HIGH LINER FOODS

Annual Information Form
For the fifty-two weeks ended January 2, 2016

(All amounts are in U.S. dollars unless otherwise stated)

February 17, 2016

TABLE OF CONTENTS

Unless the context otherwise requires, references in this Annual Information Form ("AIF") to the “Company” or “High Liner Foods” include High Liner Foods Incorporated and its subsidiaries. References to Fiscal 2015 is to the Fifty-two weeks ended January 2, 2016, Fiscal 2014 to the fifty-three weeks ended January 3, 2015 and and Fiscal 2013 to the fifty-two weeks ended December 28, 2013.

1. CORPORATE STRUCTURE

1.1 Name, Address and Incorporation

High Liner Foods Incorporated is a Nova Scotia ("NS") company amalgamated under the *Companies Act* of Nova Scotia. Its registered office is at 100 Battery Point, P.O. Box 910, Lunenburg, NS, Canada, B0J 2C0.

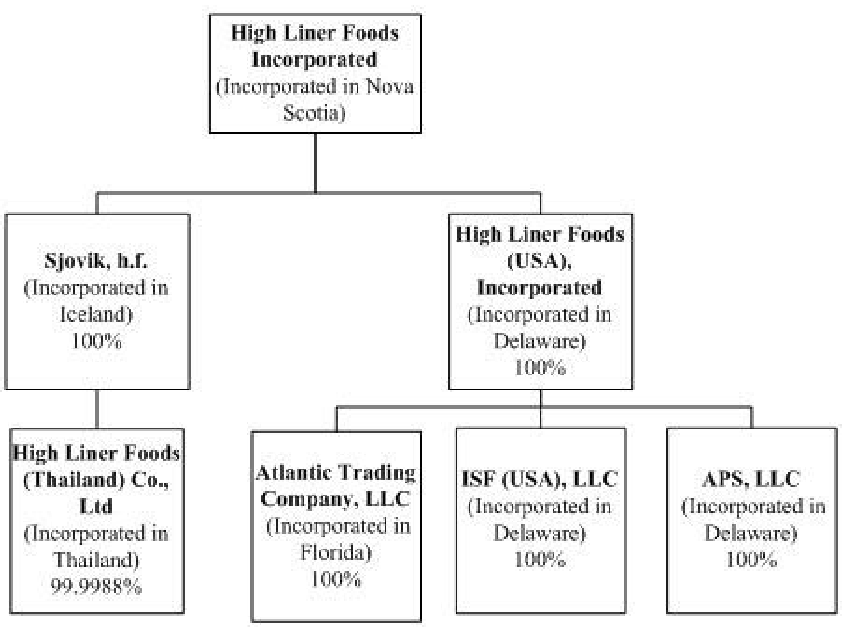
Our 116-year history began in 1899 with the founding of W.C. Smith & Company Limited, a ship chandlery and salt fish operation located in Lunenburg, NS. In 1926, the same group of shareholders diversified into fresh fish and cold storage and formed Lunenburg Sea Products Limited and conceived the "***High 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 in 1967 when these related companies were amalgamated and on December 31, 1998, the Company's name was changed to High Liner Foods Incorporated.

1.2 Inter-Corporate Relationships

The Company's business is carried on principally through the parent company, High Liner Foods Incorporated (registered head office in Lunenburg, NS) and its wholly owned operating subsidiary, High Liner Foods (USA), Incorporated (registered head office in Portsmouth, New Hampshire ("NH")).

High Liner Foods (USA), Incorporated's wholly owned subsidiaries include: Viking Seafoods, LLC; ISF (USA), LLC; APS, LLC and Atlantic Trading Company, LLC.

In addition, the Company owns Sjovik, h.f. and its subsidiary in Thailand, through which product is procured for High Liner Foods.



Our Canadian retail and foodservice businesses are headquartered in Toronto, Ontario, with regional sales offices in Calgary, Alberta and Montreal, Quebec. We operate a food-processing plant in Lunenburg, NS. These businesses distribute frozen seafood throughout Canada.

Our United States ("U.S.") retail and foodservice businesses are headquartered in Portsmouth, NH, and we operate facilities in: New Bedford and Peabody, Massachusetts ("MA"); Portsmouth, NH; and Newport News, Virginia ("VA"). These businesses manufacture and distribute frozen seafood throughout the U.S. and Mexico.

2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Company Overview

High Liner Foods through its predecessor companies, has been in business since 1899 and has been a Canadian publicly-traded company since 1967, trading under the symbol HLF on the Toronto Stock Exchange. We operate in the North American packaged foods industry and our expertise is frozen seafood. We are the leading North American processor and marketer of value-added (i.e. processed) frozen seafood, producing a wide range of products from breaded and battered items to seafood entrées. We produce and market seafood products for the retail, foodservice and club store channels. The foodservice channel consists of sales of seafood that are usually eaten outside the home and includes sales through distributors to restaurant and institutional customers.

We own strong brands, but we are also an important supplier of private-label frozen seafood products for many North American food retailers, club stores and foodservice distributors. Our retail branded products are sold throughout the U.S., Canada and Mexico under the ***High Liner***, ***Fisher Boy***, ***Mirabel, Sea Cuisine*** and ***C. Wirthy*** labels, and are available in most grocery and club stores. The Company also sells branded products to restaurants and institutions under the ***High Liner***, ***Icelandic Seafood***[1] and ***FPI*** labels. We are the foodservice industry's leading frozen seafood company, as well as a major supplier of private-label, value-added, frozen premium seafood products to North American food retailers and foodservice distributors.

Although our roots are in the Atlantic Canadian fishery, we purchase our seafood raw material and some finished goods from around the world, including Canada, the U.S., Europe, Asia and South America. Finished product in North America is held in our modern cold storage facilities, located in: Lunenburg, NS; Peabody and New Bedford, MA; Portsmouth, NH; Newport News, VA; and at third party cold storage centers. From these centers, our products are distributed throughout North America.

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[1] As part of the Icelandic USA Acquisition in 2011 (described in Section 2.2), the Company acquired several brands and agreed to a seven year royalty-free licensing agreement with Icelandic Group for the use of the ***Icelandic Seafood*** brand in the U.S., Canada, and Mexico.

2.2 Three Year History

Seafood Operations

During the past several years, we were first focused on our vision, "*to be the leading North American processor and marketer of value-added frozen seafood*" until, with the Icelandic USA Acquisition in late 2011, this vision was effectively achieved. Following the substantial completion of activities to integrate that acquisition into High Liner Foods' business, the Company announced in early 2013 an updated and expanded vision, "*to be the leading supplier of frozen seafood in North America*".

The "value-added" modifier was dropped, recognizing that in our pursuit to be the leading supplier of frozen seafood in North America, we will continue to focus on growing our value-added products, from breaded and battered items to healthier seafood entrées, but we will also focus on growing our raw (i.e. unprocessed) frozen seafood product offerings, which in 2015 represented approximately 34% of our product sales. This change is not a mandate to become a commodity trader. We have high standards for margins, return on assets managed and return on equity and will ensure these are maintained by continuing to differentiate our raw frozen seafood products by virtue of a combination of branding, marketing, quality and service.

In pursuit of our vision, we are focused on increasing the sales, profits and market share of our major brands. Increasing market share for our brands has been a challenge, primarily due to the long-standing dominant position of ***High Liner*** in Canada, and the existence of private-label frozen seafood products in the market. However, we have also benefited from the strength of private-label products as we are one of the largest producer of processed breaded and battered private-label seafood products in North America. High Liner Foods continues to dominate the Canadian frozen seafood category and is a key participant in the U.S. foodservice market.

We support our brands by conducting consumer research to determine what food products and formats appeal to consumers. We then focus product development to deliver on these expectations.

Our Canadian retail business has built its business in recent years developing a line of premium-quality products and introduced new uncoated products into the frozen section of seafood departments of Canadian grocery stores. Having our products sold in both the seafood department and the frozen food aisles increases our brand presence in grocery stores.

New product development in our U.S. retail business is focused on premium-quality seafood products that are sold in the frozen section of fresh seafood departments and delis under the ***Sea Cuisine*** brand. Club store sales in both Canada and the U.S. have also benefited from product development expertise and we have grown our share of the value-added business with all major club stores.

New lines of private label fillets launched recently in the U.S. market have helped to expand our relationships with existing customers.

The Atlantic Trading Acquisition

On October 7, 2014, High Liner Foods acquired the business of Atlantic Trading Company, LLC ("Atlantic Trading") (herein referred to as the "Atlantic Trading Acquisition"). Atlantic Trading is one of the largest importers of frozen Atlantic salmon into the U.S. and sells its products into the U.S. retail and club store market. Its premium-quality Atlantic salmon fillets and portions are sustainably sourced from Chile and Norway and sold in frozen raw (unprocessed) and value-added formats.

Acquiring profitable and complementary businesses like Atlantic Trading is a key component of our growth strategy towards our vision to be the leading frozen seafood supplier in North America. The primary reason for this business combination was to enhance the Company's product offerings to its customers to include Atlantic Trading's high-quality Atlantic salmon products.

High Liner Foods recorded net purchase consideration of $17.9 million ($18.5 million estimated on the acquisition date, plus $0.9 million in post-closing working capital adjustments, less $1.5 million of cash acquired). This amount includes working capital and contingent consideration to be paid in each of the two years from closing of the acquisition based on achieving certain EBITDA thresholds. The acquisition was financed within existing credit facilities.

The Company was not required to file a Form 51-102F4 "Business Acquisition Report" on SEDAR in relation to this acquisition.

