic development and education, and at various times he has served on audit committees for such organizations. He is past chair of the Board of Regents of Mount Allison University and he chaired that institution's audit committee for three years. He is a director of the Halifax International Airport Authority.

Mr. C. Randolph Bell is Chairman of the Bell Group of Companies, of St. John's, Newfoundland, which includes a distribution company, a 25-store retail furniture chain, real estate holdings, offshore oil and gas services, and investment management. Mr. Bell is also a director of K & D Pratt Limited, Campanelle Limited, When's Home Furnishings Ltd., and is a director and franchisee of Ashley Homes Stores. He has an undergraduate education in commerce, and has been a successful entrepreneur for 42 years.

9.4 Audit Fees

Ernst & Young LLP is the Company's auditing firm. Fees payable for the years ended December 29, 2007 and December 30, 2006 to Ernst & Young LLP are $734,831 and $340,834. Fees payable to Ernst & Young LLP and its affiliates in 2007 and 2006 are detailed below.

		2007	2006
Audit fees	**$**	**353,754**	$ 225,000
Audit-related fees		**12,914**	28,568
Tax fees		**63,623**	81,016
All other fees		**304,540**	6,250
	$	**734,831**	$ 340,834

The nature of each category of fees is described below.

Audit fees

Audit fees were paid for professional services rendered by the auditors for the audit of the annual financial statements or review of quarterly financial statements of High Liner and its subsidiary or services provided in connection with statutory and regulatory filings or engagements.

Audit-related fees

Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements and are not reported under the audit fees item above. These services consisted of:

- accounting consultations in connection with various issues; and
- the audit of the financial statements of the U.S. 401(k) plan.

Tax fees

Tax fees were paid for tax compliance services including the review of original and amended tax returns and assistance with questions regarding tax audits and dealing with various tax authorities.

All other fees

Fees disclosed in the table above under the item “All other fees” were paid for services other than the audit fees, audit-related fees and tax fees described above. These services consisted of accounting and tax consultations regarding possible acquisitions and capital restructuring.

The Audit Committee approves all non-audit service fees for services provided by the company’s auditors. During 2007 an accounting firm other than Ernst & Young was engaged to assist the Company with due diligence integration support services in connection with the Acquisition. In 2006, an accounting firm other than Ernst & Young was engaged to assist the Company with due diligence on a potential acquisition and in connection with a potential capital restructuring.

10. TRANSFER AGENTS

CIBC Mellon Trust Company is High Liner's transfer agent and registrar with respect to Common Shares of the Company. The register of the transfers for Common Shares is kept at Halifax, Nova Scotia. CIBC Mellon's address is:

1660 Hollis Street, Centennial Building, 4th Floor
Halifax, Nova Scotia B3J 1V7
902-420-3222
www.cibcmellon.com
E-mail inquiries: inquiries@cibcmellon.com

11. MATERIAL CONTRACTS

All of the following agreements are filed as material documents under High Liner's profile on SEDAR at www.sedar.com.

a. Agreement of Purchase and Sale dated August 24, 2007 amongst High Liner Foods Incorporated, FPI Limited and Fishery Products International Limited for the purchase by High Liner of the Manufacturing and Marketing Business of Fishery Products International Limited. The acquisition contemplated by this Agreement closed on December 20, 2007 and is described in Section 2.2. of this AIF. Full details of the transaction are also included in a Business Acquisition Report dated March 4, 2008 and filed on SEDAR at www.sedar.com by High Liner Foods Incorporated. The acquisition is also discussed in detail in High Liner's 2007 Annual Report, particularly in the Management Discussion & Analysis accompanying High Liner's 2007 Consolidated Annual Financial Statements included in the Annual Report. The Annual Report was filed on SEDAR at www.sedar.com on March 28, 2008.