The American Pride Acquisition

On October 1, 2013, High Liner Foods acquired the net assets and operations of American Pride Seafoods ("American Pride") from Seattle-based American Seafoods Group LLC (herein referred to as the "American Pride Acquisition"). American Pride is primarily a value-added frozen seafood foodservice and scallop processing business based in New Bedford, MA.

After post-closing working capital adjustments, High Liner Foods paid $31.8 million ($34.5 million in cash proceeds paid on acquisition date, less $2.7 million in post-closing working capital adjustments) to acquire American Pride's net assets, which principally included inventory and plant and equipment located in New Bedford, and excluded accounts receivable of approximately $15.5 million. As part of the transaction, the Company also assumed certain operating lease obligations related to the acquired businesses and on October 1, 2014, the Company paid $5.7 million to terminate its obligations in connection with one of these operating leases relating to a manufacturing plant in Gloucester, MA, that was not required for the Company's operations. The acquisition was financed within existing credit facilities.

High Liner Foods also acquired several brands as part of the transaction. American Pride's branded and private-label products are primarily distributed in the U.S. to foodservice customers in the commercial and independent restaurant, health care and education markets, as well as to some export and U.S. retail markets.

This acquisition bolstered High Liner Foods' market leadership position in the foodservice segment of the U.S. value-added frozen seafood industry and also added a significant U.S.-based scallop processing operation to it business portfolio.

The Company was not required to file a Form 51-102F4 “Business Acquisition Report” on SEDAR in relation to this acquisition.

2.3 Business Strategy

Our overall business strategy is a simple one: we satisfy the seafood preferences of North American consumers. We need to be, and are, seafood experts. Our focus is on creating and marketing top-quality frozen seafood and our reputation for delivering outstanding seafood products is an advantage in the competitive North American market.

We are committed to developing, producing and delivering high-quality and innovative seafood products for our retail, club store and foodservice customers, and to providing all customers with superior levels of service. We strive to maintain and improve our market leadership positions through continuous product improvement, product innovation, and consistently providing high levels of customer service, including ensuring continuity of supply and on-time product delivery.

It is through partnering with customers and suppliers, further developing our brands, achieving operational excellence, maintaining our superior procurement expertise and providing leadership in the frozen seafood category, that we expect to achieve our vision and increase shareholder value in the long-term.

The Corporate vision, mission statement and values support the business strategy. The vision sets our overall direction and is:

To be the leading supplier of frozen seafood in North America

We are focused on frozen seafood because we are experts in this category and on North America because we continue to see opportunities for growth in the North American market, by building on our position as a leader in frozen seafood in both Canada and the U.S.

The seafood category is complex for both businesses and consumers. Procuring seafood is complex due to the global supply chain and the existence of several hundred species, and many people believe preparing seafood is difficult. Our corporate mission is focused on removing this complexity for our customers and is:

"To radically simplify the process of selecting, preparing and enjoying seafood at its best."

We are committed to simplifying the seafood category for our customers, from procurement through to preparation, enabling them to leverage our seafood expertise so they can be confident in serving quality seafood products, with superior taste and at good value.

The Company and its employees are committed to conducting business in a manner that reflects the following values:

- **Customer focused**: We are focused on meeting the current and future needs of our customers and believe that our success depends on understanding our customers, building strong relationships and delivering quality products on time.

- **Innovative**: We are committed to providing differentiated and innovative products and services to grow our business and meet the needs of a changing marketplace. We are also committed to innovation in how we work, to make the business more efficient.
- **Responsible**: We take responsibility for our actions. In a competitive industry, we operate with integrity with our customers, suppliers and each other. We respect our environment and are committed to sustainability in all our operations.

In combination with our growth strategy (see section 2.4 below), we believe this business strategy will help to achieve our vision and increase shareholder value in the long-term.

2.4 Growth Strategy

High Liner Foods will pursue growth in two areas:

Organic Growth in Core Markets
We plan to continue to grow our seafood businesses in Canada, the U.S. and Mexico, in traditional retail, club and foodservice channels. New product introductions, as well as the introduction of new species, are an integral part of this strategy. Gaining additional sales volume with existing customers by providing them with a wider range of seafood products is also a key component of this strategy.

Acquisition of Frozen Seafood Businesses
Although organic growth is our primary focus, our strength in the value-added frozen seafood business in North America creates a strategic opportunity for us to acquire businesses operating in the same markets and leveraging our existing infrastructure, business processes and expertise, to achieve synergies upon integration of these businesses into our own. Our strengths in management, customer relations, marketing, frozen food logistics, product development, global seafood procurement, along with our robust business systems, provide the necessary infrastructure and skills to successfully market, sell and distribute frozen seafood to customers throughout North America.

The Company has had success executing on its growth-through-acquisition strategy and following several acquisitions since 2007:

- High Liner Foods is the leading marketer and processor of value-added frozen seafood in North America.
- In Canada, we are the clear market leader for frozen seafood products in both retail and foodservice channels.
- In the U.S., we are a leading supplier of private-label, value added, frozen seafood products in the both retail and foodservice channels.

3. THE BUSINESS

3.1 Product Marketing and Operating Segments

Trademarks and Brand Names

High Liner Foods' products are sold both directly and through distributors to North American retail and club stores, and through foodservice distributors to hotels, restaurants and institutions (such as healthcare and educational organizations). We market the majority of our seafood products under a number of proprietary brands including: ***High Liner***, ***FPI*** *and* ***Mirabel*** trademarks in Canada, and ***High Liner***, ***FPI***, ***Icelandic Seafood*** (under a licensing agreement), ***Sea Cuisine***, ***Fisher Boy*** and ***C. Wirthy*** trademarks in the U.S. Our products are also sold in Mexico, under the ***Sea Cuisine*** and ***Fisher Boy*** trademarks. In addition to our branded products, High Liner Foods produces private-label frozen seafood products for numerous retailers, club stores and foodservice distributors throughout North America.

Under our trademarks and brands, and from a variety of seafood species, High Liner Foods markets a diverse range of frozen seafood products, including raw fillets and shellfish, cooked shellfish and value-added products such as sauced, glazed, breaded and battered seafood, along with seafood entrées. In addition, the Company produces breaded cheese sticks and breaded chicken for a small, select group of customers. A full listing of "sub-brands" and product names can be located on the Company's various foodservice and retail websites, which can be accessed through the corporate website at www.highlinerfoods.com.

Operating Segments

Sales revenues from operating segments that accounted for 15% or more of total consolidated sales revenues are shown below in domestic currency, for each of the last two fiscal periods. High Liner Foods' financial statements are presented in U.S. dollars ("USD") and domestic currency presentation is before considering the impact of converting the Canadian parent company's sales from Canadian dollars ("CAD") to USD.

Operating Segment	2015	2014
United States	69%	69%
Canada	31%	31%

In North America, the frozen seafood market can be divided into three categories or segments: "Breaded & Battered"; "Prepared"; and "Raw" (i.e. meaning not breaded, battered or prepared). The first two of these categories are considered "value-added" categories and the third "non-value-added". High Liner Foods competes primarily in the first two of these segments in the U.S. and in all three in Canada.

U.S. Operations

"Frozen seafood (including shellfish)" is the fifth largest category in the U.S. retail frozen food market and includes all types of frozen seafood (including fish and shellfish, and excluding seafood entrées), whether breaded or unbreaded. As previously noted, High Liner Foods competes primarily in the Breaded & Battered and Prepared segments in the U.S. frozen seafood market. The entire Frozen Seafood category accounted for sales of $4.5 billion[2] in 2015, an increase of 0.8% over the previous year. Measured in pounds, volume in this category increased 1.8% over the same time period.

Our U.S. retail division markets a full range of breaded and battered fish 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 U.S. supermarkets. Approximately 31.9% of seafood sales to the U.S. retail frozen food market in 2015 were private-label products (2014: 29.9%). 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*** and ***Sea Cuisine*** differentiates these brands from their competition as ***Fisher Boy*** is the "family-friendly" value brand and ***Sea Cuisine*** is the "restaurant-quality" premium brand.

High Liner's ***Sea Cuisine*** branded products were launched in 2009 primarily for sale in the freezer section of fresh seafood departments and delis of major supermarket chains and club stores, and opened up new possibilities to extend our product lines in U.S. retail market. Our U.S. subsidiary is also a leading seafood supplier to Mexico, where it markets products under the ***Fisher Boy*** and ***Sea Cuisine*** brands and co-packs for other distributors.

In December 2007, High Liner Foods acquired the North American manufacturing and marketing business of Fishery Products International, Inc. ("FPI"), adding FPI's leading U.S. foodservice business to its own. ***FPI*** is one of the top frozen seafood brands in the U.S. foodservice channel. This business delivers a wide range of seafood products under the ***FPI*** and ***Mirabel*** brands. This business has a particularly strong track record of product innovation, a strength that we have been able to leverage across our entire North American operations.

At the end of 2010, High Liner Foods further expanded its U.S. value-added frozen seafood product offerings in the U.S. foodservice channel when it acquired the business of Viking Seafoods, Inc. ("Viking"). After completing the Icelandic USA Acquisition in 2011, which added complementary product lines, especially with its industry-recognized beer-batter products and line of premium "Product of Iceland" fillets, High Liner Foods became the largest supplier of value-added frozen seafood products to this channel.

In October 2013, the American Pride Acquisition served to further bolster the Company's market leadership position in the value-added frozen seafood segment of the U.S. foodservice market, and added a significant U.S.-based scallop processing operation to High Liner Foods' business portfolio. Today, we supply a wide range of frozen seafood products to leading U.S. foodservice operators in multiple restaurant segments, to broad-line foodservice distributors and to specialty seafood distributors.

High Liner Foods' most recent acquisition, the Atlantic Trading Acquisition in October 2014, specializes in frozen Atlantic salmon products and predominantly sells its frozen salmon products under the brand "***C. Wirthy & Co.***" to a major U.S. club store and supercentre operator. This acquisition primarily served to increase High Liner Foods' market share of the U.S. retail frozen food market.

In the U.S. market, High Liner Foods employs a network of sales brokers, managed by regional managers employed by the Company.

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[2] U.S. retail market information for the frozen seafood category is estimated by IRI® (Information Resources Inc.), which tracks all grocery stores, super-centers (including Walmart) and club store channels (excluding Costco). The category reported here is for all types of frozen seafood (including fish and shellfish, and excluding seafood entrées), whether breaded or unbreaded. This information is for the years ended January 3, 2016 and December 28, 2014.

Canadian Operations

In Canada, High Liner Foods competes in all three segments of the frozen seafood market, i.e. Breaded & Battered, Prepared and Raw. The breadth and depth of our range is a unique strength in this market with procurement and processing ranging from raw fish fillets and shrimp, scallops and other seafood to breaded, battered and prepared fish fillets and shrimp items. The Company produces both national branded and private-label products that are sold in retail (including club stores) and foodservice channels.

"Frozen Seafood" (including frozen fish and shellfish) is the second largest category in the Canadian retail frozen food market and accounted for CAD$669.6 million[3] of consumer sales in 2015, and increased by 5% over the previous year. The "Frozen Fish" only category represents CAD $276.9 million and decreased by 4% over the previous year.

High Liner Foods' retail branded products are marketed under the ***High Liner***, ***Catch of the Day*** and ***40 Fathoms*** brands to Canadian retailers, including supermarkets, mass merchants, drug stores and club channels.

High Liner Foods' foodservice business in Canada supplies products to restaurants and cafeterias, along with other institutions and markets its branded products for this market under its ***High Liner***, ***Mirabel***, ***FPI*** and ***Icelandic Seafood*** brands.

In Canada, High Liner Foods utilizes a direct sales force in virtually all markets, compared to the use of sales brokers in the U.S.

3.2 Production Facilities

In 2015, High Liner Foods operated five manufacturing facilities in North America consisting of: four plants in the U.S. (in Portsmouth, NH, Newport News, VA, Malden, MA, and New Bedford, MA) and one plant in Canada (in Lunenburg, NS). The Company owns these facilities, with the exception of the Malden plant which was leased until December 2015.

The Company announced in early 2015 that it would cease production at the leased-Malden facility in the second quarter of 2015 to reduce excess capacity across its U.S. manufacturing facilities. At the time of this announcement, the Malden plant was the Company's most underutilized manufacturing facility with annual production of approximately 11.5 million pounds. This production was was transferred to the Company's plants in New Bedford and Portsmouth and operations ceasing in Malden in April 2015.

The Company announced on February 17, 2016, that it will cease value-added fish operations at its New Bedford facility to further reduce excess capacity across its manufacturing facilities. This change does not impact the Company's scallop-processing operations which are also located at the New Bedford facility. At the time this announcement was made, the New Bedford plant was the most underutilized of the Company's manufacturing facilities with annual production of approximately 40.0 million pounds. This production will be transferred to the Company's remaining plants by the end of the third quarter of 2016.

[3] Estimated by Nielsen® which tracks Canadian retail sales by channel and is in dollars for the 52-week period ending January 9, 2016.

The following table summarizes the capacity and 2015 utilization of the Company's remaining manufacturing facilities based on pounds. All of these facilities produce value-added seafood products.

Location	Annual Capacity*	Capacity Utilization*
Lunenburg, NS, Canada	50,000,000	65%
Portsmouth, NH, U.S.	84,000,000	71%
Newport News, VA, U.S.	94,000,000	64%
New Bedford, MA, U.S.		
Scallop processing facility	12,000,000	41%
Value-added processing facility	87,000,000	50%

* The capacities above are based on our current manufacturing profile. Currently, capacities could be increased at the Portsmouth and Newport News facilities to 90 million pounds and 100 million pounds, respectively, by implementing a change in shift patterns, and without significant capital investment.

The Company utilizes a combination of Company-owned and third party-managed cold storage facilities.

China Operations

In the first quarter of 2013, High Liner Foods sold its 50% interest in the joint venture HighKan Holdings Limited ("HighKan"), a company registered in Hong Kong, to its joint venture partner. High Liner Foods had entered into this joint venture in 2010 and under the joint venture arrangements, HighKan owned 80% of Dencan Seafood Limited ("Dencan"), a Chinese company operating a leased primary-fish processing facility in China. Dencan procured its raw materials from High Liner Foods' third party joint venture partner and sold the majority of its production, consisting principally of raw groundfish fillets, to High Liner Foods for sale in the North American market. Upon selling its interest in HighKan, High Liner Foods entered into a procurement arrangement to continue purchasing products from this venture.

Also in the first quarter of 2013, High Liner Foods sold a primary processing plant in Dalian, China it had acquired as part of the its acquisition of Icelandic USA (Icelandic Group h.f.'s U.S. subsidiary) in 2011 to the minority shareholder. High Liner Foods entered into procurement arrangements to continue purchasing the same volume of products from this facility as we did prior to the sale, at the same or similar prices.

In addition to the supply agreements with the purchasers of the two operations above, the Company has additional supply contracts with other third party processing facilities in China for the supply of several key species.

Closed Facilities

In April 2015, High Liner Foods ceased operations at its leased production facility in Malden, MA, and transferred production and certain equipment to its plants in New Bedford, MA, and Portsmouth, NH. The remaining equipment was either sold through an auction or written down to its net realizable value. The lease for this facility expired in December 2015.

In January 2013, High Liner Foods closed its production facility in Danvers, MA and transferred production and some equipment to its facilities in Portsmouth, NH, and Newport News, VA. The Danvers facility was sold in late 2013 and the equipment not transferred to the Company's other facilities, has been sold or written off completely. The Company's U.S. executive, product development, supply chain, and sales and marketing offices remained at the Danvers facility until November 2014 when they were relocated to the Company's newly-constructed, leased U.S. headquarters facility in Portsmouth, NH.

In December 2012, High Liner Foods closed its production facility in Burin, Newfoundland and transferred production and some equipment to its facilities in Lunenburg, NS and Newport News, VA. The Burin facility was sold in October 2015 and the equipment not transferred to the Company's other facilities, has been sold or written off completely.

Regulatory Environment

All food processing plants conducting business throughout North America require a combination of municipal, state/provincial and federal licenses and permits to operate. Requirements to obtain and maintain food-processing licenses or permits principally relate to food safety, environment, health and safety, transportation of food and labeling. High Liner Foods possesses all necessary licenses and approvals to operate.

In the U.S., seafood processing plants are required to adopt a quality management food safety system known as Hazard Analysis Critical Control Point (“HACCP”). Our seafood processing plants in the U.S. are HACCP certified.

In Canada, seafood processing plants are required to develop a Quality Management Plan (“QMP”) covering the regulatory and safety aspects of food processing. High Liner Foods’ QMP has been approved and in good standing since inception of this requirement. Canada’s QMP is accepted as an equivalent standard to the U.S. Food Drug and Administration ("FDA") HACCP system and contains within it, an approved HACCP plan. In Canada, High Liner Foods has gone beyond the basic requirements for imports and has opted for the QMP for importers (“QMPi”) to verify that our imported seafood meets Canadian regulatory and food safety standards.

All of the Company’s non-North American suppliers operate HACCP approved plants and are required to adhere to newly strengthened U.S. FDA and Canadian Food Inspection Agency (“CFIA”) importation requirements centering on food safety and traceability. In addition, High Liner Foods requires all suppliers to obtain an annual third party food safety audit based on the Global Food Safety Initiative (“GFSI”). High Liner Foods' quality assurance (“QA”) personnel from North America also perform food safety audits on a regular basis. The Company 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 Foods has offices in Qingdao, China and Bangkok, Thailand, Iceland and employs 21 full-time procurement and QA experts to oversee our procurement activities in Asia. This oversight includes production monitoring and finished product inspection at the source before shipment to North America.

In addition to the above, all facilities, whether they are owned by the Company or a supplier, are subject to a variety of independent audits as required by our customers. All four of our Company-owned manufacturing facilities in North America (Lunenburg, Portsmouth, Newport News and New Bedford) are certified to GFSI standards. Three have Safe Quality Foods (“SQF”) certifications, and the fourth is certified to British Retail Consortium (“BRC”) standards.

3.3 Competitive Conditions

The Company has developed specialized skills in the procurement and processing of frozen seafood and in the development of value-added frozen seafood products for our various markets.

Competition is very intense in the North America retail market where the primary competitive factors are price, convenience, taste, nutrition, value, consumer brand recognition and loyalty. In Canada, our ***High Liner*** brand enjoys extremely high consumer brand recognition and in the U.S., our ***Fisher Boy*** brand has strong regional brand awareness and our ***Sea Cuisine*** product line has been growing in market presence.

Our major competitors in the retail seafood market are national marketers of brand name and generic products, including Nippon Suisan (owning the Gorton's brand in the U.S. and BlueWater brand in Canada), Pinnacle Foods Corporation (owning the Mrs. Paul's and Van de Kamp brands in the U.S.), Rich SeaPak (U.S.), Beaver Street Fisheries (owning the Sea Best brand (U.S.)), Trident Seafoods Corporation (Canada and U.S.), Jane's Family Foods Ltd. (Canada) and Aqua Star (Canada).