b. Asian Procurement Business Arrangements and Trademark Co-operation Agreement dated August 24, 2007 between High Liner Foods Incorporated and Ocean Choice International LP. This transaction formed part of the acquisition described in subsection a. above and was also completed on December 20, 2007, whereby High Liner purchased a portion of the assets of an Asian procurement business that Ocean Choice acquired from FPI Limited as part of Ocean Choice's acquisition on the same date of FPI Limited's Primary Group business. The Asian procurement business was previously carried on by FPI's Atlantic seafood trading division in its Primary Group and involves the procurement of all FPI branded products in Asia for sale in North America. As part of the agreement, High Liner also acquired all of the FPI trademarks in North America used in this business.

c. Voting and Standstill Agreement dated December 20, 2007. The shares issued by High Liner in the acquisition referred to in subsection a. above are subject to a Voting and Standstill Agreement among High Liner, FPI Limited, Fishery Products International Limited, John Risley, Graham Roome, Clearwater Fine Foods Incorporated, Clearwater Seafoods Income Fund, Glitnir banki hf, Icelandic Group Plc. and Sanford Limited.

Under this agreement the parties have agreed with High Liner that they and their controlled affiliates will for five years be restricted from taking certain actions in respect of High Liner shares. Such restrictions include: acquiring additional shares other than in limited circumstances; disposing of shares where the transferee would hold in excess of 10% of the total voting securities of High Liner, except with the approval of the High Liner Board of Directors or the execution by such transferee of the Voting and Standstill Agreement; participating in a partnership, limited partnership, syndicate or other group or a voting trust with respect to the High Liner shares; soliciting proxies or seeking to advise or influence any person with respect to acquisition, disposition or holding of High Liner shares or the voting of any High Liner shares, other than to recommend that persons vote in favour of any matter recommended by the High Liner Board; commencing or announcing an intention to commence a takeover bid or making, announcing any intention or desire to make, or facilitate the making of, any proposal or bid with respect to the acquisition of any substantial portion of the assets of High Liner or of the assets or stock of any of its subsidiaries or of all or any portion of the outstanding High Liner shares, or any merger, consolidation, other business combination, restructuring, recapitalization or liquidation involving High Liner or any of its subsidiaries. Should High Liner raise capital by the issuance of securities during the term of the Voting and Standstill Agreement, each party shall have a pre-emptive right to subscribe for its proportionate share of such newly issued securities in order to avoid dilution of its existing percentage interest of the equity shares of High Liner.

d. Shareholder Rights Plan Agreement dated December 20, 2007 between High Liner Foods Incorporated and CIBC Mellon Trust Company. The Board of Directors of High Liner Foods approved the adoption of a shareholder rights plan agreement dated December 19, 2007 between the Company and CIBC Mellon Trust Company (the "Rights Plan"). The Rights Plan is subject to approval by the shareholders of the Company at the Annual Special and General Meetings scheduled to take place on May 9, 2008. A summary of the Rights Plan text is provided at Appendix A to the Management Information Circular prepared for these meetings, dated March 28, 2008, and which has been filed on SEDAR at www.sedar.com. The full text of the Rights Plan is also available at www.sedar.com.

e. To finance the acquisition transactions referred to in subsections a. and b. above, High Liner entered into the following new financing arrangements on December 20, 2007:

(i) A new 3-year $110,000,000 working capital facility was entered into with Royal Bank of Canada as Administrative Agent and CIT as Collateral Agent. This facility replaced all existing working capital debt facilities. The facility is asset based and is secured by High Liner's inventory and accounts receivable in Canada and the USA. Borrowings can be by way of Prime loans, Base Rate loans, LIBOR, or Canadian BAs at interest rates and spreads that depend on leverage, defined as Funded Debt to EBITDA. The Company must maintain excess availability under the line of at least $10,000,000 at all times. They must also maintain fixed charge coverage of 1.1 to1. Fixed charges include interest debt repayments, capital lease payments and capital distributions, such as

dividends or repurchase of shares under normal course issuer bids. This new facility allows the Company to borrow Canadian dollar Prime Rate loans and U.S. Base Rate loans in US dollars at Prime or Base Rate plus 0.00% to 0.125%; Bankers' Acceptances (BA) loans at BA rates plus 1.00% to 1.375%; and LIBOR advances at LIBOR plus 1.00% to 1.375%. The rate of interest charged on borrowings depends on a financial leverage ratio. Capital distributions, such as the payment of dividends or the repurchase of shares under a Normal Course Issuer Bid, are subject to a fixed charge coverage test. Other terms and conditions are typical to an asset-based financing structure.