In the foodservice market, continuity of supply, customer service, and price are the major components of competition. Our major competitors in the foodservice market consist of vertically-integrated fishing companies, food-processing companies and seafood traders. Major competitors in the U.S. include Trident Seafoods Corporation, Nippon Suisan (owning King & Prince in the U.S.), Tampa Maid, Red Chambers (owning Tampa Bay Fisheries), Ocean Food Sales, Ocean Beauty, Aqua Star, Beaver Street Fisheries, Pacific Seafood Group and many smaller trading companies. Major competitors in Canada include Toppits Quality Frozen Foods, Export Packers Company Limited, Beaver Street Fisheries, Clearwater Seafoods, Trident Seafoods Corporation and many smaller trading companies.

In both countries, in retail (including club stores) and foodservice channels, our branded products also compete with private-label products, but we are also a major supplier of private-label products to these markets.

In the Canadian retail frozen seafood market, our products are sold under the ***High Liner*** and ***Catch of the Day*** trademarks and enjoy a dominant market share position. Following are highlights of the Company's market position in the Canadian retail "Frozen Fish" category[4]:

- The Company's share of the total Frozen Fish category is 56.6% (2014: 52.8%) and has increased by 3.8 market share points over the prior year;
- We are the largest supplier of value-added fish (i.e. breaded, battered, prepared) with a market share of 32.8% (2014: 31.0%) of Frozen Fish, which is 1.8 market share points higher compared to a year ago; and
- Our presence within raw fillets is leading with a 20.1% (2014: 19.6%) market share of Frozen Fish, with our ***High Liner*** branded products representing 13.1 market share points and ***Catch of the Day*** representing 7.0% market share.

This market share does not reflect private-label seafood products the Company supplies to the Canadian retail market. The Company's foodservice business also enjoys a leading market position in the value-added frozen seafood category in Canada, and believes it is the leading provider of frozen seafood in this

[4] Market share is estimated by Nielsen® which tracks Canadian retail sales by channel and is in dollars for the 52-week period ending January 9, 2016.

channel, although specific market share information is not available to support this as there is no independent source that tracks foodservice sales in a manner comparable to the retail channel.

Following are highlights of the Company's market share in the U.S. retail frozen seafood market[5]:

- The Company's share of the "total frozen seafood" category in the U.S. is 3.6% (2014: 4.0%). This year-over-year decrease reflects, in part, that sales of unprocessed frozen shrimp products (of which High Liner Foods is not a major player) increased significantly in 2015 as a result of shrimp prices being much lower in 2015 than they were in 2014.

- We are one of the largest suppliers in the value-added (processed) category, with 10.9% market share of the "total processed seafood" category (2014: 11.1%), and within this category:
    - Our market share of the "breaded" frozen seafood category is 12.5% (2014: 13.3%);
        - Under our ***Fisher Boy*** brand, we sell breaded products, including fish sticks. ***Fisher Boy*** is a leading brand of fish sticks in the U.S. and Mexico. ***Fisher Boy*** has a 19.4% market share of the "total fish stick" category (2014: 20.0%);
    - We are the third leading manufacturer of "prepared" frozen seafood in the U.S. with a market share of 11.4% (2014: 9.9%). This increase reflects the impact of acquiring Atlantic Trading in October 2014 and a 1.0 market share point increase from our ***Sea Cuisine*** product line, which holds a 7.2% market share of the "prepared" frozen seafood category (2014: 6.2%).

The U.S. retail segment is fragmented, with a small group of market leaders, and sales from our ***Sea Cuisine*** products continue to grow in this segment. In addition, not reflected in the market shares above, we are one of the largest suppliers of value-added frozen seafood to the U.S. foodservice channel and supply private-label seafood products to both the U.S. retail and foodservice channels, although as in Canada, specific independent market share information is not available for the foodservice channel.

[5] Market share is estimated by IRI® (Information Resources Inc.), which tracks all grocery stores, super-centers (including Walmart) and club store channels (excluding Costco). The category reported here is for all types of frozen seafood (including fish and shellfish, and excluding seafood entrées), whether breaded or unbreaded. Market shares reported are based on pounds for the categories indicated and are for the years ended January 3, 2016 and December 28, 2014.

3.4 Components - Procurement of Raw Materials and Finished Goods

High Liner Foods is dependent on its seafood procurement activities and in 2015, purchased approximately 195 million pounds of seafood, with an approximate value of $536 million. The Company procures approximately 30 different species from 20 different countries.

The major species procured in 2015 accounted for approximately 91% of our total dollar purchases in 2015. These species are as follows:

Species	Percent of Total Purchases
Cod	26.9
Salmon	16.8
Shrimp	14.1
Haddock	9.8
Alaskan pollock	13.0
Scallops	3.0
Tilapia	7.7
Total major species	**91.3**

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

Our foreign representative offices in Qingdao, China; Bangkok, Thailand; and Reykjavik, Iceland employ procurement and quality control staff to oversee our procurement activities in those major countries from which we procure product. High Liner Foods' North American quality personnel also travel to Asia to supervise activities overseas. In addition, agents in Chile, Ecuador, India, Indonesia and Vietnam supervise procurement activities in their respective areas.

It is not industry practice to have significant long-term contracts to purchase raw seafood. There is no futures market for seafood where forward purchases can be hedged. Therefore, our strategy is to build long-term strategic relationships with seafood suppliers and as a result, 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 quality and quantities only, with price determined by the market at the time of shipment or on a quarterly basis. Substantially all purchases are in USD. From time to time, depending upon market conditions, we take inventory positions to ensure we have sufficient raw materials at acceptable costs. High Liner Foods is an important customer to most of its suppliers. We are the largest buyer of cod and haddock in the world, one of the largest buyers of Alaskan Pollock, and an important participant in the Eastern U.S. scallop fishery.

The long-term global demand for fish and seafood continues to grow. The catch of wild fish has stabilized at around 90 million tonnes annually, which represents between 55% and 60% of the total supply, while aquaculture production continues to increase as shown in Exhibit 1. Exhibit 2 indicates catches of the ten most important wild groundfish species, as reported by the Food & Agriculture Organization of the United Nations ("FAO") in 2015, along with estimates of panelists, as presented at the 2015 Groundfish Forum, an industry group that meets annually to discuss the global seafood industry. These groundfish species are very important to the Company's ongoing supply and fortunately, after being managed cautiously for many years, there have been encouraging increases in quotas in many fisheries, demonstrating a return to healthy stock levels.

Exhibit 1 - Global Overview: Total Catches

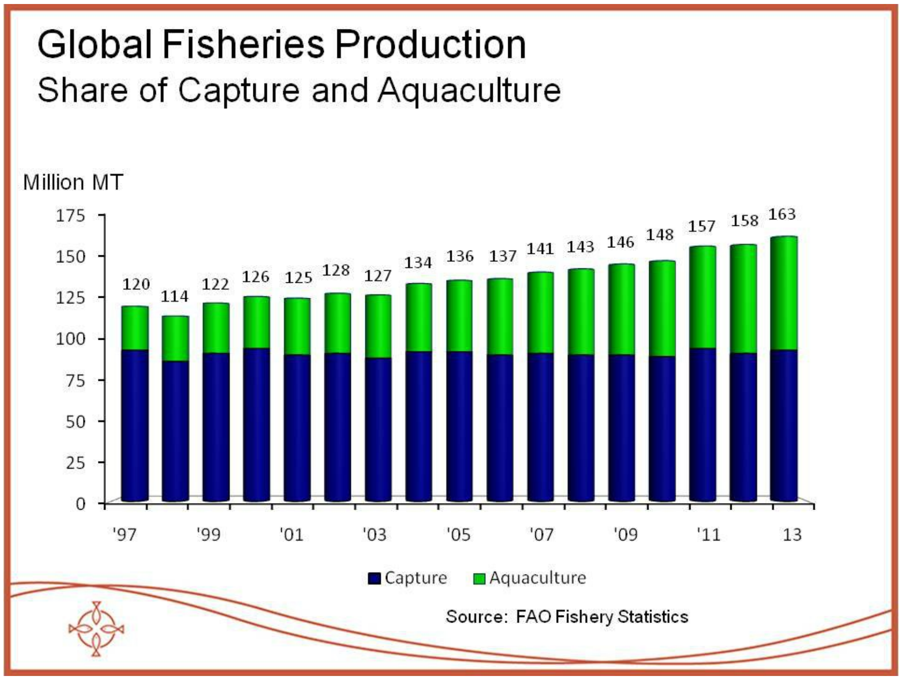
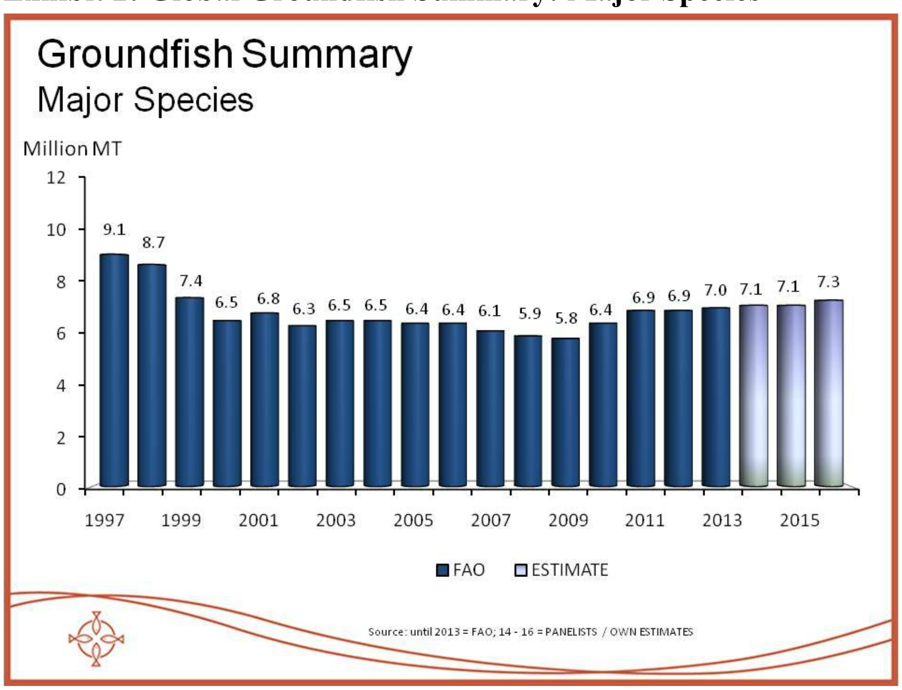


Exhibit 2: Global Groundfish Summary: Major Species*



* Major species includes: 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 in the aquaculture industry both in finfish and shellfish species. This trend is expected to continue. We currently procure aquaculture products, including warm water shrimp, tilapia, pangasius (basa), mussels, scallops and Atlantic salmon. Our strategy is to increase the procurement of aquaculture products in the future as we align with this trend. Currently, 30% of our procurement by value is related to aquaculture product.