(ii) In addition, High Liner entered into 5-year term debt facilities with Integrated Private Debt Corp. as Agent on December 19, 2007. Borrowings consist of CAD$17,250,000 at a fixed rate of 6.31%, and USD $31,058,113 at a fixed rate of 6.012%, and USD$4,949,500 at 30 day LIBOR + 2%. The Canadian loan was immediately swapped to USD$17,232,767 at an interest rate of 6.26%. Principal payments commence after 25 months. The Loan shall then be paid in thirty-six (36) equal monthly installments based upon a twelve (12) year amortization. The loan is fully repayable 5 years plus 1day from the advance on December 19, 2007 with all outstanding amounts to be repaid on the maturity date. The USD$4,949,500 loan may be repaid on the sale of real estate in the USA. The loan is secured by real estate and equipment located in Burin, Newfoundland and Labrador, Lunenburg, Nova Scotia, Portsmouth, New Hampshire and Danvers, Massachusetts as well as intellectual properties, including tradenames and brands. The loan is subject to financial covenants including maintaining Funded Debt to EBITDA of (i) no more than 4.0:1, to be first measured as at December 31, 2007, (ii) 4.00:1 as of December 31, 2008, (iii) 3.75:1 as of December 31, 2009, and (iv) 2.75:1 as of December 31, 2010 and for the duration of the Loan., maintaining a Debt Service Coverage Ratio of 3 to 1, and maintaining long term debt as a percent of capitalization below 35%.

12. ADDITIONAL INFORMATION

Further information, including additional copies of this Annual Information Form, the 2007 Annual Report containing the comparative consolidated financial statements and accompanying report of the auditor, the most recent interim financial statements and the Management Information Circular for the Company's Annual General and Special Meeting to be held on May 9, 2008, may be obtained on SEDAR at www.sedar.com or upon request from the Corporate Secretary of the Company at investor@highlinerfoods.com, or on the Company's website at www.highlinerfoods.com, or by writing to the Corporate Secretary at High Liner Foods Incorporated, PO Box 910, Lunenburg, Nova Scotia B0J 2C0. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and options to purchase securities, is contained in the Company's 2007 Management Information Circular, and additional financial information is provided in the Company's consolidated financial statements and Management Discussion & Analysis for 2007, contained in the Company's 2007 Annual Report. All additional information referred to in this AIF may also be found on SEDAR at www.sedar.com.

Appendix – Audit Committee Charter

Composition

1. The Committee shall consist of at least four outside directors, all of whom are independent and financially literate. [1] The Human Resources & Corporate Governance Committee will appoint Committee members and the Committee Chair.

2. The members' terms of appointment should coincide with the terms of appointment of other board committees and provide for continuity of membership, while at the same time allowing fresh perspectives to be added by periodic changes in the membership of the Committees.

3. The Chairman of the Board, the President and Chief Executive Officer, Vice President Corporate Services and Chief Financial Officer, and Corporate Controller shall attend meetings of the Committee by invitation of the Chair.

Purpose

4. The Committee shall assist the Board of Directors in fulfilling its oversight responsibilities for:
   (a) The integrity of the Company's financial statements
   (b) The Company's compliance with legal and regulatory requirements
   (c) The Company's risk management structure and performance
   (d) The external auditor's qualifications and independence, and
   (e) The performance of the Company's internal audit function and external auditors.

Authority

5. The Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:
   (a) Appoint, compensate, and oversee the work of the external auditing firm employed by the Company to conduct the annual audit. The external auditors shall report directly to the Committee and attend every meeting.
   (b) Resolve any disagreements between management and the external auditor regarding financial reporting.
   (c) Pre-approve all auditing and permitted non-audit services performed by the external auditor, as set out below.
   (d) Retain independent counsel, accountants or others to advise the Committee or assist in the conduct of an investigation.
   (e) Seek any information it requires from employees – all of whom are directed to cooperate with the Committee's requests – or external parties.
   (f) Meet with Company officers, external auditors, or outside counsel, as necessary.

Meetings

6. The Committee shall meet on a regular basis but at least four times a year. Special meetings shall be called at the request of the Chair, the external or internal auditors. The external auditors and the Manager of Internal Audit shall have the right to attend all meetings of the Committee.

7. All Committee members are expected to attend each meeting, in person or via teleconference.

8. The Committee shall meet privately with the external auditors at every meeting and with the Director of Corporate Compliance and the Manager of Internal Audit at least twice per fiscal year. The Committee will invite members of management to attend meetings and provide pertinent information as necessary, and will meet separately, at least quarterly, with management. It will also meet periodically *in camera*.

9. Meeting agendas will be prepared by the Corporate Secretary and provided in advance to members, along with appropriate materials. Minutes will be prepared.

Responsibilities

The Committee will carry out the following responsibilities:

Financial Statements:

10. Review with management and the external auditors, and recommend for approval, all published financial information that requires approval by the Board of Directors. These would include interim statements, year-end audited statements, Management Discussion & Analysis, Annual Information Form, Annual Report, statements in prospectuses and other offering memoranda, as well as all news releases relating to financial or material information about the Company.

11. Review significant accounting and reporting issues and understand their impact on the financial statements. These issues include complex or unusual transactions and highly judgmental areas, major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and the effect of regulatory or accounting initiatives on the financial statements of the Company.

12. Review with management and the external auditors the results of the external audits, including any difficulties encountered, restrictions on the auditor's work, the co-operation received in performance of the audit, and the audit findings. In addition, the Committee shall review any accruals, provisions or estimates that have a significant effect upon the financial statements as well as other sensitive matters such as disclosure of related party transactions.

13. Review with management, the external auditors and, if necessary, legal counsel, any litigation, claim or other contingency, including tax assessments, or any other matters, that could have a material effect upon the financial position or operating results of the Company, and the manner in which these matters have been disclosed in the financial statements.

14. Review the certification of the Chief Executive Officer and Chief Financial Officer that: 1) the interim and annual financial statements, MD&A and AIF of the Company do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements, in light of the circumstances under which they are made, not misleading; 2) the financial statements, together with other financial information in the MD&A and AIF, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer; 3) the internal controls of the issuer have been designed by or under the supervision of the Chief Executive Officer and Chief Financial Officer to provide reasonable assurances that the Company's financial statements are fairly presented in accordance with GAAP; 4) the disclosure controls or procedures of the Company have been designed by or under the supervision of the

Chief Executive Officer and Chief Financial Officer to provide reasonable assurances that material information is made known to him or her or to others within the Company.

15. Review all subsidiary company or special purpose audit reports, including those of pension funds, if any, as well as the minutes of all audit committee meetings of subsidiaries and any significant issues and auditor recommendations.

16. Consider any other matter that in its judgement shall be taken into account in reaching its recommendation to the Board of Directors concerning the approval of the financial information intended for publication.

External Auditing

17. The external auditors shall report directly to the Committee and shall attend every regular meeting of the Committee.

The Committee will carry out the following responsibilities:

18. Review and approve the engagement letter with the external auditors.

19. Review the audit plans of the external auditors, including the co-ordination of audit effort with internal auditing. The Committee shall enquire as to the extent the planned audit scope can be relied upon to detect weaknesses in internal control or fraud or other illegal acts. Any significant recommendations made by the auditors for the strengthening of internal controls shall be reviewed and shall be discussed with management, if necessary.

20. Review the performance of the external auditors, and consider whether the external auditors shall be reappointed after obtaining management's view of the competency of the incumbent auditors and recommend accordingly to the Board of Directors.