High Liner Foods made a commitment in late 2010 to source all of its seafood from “certified sustainable or responsible” fisheries and aquaculture farms by the end of 2013. With this commitment, High Liner Foods requires wild-caught seafood and farmed products to either:

- come from fisheries and aquaculture processors certified as sustainable; or
- those suppliers not certified must to be on a clear, defined path, actively working towards being sustainable, and capable of documenting measurable improvements. High Liner Foods collaborates with its NGO partner, the Sustainable Fisheries Partnership, in assisting suppliers falling into this category, in achieve sustainability objectives.

By the end of 2013, High Liner Foods was virtually successful in fulfilling the commitment it made in late 2010 and is now recognized as a global leader in driving best practice improvements in wild fisheries and aquaculture. In addition, a social compliance program was implemented with seafood suppliers in 2015 which outlines acceptable standards for the treatment of all suppliers' employees involved in the production of seafood products for our Company.

For a detailed description of the risks associated with commodity prices and currency fluctuations in relation to procurement of raw materials, refer to the Company’s Management’s Discussion & Analysis (“MD&A) for the year ended January 2, 2016.

3.5 Seasonality

High Liner Foods’ operating results by quarter fluctuate throughout the year. For a detailed discussion as to how seasonality affects the company’s operations, refer to the Company’s MD&A for the year ended January 2, 2016. The MD&A also includes a summary of sales, income from operations and net income, on both a total dollar and a per-share basis, for the eight most recently completed quarters ending January 2, 2016.

3.6 Employees

At January 2, 2016, High Liner Foods had 1,413 active regular full and part-time employees, of whom 578 were salaried employees and 835 were hourly employees.

Regular full and part-time employees by county are as follows:

Country	Number of Employees
Canada	407
U.S.	985
China	16
Thailand	4
Iceland	1
Total	**1,413**

High Liner Foods has approximately 167 unionized employees in its Lunenburg facility who are represented by the Unifor union. The Lunenburg collective agreement has an expiry date of December 2017. We believe we have good relations with our unionized employees and don't anticipate any labour disruptions in 2016. The hourly workers in Portsmouth, Newport News, New Bedford and Peabody are not unionized.

3.7 Effect of Volatility of Canadian Dollar

At the end of fiscal 2012, the Company changed its presentation currency from CAD to USD, effective retrospectively to January 3, 2010. Although the functional currency of the Canadian parent company is CAD, the Company believes the USD presentation better reflects the total Company's business activities and improves investors' ability to compare the total Company's financial results with other publicly-traded businesses in the packaged foods industry (most of which are based in the U.S. and report in USD). This change should also result in less volatility in sales and earnings and also on the balance sheet, as a large part of our financial statement items are functional USD or influenced by USD-denominated commodities. The chart below shows USD/CAD exchange rates for the period of 2013 to 2015.

USD / CAD Exchange Rate	2015	2014	2013
Balance Sheet - year-end rate	0.7225	0.8527	0.9348
Income Statement - average rate	0.7818	0.9055	0.9713
Percent change - year-end rate	15.3%	8.8%	7.0%
Percent change - average rate	13.7%	6.8%	2.9%

Approximately 69% of our sales and related operations are denominated in USD; most of our debt is denominated in USD; our bank covenants are measured in USD; and some of the Parent company's input costs are denominated in USD. Reporting in USD reduces the volatility of currency changes; however, when the U.S. dollar strengthens (weakening Canadian currency), the reported values of CAD-denominated items of the Parent company decrease in the consolidated statements and the opposite occurs when the U.S. dollar weakens. CAD-denominated items in the Parent company's operations are converted to USD at the balance sheet date for balance sheet items and at the average exchange rate of the month the transaction occurs for income statement items. As such, foreign currency fluctuations affect the reported values of individual lines on our balance sheet and income statement.

The table below shows Company sales in domestic currency or assuming a constant exchange rate of par between the U.S. and Canadian dollar, and calculates the growth in sales in domestic currency.

(Amounts in 000's, except growth)	2015	2014	2013
Sales as reported	$ 1,001,507	$ 1,051,613	$ 947,301
Foreign exchange effect	72,327	31,874	9,007
Sales in domestic currency	**$ 1,073,834**	**$ 1,083,487**	**$ 956,308**
Growth in sales, excluding FX effect	**(0.9)%**	**13.3%**	**1.5%**

3.8 Social and Environmental Policies

The Company's food processing plants are subject to federal, provincial, state and municipal legislation and regulation with respect to safety and environmental matters.

In the U.S., state labour laws and the federal Occupational Safety & Health Act ("OSHA") regulate how work must be conducted in our Portsmouth, Newport News and New Bedford plants. In Canada, provincial legislation and Workers Compensation Boards play an active role in monitoring health and safety in our workplaces. Employee safety committees are in place at each High Liner Foods facility. These safety committees report to the Corporate Safety Steering Committee which in turn reports to the Human Resource and Corporate Governance Committee ("HRGC") of the Board. A corporate Safety Policy is in place to ensure a safe workplace for all High Liner Foods employees and safety policies are in place at each facility to protect employees and to maintain compliance with legislation. Regular specialized employee training is required under many of the policies.

With respect to environmental protection, we have an Environmental Management Policy ("EMP") designed to ensure that we meet or exceed the requirements of the federal, provincial, state, municipal and local environmental laws and requirements in both the U.S. and Canada. 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 could result in environmental and employee safety hazards and remediation requirements, and therefore maintenance of the related equipment 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, Portsmouth, Newport News and New Bedford plants operate computerized maintenance management systems. These programs allow our maintenance teams to closely monitor and manage both preventative maintenance and work orders at our facilities.

As part of our EMP, we have an employee Environmental Steering Committee. The mandate of the Environmental Steering Committee is:

1. 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;
2. To assist management in developing action plans to deal with environmental and safety issues; and
3. To monitor management's progress at rectifying any situations identified as potential risks.

Prior to 2016, the Environmental Steering Committee reported on such matters to the HRCG, but beginning in 2016, the Environmental Steering Committee will report on such matters to the Audit Committee. The Audit Committee's Charter has been updated relating to this reporting requirement (see "Audit Committee Charter" in the Appendix).

The Company's Board of Directors, through its committees receives regular 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. We anticipate no material impact of such requirements on capital expenditures, earnings and competitive position in 2016.

Due to our reliance on global raw material procurement, we have also implemented compliance standards for our suppliers. All suppliers to High Liner Foods 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 Foods' products, including with HACCP, QMP and 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. High Liner Foods works with Social Ethical Data Exchange, which offers a system for analyzing ethical and responsible business practices throughout the supply chain.

4. RISK FACTORS

The Company is subject to a number of risks and uncertainties related to its businesses that may have adverse effects on its results of operations and financial position. These risks and uncertainties, as well as other factors that could potentially impact the Company's results of operations and financial position can be found in the Company's MD&A for the fifty-two weeks ended January 2, 2016 under the heading "Risk Factors and Risk Management", which is incorporated by reference herein. The Company's MD&A has been filed electronically through SEDAR and is available online at www.sedar.com.

5. DIVIDEND POLICY

Beginning in the last quarter of 2003, we instituted a quarterly dividend to holders of High Liner Foods' common shares and have paid a quarterly dividend ever since. These dividend payments reflected the Board's confidence in the future of the Company as we focus on growing the business. The quarterly dividend has been increased regularly since 2007 as the Company has shared with its shareholders the financial benefits achieved from acquisitions.

The following table shows the dividends per share declared and paid over the last three fiscal years on the Company's common[6]:

Dividend Record Date	Quarterly Dividend $CAD
December 1, 2015	$0.120
September 1, 2015	$0.120
June 1, 2015	$0.120
February 27, 2015	$0.105
December 1, 2014	$0.105
September 2, 2014	$0.105
June 2, 2014	$0.105
March 3, 2014	$0.095
December 2, 2013	$0.095
September 3, 2013	$0.090
June 1, 2013	$0.090
March 1, 2013	$0.075

On February 17, 2016, the Company's Board of Directors approved a quarterly dividend of CAD$0.12 per share on the Company's common shares payable on March 15, 2016 to holders of record on March 1, 2016.