21. Review and approve the Company's hiring policies regarding employees or former employees of the external auditor (or former auditors).

22. If the Committee considers a change in external auditors appropriate, articulate the reasons for the change, including the response of the incumbent auditors in its recommendation to the Board, and shall oversee the search for and appointment of newly proposed auditors before making a recommendation to the Board of Directors. The Committee shall review all issues related to a change in auditors under National Instrument 51-102.

23. Review and approve the basis and amount of the external auditors' fees in light of the number and nature of reports issued by the auditors, the quality of the internal controls, the size, complexity and financial condition of the Company and the extent of the internal audit and other support provided by the Company to the external auditors.

24. Review the nature of any non-audit services proposed to be performed for the Company by the audit firm, and consider whether the nature or extent of such services could detract from the audit firm's independence in carrying out the audit function. The Committee shall pre-approve all non-audit service fees. In between meetings of the Committee, and provided the Committee is not in session, the Chairman of the Audit Committee may perform this function, provided any approvals of the Chairman shall be referred to the next meeting of the Audit Committee for ratification.

Internal Auditing and Control

25. The Manager of Internal Audit reports directly to the Director of Corporate Compliance but shall report to the Audit Committee on a dotted line basis.

The Committee will carry out the following responsibilities:

26. Review with management and with the Manager of Internal Audit the plans, activities, staffing, and organizational structure of the internal audit function.

27. Ensure there are no unjustified restrictions or limitations, and shall review and concur in the appointment, replacement, or dismissal of the Manager of Internal Audit.

28. Review the effectiveness of the internal audit function, and shall on a regular basis and at least semi-annually, meet regularly with the Director of Corporate Compliance and the Manager of Internal Audit to discuss any matters that the Committee or internal auditing believes should be discussed privately.

29. Consider the effectiveness of the Company's internal control system, including information technology security and control.

30. Understand the scope of internal review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses. The Committee will enquire as to and investigate if necessary any significant deficiencies in the design or operation of internal controls.

Compliance

31. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.

32. Request internal and external auditors to report to it any matters of which they are aware, that might be considered unethical or "on the fringe".

33. Establish and maintain procedures for the (a) receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission of information by employee "whistle-blowers" regarding questionable accounting or auditing matters.

34. Review the findings of any examinations by regulatory authorities, and any auditor observations.

35. Review and approve the Company's Code of Conduct and shall review the process for communicating the Code of Conduct to company personnel and for monitoring compliance with the Code.

36. Review the Corporate Disclosure Policy and ensure that there is a process in place to provide timely disclosure of material corporate events that would be of interest to investors and to prevent unauthorized disclosures of confidential information.

37. Obtain regular updates from management and company legal counsel regarding compliance matters.

Risk Management

38. Review annually and discuss with management the Company's Business Risk Management Policies, particularly the Price Risk Management Policy.

39. Review annually and discuss with management the Company's Risk Factors as disclosed in Management Discussion & Analysis and in the Annual Information Form.

40. Review the Company's insurance program for adequacy.

41. Review and approve the Company's disaster recovery plans and monitor management's implementation of such plans; annually assess the Company's disaster recovery readiness.

Other Responsibilities

42. Consider and, if appropriate, approve requests from individual Directors to retain independent advisors.

43. Review and approve the President's travel and professional expenses.

44. Institute and oversee special investigations as needed.

45. Review and assess the adequacy of this Charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law.

46. Confirm annually that all responsibilities outlined in this charter have been carried out.

Reporting

47. The full Board of Directors shall be kept informed of the Committee's activities by a report delivered by the Chair following each Committee meeting.

48. The Committee shall provide an open avenue of communication between internal audit, the external auditors, and the board of directors.

49. The Committee shall review any other reports the Company issues that relate to Committee responsibilities, including the required Audit Committee disclosure in the Annual Information Form, and the disclosure of Committee activities included in the Management Information Circular.

(1) "financially literate" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.