In determining the level of dividends paid, the Board of Directors considers the relative yield on High Liner Foods' shares compared to its industry peers, as well as indebtedness of the Company and the percent of expected annual net income being distributed by way of a dividend. A payout of between 30% and 35% of trailing adjusted earnings per share is generally targeted, but no set policy exists. Shareholders are reminded for purposes of calculating financial ratios, including dividend payout ratio, to take into consideration the Company's dividend rate is reported in CAD and its earnings are reported in USD.

Among other things, financial covenants in our credit facilities may affect the amount of the dividend. Debt arrangements, negotiated as a result of the financing of the acquisition of Icelandic USA (as amended in February 2013 and April 2014, and described further under Item B in Section 11 of this document), contain provisions that dividends can continue to be paid as long as the Company meets certain financial targets. Under the Company's $300 million senior secured term loan facility ("Term Loan"), as amended, dividends generally cannot exceed $17.5 million per year. This amount increases to the greater of $25.0 million per year or the defined available amount based on excess cash flow accumulated over the term of the loan when the defined total leverage ratio for the Company is below

[6] Effective May 30, 2014 the Company's Common Shares were split on a 2-for-1 basis. All dividend rates shown in the table reflect retrospective application of the stock split.

4.5x and becomes unlimited when the defined total leverage ratios is below 3.75x. The defined total leverage ratio was 4x on January 2, 2016. Normal course issuer bids are subject to an annual limit of $10.0 million under the Term Loan facility with a provision to carry forward unused amounts subject to a maximum of $20.0 million per annum. In addition, under the Company's working capital facilities "Average Adjusted Aggregate Availability", as defined in the credit agreement, needs to be $22.5 million or higher and was $134.1 million on January 2, 2016.

The Term Loan (and amendments) can be reviewed at www.sedar.com.

6. CAPITAL STRUCTURE

The only listed shares of the Company outstanding at January 2, 2016 are the common shares which are listed on the Toronto Stock Exchange ("TSX"). Non-voting equity shares were redeemed in December 2012 at a redemption price for each non-voting equity share being the issuance of one common share of the Company. Following such redemption, the non-voting equity shares were de-listed from the TSX.

High Liner Foods' 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 15* to the Company's Financial Statements for the year ended January 2, 2016.

At the Company's Annual General and Special Meeting held on May 8, 2014, the shareholders of the Company approved a two-for-one share split of their outstanding common shares which was effective at the close of trading on May 30, 2014. All references, unless otherwise indicated, to the number of shares outstanding, per share amounts and share-based compensation information in this AIF have been retrospectively restated to reflect the impact of the split.

7. MARKET FOR SECURITIES

High Liner Foods' common shares are listed for trading on the TSX under the symbol "HLF". During Fiscal 2015, the Company's common shares traded on the TSX between CAD$10.10 and CAD$26.50. As of the last trade date of Fiscal 2015, the common shares closed at CAD$15.55.

The table below shows the trading price ranges and volumes on the TSX for each month during the 2015 fiscal year.

	HLF Common Shares				
	High $CAD	**Low $CAD**	**Close $CAD**	**Daily Average Volume**	**Total Volume**
December	16.49	13.50	15.55	41,291	908,410
November	16.09	10.10	14.88	95,078	1,901,557
October	14.53	12.75	12.89	64,458	1,224,708
September	18.38	12.87	13.46	60,851	1,460,427
August	24.57	15.63	16.97	82,065	1,559,236
July	24.99	21.88	23.85	19,626	392,517
June	23.97	20.76	22.85	22,762	546,294
May	24.50	22.39	23.79	21,186	402,541
April	25.20	22.75	23.22	15,213	304,261
March	26.48	23.65	24.27	15,027	360,650
February	26.50	22.52	26.37	35,133	667,525
January	23.32	19.72	22.55	94,280	1,885,599

8. DIRECTORS AND OFFICERS

8.1 Directors

The names, residence, occupations[7], and committees of the Directors of High Liner Foods as of January 2, 2016 were as follows:

Name, Residence and Tenure	Office	Principal Occupation	Committees
Alan Bell Toronto, ON, Canada Director since 2014	Director	Mr. Bell is a Corporate Partner of the Canadian law firm Bennett Jones LLP.	Human Resource and Corporate Governance ("HRCG") Committee
Derek H. L. Buntain Brackley Beach, PEI Canada Director since 2006	Director	Mr. Buntain is a director of several publicly-listed companies.	Audit Committee
James G. Covelluzzi Malden, MA, U.S.A Director since 2011	Director	Mr. Covelluzzi is: President of Crystal Cold Storage and Warehousing Inc. and Pier 17 Realty Trust Inc; a Principal in Maplewood Ventures LLC; and an investor in several private companies. He was also the former CEO of Viking Seafoods Inc. until its sale to High Liner Foods in December 2010.	HRCG Committee
Keith A. Decker Portsmouth, NH, U.S.A. Director since 2015	Director	President & CEO of High Liner Foods since May 2015. Prior to this Mr. Decker was President and COO since September 2013.	Executive Committee
Henry E. Demone Lunenburg, NS, Canada Director since 1989	Director	Mr. Demone has been Chairman of High Liner Foods since May, 2015. Prior to this transition, Mr. Demone had been the Company's CEO since 1992, and prior to that, had been the Company's President & COO since 1989. Mr. Demone is a Director and Corporate Governance and Human Resource Committee member with Saputo Inc., and a Director and Management Resources & Compensation Committee member with Emera Inc.	Executive Committee
Robert P. Dexter, Q.C. Halifax, NS, Canada Director since 1992	Director	Mr. Dexter is Chairman and CEO of Maritime Travel Inc., operating in excess of 100 travel shops in Canada under the names "Maritime Travel" and "LeGrows Travel". He is also the Chairman of Empire Company Limited and its wholly-owned subsidiary Sobeys Inc., and a director of BCE Inc. and Wajax Corporation. He is counsel to the law firm of Stewart McKelvey and served as a director of Bell Aliant Inc. prior to its acquisition by BCE Inc. in 2014.	HRCG Committee
Andrew J. Hennigar Wellington, NS, Canada Director since 2015	Director	Mr. Hennigar is a director of Thornridge Holdings Limited, the holder of 37.3% of High Liner Foods' common shares and other public and private companies. Mr. Hennigar previously served as a director of Scotia Investments Limited.	HRCG Committee

[7] This reflects the principal occupations held by each director in the last five years, unless otherwise disclosed.

Name, Residence and Tenure	Office	Principal Occupation	Committees
David J. Hennigar Bedford, NS, Canada Director since 1984	Director	Mr. Hennigar is: Vice Chairman & Lead Director of High Liner Foods (held the office of Chairman until May 2015); Chairman of Annapolis Group Inc.; and Executive Chairman of Thornridge Holdings Limited. He is also an investment adviser at Altus Securities Inc. Prior to November 4, 2010, he was a director of Scotia Investments Ltd.	Executive Committee Nominating Committee
Shelly L. Jamieson Toronto, ON, Canada Director Since 2012	Director	Ms. Jamieson is CEO of the Canadian Partnership Against Cancer, a federally funded agency created to accelerate action on cancer for Canadians. She was formerly: Ontario's highest-ranking civil servant as Secretary of Cabinet and Head of the Ontario Public Service; Ontario's Deputy Minister of Transportation; and President of Extendicare Canada. She is involved in several not-for-profit boards.	Chair, HRCG Committee Chair Nominating Committee Executive Committee
M. Jolene Mahody Halifax, NS, Canada Director since 2014	Director	Ms. Mahody is Executive Vice President & CFO, Chorus Aviation Inc. She previously held the position of COO at Jazz Aviation LP. Ms. Mahody serves on several not-for-profit boards.	Audit Committee
R. Andy Miller St. John's, NL, Canada Director Since 2012	Director	Mr. Miller is: CEO of Linco Food Systems of Trige, Denmark; Board member of Baader Linco Inc. in Kansas City; President of Andy Miller Consulting in St. John's, NL; and a Board member of Baader North America Corp. and the Canadian Centre for Fisheries Innovation.	Audit Committee
Robert L. Pace Halifax, NS, Canada Director since 1998	Director	Mr. Pace is: President and CEO of The Pace Group Limited, a private holding company; Chairman of Maritime Broadcasting System, owning and operating in excess of 20 radio stations in the Canadian Maritimes; Chairman of the Board of Directors of Canadian National Railway and a director of several private companies.	Chairman, Audit Committee Executive Committee Nominating Committee
Frank B.H. van Schaayk Naples, FL, USA Director since 2014	Director	Mr. van Schaayk held various executive roles with McCain Foods Ltd from 1992 until his retirement in October 2014, with his most current role being Regional President - The Americas. Mr. van Schaayk is also a director, Vice Chair of the Audit Committee and Co-Chair of the Employee Relations\Benefits Committee of the Bay State Milling Company, Quincy, MA. He holds a Chartered Director Certification in Canada and has served on numerous not-for-profit Boards in Canada and the U.S.	HRCG Committee

Pursuant to High Liner Foods' 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 11, 2016.

8.2 Executive Officers

Except where noted, the executive officers of High Liner Foods have served in their current roles for more than five years. The names, residences, and offices held by the executive officers of High Liner Foods who are not already described in the directors table above are:

- Keith A. Decker, President & CEO, Exeter, NH, U.S.A. Prior positions with High Liner Foods include President & COO of the consolidated Company and President & COO, U.S. Operations. Before joining High Liner Foods in 2007 as part of the acquisition of FPI, Mr. Decker served as Director of Commodity Sales & Vice President of Sales and Executive Vice President of Sales & Marketing of FPI, and then as President & COO of FPI.

- Paul A. Jewer, Executive Vice President & CFO, Halifax, NS, Canada. Prior to joining High Liner Foods in February 2014, Mr. Jewer was CFO with Sobeys Inc., a leading Canadian grocery and food distributor, and prior to joining Sobeys Inc. in 2003, Mr. Jewer held a number of progressively senior finance positions in the technology sector.

- J. Jeff O'Neill, President & COO, Canadian Operations, Oakville, Ontario, Canada. Mr. O'Neill joined High Liner Foods in January 2011 as Vice President, Retail Sales, with more than 20 years of experience in the food industry. Mr. O'Neill assumed his current role with the Company in May 2015.

- Peter B. Brown, President & COO, U.S.A., Portsmouth, NH, U.S.A. Mr. Brown joined High liner Foods in May 2014 with more than 25 years of experience in the food industry, including 20 years with Cargill Inc., a global food conglomerate, where he held several positions of increasing responsibility, including VP positions with business, sales and operational responsibilities. Most recently, Peter was President of Quantum Foods LLC.

- Paul W. Snow, Executive Vice President Global Procurement, Pleasantville, NS, Canada.

- Joanne E. Brown, Executive Vice President Human Resources, Halifax, NS, Canada.

- Tim P. Rorabeck, Executive Vice President, Corporate Affairs and General Counsel, Halifax, NS, Canada. Prior to joining High Liner Foods in 2012, Mr. Rorabeck was Vice President Corporate Affairs and General Counsel, and Corporate Secretary with Clarke Inc. and prior to that, was a partner at the law firm of Stewart McKelvey.

As of January 2, 2016, the number of common shares of High Liner Foods beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors and executive officers of High Liner Foods as a group is 1,565,662 or approximately 5.1% of those issued and outstanding. In addition, Mr. David Hennigar is Executive Chairman and Mr. Andrew Hennigar is a director of Thornridge Holdings Limited, which holds 37.3% of the Company’s issued and outstanding common shares.

8.3 Proceedings

No director or executive officer is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including a personal holding company) that:

A. was subject to an order (as defined in Form 51-102F2 of National Instrument 51-102 - Continuous Disclosure Obligations) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer other than:
   - Mr. David Hennigar who:
     i. was a director of Aquarius Coatings Inc. at the time Aquarius Coatings Inc. had a management cease trade order in place from December 12, 2008 to January 14, 2009 for failing to address TSX Venture Exchange requirements with respect to failing to hold shareholder meetings for the financial years ended March 31, 2007 and March 31, 2008;
     ii. is a director of Aquarius Coatings Inc. whose shares were suspended from trading effective November 3, 2014 for failure to comply with Exchange Requirements;
     iii. was a director of MedX Health Corp. at the time MedX Health Corp. had a management cease trade order in place from January 21, 2010 to February 26, 2010 for failing to hold its fiscal 2008 annual general meeting within the timeframes required by applicable corporate law and Exchange policy and a management cease trade order in place from May 6, 2010 to June 30, 2010 for failing to file its annual financial statements, Certification of filings under Multilateral Instrument 52-109 and its Management, Discussion and Analysis for the year ending December 31, 2009 on or before the prescribed deadline of April 30, 2010;
     iv. was a director of Landmark Global Financial Corporation Limited at the time Landmark Global Financial Corporation Limited had a temporary cease trade order in place from May 7, 2012 for failing to file annual financial statements on time; and
     v. was a director of SolutionInc Technologies Limited at the time SolutionInc Technologies Limited had a temporary cease trade order, issued by the British Columbia Securities Commission, in place from August 9, 2011 to August 24, 2011 for failing to file annual financial statements on time; had a cease trading order in place issued by the British Columbia Securities Commission on October 6, 2011 for failing to file June 30, 2011 quarterly financial statements on time and had a cease trading order in place issued by the Alberta Securities Commission on January 4, 2012 for failure to file September 30, 2011 quarterly financial statements on time; or

B. was subject to an order (as defined in Form 51-102 F2 of National Instrument 51-102 - Continuous Disclosure Obligations) that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as otherwise noted herein, no director, executive officer, shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, or a personal holding company thereof:

A. is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director or executive officer of any company (including a personal holding company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, other than Mr. David Hennigar who is a director of KLJ Field Services Inc., a private Nova Scotia Company, which made an assignment in bankruptcy on February 25, 2009;

B. has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the trustee, executive officer or shareholder; or

C. has been subject to: any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

9. AUDIT COMMITTEE INFORMATION

9.1 Audit Committee Charter

High Liner Foods' Audit Committee Charter is attached as an appendix to this AIF.

9.2 Composition of the Audit Committee

The Audit Committee of High Liner Foods has four members: Robert L. Pace (Chairman), Derek H. L. Buntain, M. Jolene Mahody and R. Andy Miller.

Each member of the Audit Committee is both independent and financially literate.[8] The Human Resources and Corporate Governance Committee of the Board determines whether each director is independent. For full biographies of these directors and the full discussion on independence, please see the Management Information Circular ("MIC") to be filed in connection with the Annual and Special General Meeting of Shareholders to be held on May 11, 2016.

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 L. Pace (Chairman) is the President and Chief Executive Officer of The Pace Group Limited, a private holding company. He is Chairman of Maritime Broadcasting System, owning and operating in excess of 20 radio stations in the Maritimes. Mr. Pace is Chairman of the Board of the Canadian National Railway Company Board and director of several private companies.

Mr. Derek H. L. Buntain holds a M.B.A. and is a Fellow of the Canadian Securities Institute. He is also a director of several publicly-traded companies.

Ms. Mahody is Executive Vice President & Chief Financial Officer of Chorus Aviation Inc. She previously held the position of Chief Operating Officer at Jazz Aviation LP, a subsidiary of Chorus Aviation Inc. Ms. Mahody is a Fellowship Chartered Accountant and also received her ICD.D designation through the Institute of Corporate Directors. Ms. Mahody is the Chair of the Board of Governors of Mount Saint Vincent University and serves on several other not-for-profit boards.

Mr. R. Andy Miller is: CEO of Linco Food Systems based out of Trige, Denmark; a Board member of Baader Linco Inc. in Kansas City; and a Board member of Baader North America Corp. and the Canadian Centre for Fisheries Innovation. Mr. Miller has been associated with the Baader Group for over 25 years. He also operates Andy Miller Consulting Limited which provides sales and marketing leadership and management consulting services to the Baader Group worldwide, and to other companies.

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[8] "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.

9.4 Audit Fees

Ernst & Young LLP ("EY") is the Company's auditing firm. Fees for EY's services were $0.7 million and $1.2 million for the fiscal years ended January 2, 2016 and January 3, 2015, respectively, and are detailed in the table below.

	2015	2014
Audit fees	$ 373,782	$ 435,202
Audit-related fees	97,609	238,576
Tax fees	189,456	487,446
Total fees	**$ 660,847**	**$ 1,161,224**

The nature of the fee categories are described below.

Audit fees

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

Audit-related fees

Audit-related fees were paid to EY 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 primarily consisted of:

- Accounting advisory in connection with new standards implemented, as well as various other accounting issues that arose;
- Professional services rendered in connection with the refinancing;
- The final stages of the audit of the American Pride Acquisition and purchase price allocation; and
- One-time substantive audit procedures relating to Atlantic Trading.

Tax fees

Tax fees were paid to EY 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. Other services primarily consisted of tax planning services related to the Company's procurement activities, debt refinancing and the American Pride Acquisition.

The Audit Committee approves all fees (for both audit and non-audit services) paid to the Company's auditors.

Accounting firms other than EY are also engaged when required to provide various services, including assisting with: due diligence, integration support services, investigation counseling and purchase price allocation issues in connection with acquisitions; goodwill impairment valuations; 401(k) audits; and advice on certifying the Company's annual and interim filings in accordance with National Instrument 52-109.

10. TRANSFER AGENTS

CST Trust Company is High Liner Foods' transfer agent and registrar with respect to the shares of the Company. The register of the transfers for common shares is kept at Halifax, NS. Their address is:

CST Trust Company
1660 Hollis Street, Suite 406
Halifax, NS B3J 1V7
Tel: 1-800-387-0825 (toll free in North America)
or 1-416-682-3860 (all other countries)

11. MATERIAL CONTRACTS

The following agreements are filed, as required, as material documents under High Liner Foods' profile on SEDAR at www.sedar.com.

A. Acquisition of Icelandic Group's U.S. and Asian Operations dated December 19, 2011. On December 19, 2011, High Liner Foods completed the acquisition of Icelandic Group's U.S. and Asian operations. The adjusted purchase price was $232.7 million. In addition, High Liner Foods paid working capital adjustments net of cash balances of $13 million, reflecting the seasonally high working capital levels at the time of the closing of the transaction.

B. High Liner Foods entered into the following financing arrangements on December 19, 2011 (with amendments February 8, 2013 and April 24, 2014), which replaced term and working capital facilities in place at that time:

   a) A five year $180 million working capital facility entered into with Royal Bank of Canada as Administrative and Collateral Agent (originally) expiring December 19, 2016 . This facility replaced all existing working capital debt facilities. The facility is asset based and is collateralized by the Company's inventory and accounts receivable and other personal property in Canada and the U.S., subject to a first charge on brands and trade names and related intangibles under the long-term debt facilities. The facility allows borrowings by way of Prime loans, Base Rate loans, LIBOR, or Canadian Bankers' Acceptances ("BA"). Prior to the amendments described below, interest rates and spreads depended on leverage, defined as Funded Debt to EBITDA. The Company must maintain excess availability under the line of at least $22.5 million at all times. In certain circumstances the Company must also maintain a fixed charge coverage ratio of 1.1x to 1.0x. Fixed charges include interest and debt repayments, capital lease payments and capital distributions, such as dividends or repurchase of shares under normal course issuer bids. Prior to the amendments described below, the facility allowed the Company to borrow Canadian Prime Rate loans in CAD, and Canadian Base Rate and U.S. Prime Rate loans in USD at Prime or Base Rate plus 0.00% to 1.00%; BA loans at BA rates plus 1.75% to 2.50%; and LIBOR advances at LIBOR plus 1.75% to 2.50%. Standby fees are also required to be paid on the un-utilized line.

      - On February 8, 2013, the working capital facility was amended to change interest rates on the facility to be based on availability on the line rather than a leverage test, which reduced interest rates. This facility provides for the following based on the Average Adjusted Aggregate Availability as defined in the credit agreement: Canadian Prime Rate loans in CAD, and Canadian Base Rate and U.S. Prime Rate loans in USD at Prime or Base Rate plus 0.00% to 0.75%; BA loans at BA rates plus 1.75% to 2.25%; and LIBOR advances at LIBOR plus 1.75% to 2.25%. Changes also provided more flexibility for future acquisitions.

- On April 24, 2014, the working capital facility was amended and based on the Average Adjusted Aggregate Availability, as defined in the credit agreement, allowed the Company to borrow Canadian Prime Rate loans denominated in CAD, and Canadian Base Rate and U.S. Prime Rate loans denominated in USD, at Prime or Base Rate, plus 0.00% to 0.25%; BA loans at BA rates plus 1.25% to 1.75%; LIBOR advances at LIBOR plus 1.25% to 1.75; and unused line fees of 0.25% to 0.375%. Required fixed charge coverage ratio was reduced to 1.0:1.0 and applicable when Average Adjusted Aggregate Availability is less than the greater of (a) $18,000,000, and (b) an amount equal to ten percent (10%) of the lesser of (i) the Maximum Revolver Amount, and (ii) the Aggregate Borrowing Base. The term of this facility was extended from December 2016 to April 2019 and other changes provided for increased capacity and flexibility for acquisitions, investments, distributions, capital expenditures and operational matters.

b) On December 19, 2011, the Company secured a $250 million long-term loan. Secured on a first priority basis by substantially all tangible and intangible assets, and the assets and stock of its present and future subsidiaries. Repayments are to be made in twenty-three consecutive quarterly installments, with the unpaid balance due in full on December 19, 2017. Prior to the amendments described below, the agreement included financial covenant requirements of minimum interest coverage ratio, maximum total leverage ratio, and maximum capital expenditures.
    - On February 8, 2013, the term loan was amended to reduce interest rates and provide leverage covenants more favourable to the Company, including the elimination of a minimum interest coverage ratio.
    - On April 24, 2014, the term loan was amended with the following changes: the principal amount was increased to $300 million; the term was extended from December 2017 to April 2021; borrowing rates were reduced from LIBOR plus 3.50% (with a 1.25% LIBOR floor) to LIBOR plus 3.25% (with a 1.00% floor); the leverage ratio financial covenant was removed; and increased capacity and flexibility was provided for acquisitions, investments, distributions, capital expenditures and operational matters.

12. ADDITIONAL INFORMATION

Further information, including additional copies of this AIF, the comparative consolidated financial statements and accompanying report of the auditor, the most recent interim financial statements and the MIC for the Company's annual meeting for shareholders to be held on May 11, 2016, may be obtained on SEDAR at www.sedar.com or upon request from the Secretary of the Company at investor@highlinerfoods.com, or on the Company's website at www.highlinerfoods.com, or by writing to the Secretary at High Liner Foods Incorporated, P.O. Box 910, Lunenburg, NS, 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 MIC, and additional financial information is provided in the Company's consolidated financial statements and MD&A for the fifty-two weeks ended January 2, 2016. All additional information referred to in this AIF may also be found on SEDAR at www.sedar.com.

13. FORWARD-LOOKING INFORMATION

This AIF contains forward-looking statements within the meaning of securities laws. In particular, these forward-looking statements are based on a variety of factors and assumptions that are discussed throughout this document. In addition, these statements and expectations concerning the performance of our business in general are based on a number of factors and assumptions including, but not limited to: availability, demand and prices of raw materials, energy and supplies; the condition of the Canadian and American economies; product pricing; foreign exchange rates, especially the rate of exchange of the Canadian dollar to the U.S. dollar; our ability to attract and retain customers; our operating costs and improvement to operating efficiencies; interest rates; continued access to capital; the competitive environment and related market conditions; and the general assumption that none of the risks identified below or elsewhere in this document will materialize.

Specific forward-looking statements in this document include, but are not limited to: statements with respect to future growth strategies, business prospects; expectations with regards to sales volume, product innovation, brand development and anticipated financial performance; acquisitions and integration of same; new services information technology and other capital investments; market forces and the maintenance of existing customer and supplier relationships; environmental conditions specifically with respect to the fishing industry; commitments and regulatory requirements; financing arrangements; dividends and future payments of same; expected growth in long-term global seafood supply and demand; expectations relating to labour disruptions; impact of environmental protection requirements; impact of risk factors; expectations for future seafood costs; and commodity prices.

Forward-looking statements can generally be identified by the use of the conditional tense, the words “may”, “should”, “would”, "could", “believe”, “plan”, “expect”, “intend”, “anticipate”, “estimate”, “foresee”, “objective”, "goal", "remain" or “continue” or the negative of these terms or variations of them or words and expressions of similar nature. Actual results could differ materially from the conclusion, forecast or projection stated in such forward-looking information. As a result, we cannot guarantee that any forward-looking statements will materialize. Assumptions, expectations and estimates made in the preparation of forward-looking statements and risks that could cause our actual results to differ materially from our current expectations are discussed in detail in the Company’s materials filed with the Canadian securities regulatory authorities from time to time, including the “Risk Factors and Risk Management” section of the Company's MD&A for the fifty-two weeks ended January 2, 2016. The risks and uncertainties that may affect the operations, performance, development and results of High Liner Foods’ business include, but are not limited to, the following factors: volatility in the USD/CAD exchange rate; competitive developments including increases in overseas seafood production and industry consolidation; availability and price of seafood raw materials and finished goods and the impact of geopolitical events (and related economic sanctions) on same; costs of commodity products and other production inputs, and and the ability to pass cost increases on to customers; successful integration of the operations of acquisitions; potential increases in maintenance and operating costs; shifts in market demands for seafood; performance of new products launched and existing products in the market place; changes in laws and regulations, including environmental, taxation and regulatory requirements; technology changes with respect to production and other equipment and software programs; supplier fulfillment of contractual agreements and obligations; competitor reactions; High Liner Foods’ ability to generate adequate cash flow or to finance its future business requirements through outside sources; compliance with debt covenants; the availability of adequate levels of insurance; and management retention and development. Forward-looking information is based on Management’s current estimates, expectations and assumptions, which Management believes are reasonable as of the current date. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. Except as required under applicable securities laws, we do not undertake to update these forward-looking statements, whether written or oral, that may be made from time to time by us or on our behalf, whether as a result of new information, future events or otherwise.

HIGH LINER FOODS

Appendix: Audit Committee Charter
(Approved February 2016)

Composition

1. The Committee shall consist of at least three outside directors, all of whom are independent and financially literate.[9]

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 Vice Chair and Lead Director; the President and Chief Executive Officer; Executive Vice President and Chief Financial Officer; Executive Vice President, Corporate Affairs and General Counsel; Vice President Financial Reporting and Accounting; Corporate Controller; and Director Investor Relations & External Reporting 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

[9] "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.

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 Director 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 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 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 International Financial Reporting Standards (IFRS); 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 Director Internal Audit reports directly to the Executive Vice President and CFO 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 Director 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 Director 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 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 and shall receive reports from the Information Security Governance Committee.

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 compliance with the Company's Financing and Credit Risk Policies and review its credit risk profile annually.

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

42. 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

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

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

45. Institute and oversee special investigations as needed.

46. 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.

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

Reporting

48. 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.

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

50. 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.

Environment

51. The Committee shall assess the degree of compliance of the Company with existing environmental legislation and, if there are any areas of non-compliance, assess whether senior management of the Company has put in place procedures to bring the Company into compliance and report when necessary to the Board of Directors.

52. The Committee shall review and report to the Board of Directors where necessary all environmental incidents and all remedial orders regarding infractions or alleged infractions issued by a government authority which have been received since the previous communication with the Committee.

53. The Committee shall assess whether the Company has in place remedial and contingency plans for environmental occurrences such as spills, leaks, or other discharges of pollutants.

54. The Committee shall assess whether the Company is doing ongoing environmental audits and review, training and prevention programs at its various facilities.

55. The Committee shall determine whether the establishment, and periodic review, of appropriate internal authorities to act in the case of serious environmental occurrences are in place.

56. The Committee shall receive reports on and assess whether there are any potential sources of emissions or pollutants, risks of sudden discharge, etc and whether appropriate safeguards are in place to deal with these risk situations.

57. The Committee shall assess whether there are procedures to promote environmental awareness within the Company including education and training programs regarding risk management, response and reporting responsibilities.

58. The Committee shall determine whether executive officers and management are involved in and knowledgeable about existing risk management systems.

59. The Committee shall receive reports from each of the employee Environment Steering Committee on environmental conditions on a regular basis.

60. The Committee shall review at least annually the Company's Environmental Management Policy and approve any changes to such policies.