HIGH LINER FOODS
INCORPORATED

ANNUAL INFORMATION FORM (AIF)
FOR THE YEAR ENDED December 29, 2012

(All amounts are in U.S. Dollars unless otherwise expressed)

March 28, 2013

www.highlinerfoods.com
investor@highlinerfoods.com
902-634-8811

TABLE OF CONTENTS

Unless the context otherwise requires, references in this Annual Information Form to the "Company" or "High Liner Foods" include High Liner Foods Incorporated and its subsidiaries. References to the fiscal years 2010, 2011, and 2012 are to the 52 weeks ended January 1, 2011, December 31, 2011 and December 29, 2012, respectively.

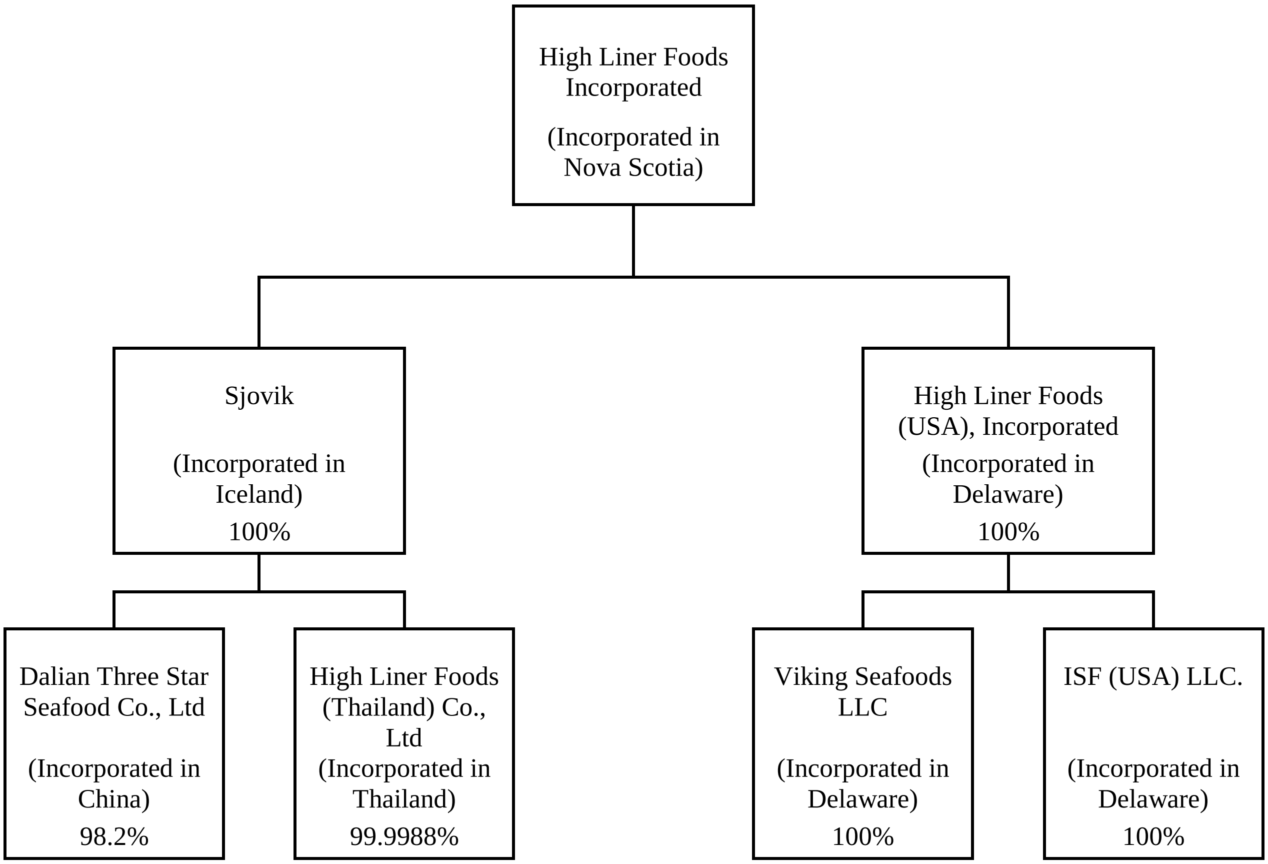
1. CORPORATE STRUCTURE

1.1 Name and Incorporation

High Liner Foods Incorporated is a Nova Scotia company, amalgamated under the *Companies Act* of Nova Scotia. Our 111-year history began in 1899 with the founding of W.C. Smith & Company Limited, a ships' chandlery and salt fish operation located in Lunenburg, Nova Scotia. In 1926, the same group of shareholders diversified into fresh fish and cold storage and formed Lunenburg Sea Products Limited and conceived the "High Liner" brand. In 1938, these two companies merged, and in 1945 the merged companies, along with Maritime National Fish Company Limited of Halifax, and other related companies, were brought together under the ownership of National Sea Products Limited. The present company was formed by amalgamation of the related companies in 1967. On December 31, 1998, we changed our name to High Liner Foods Incorporated. High Liner Foods' registered and principal office is at 100 Battery Point, Lunenburg County, Nova Scotia, B0J 2C0.

1.2 Inter-corporate Relationships

Our business is carried on through a parent company, High Liner Foods Incorporated with its registered office in Lunenburg, Nova Scotia, and operating incorporated subsidiaries, High Liner Foods (USA), Incorporated with its registered head office in Portsmouth, New Hampshire, and its subsidiaries, Viking Seafoods, LLC, and ISF (USA), LLC. In addition, the Company owns Sjovik and its subsidiaries that are responsible for procuring product for High Liner.



Our Canadian retail and food service businesses are headquartered in Toronto, Ontario, with regional sales offices in Calgary, Montreal, Vancouver and Halifax. We operate a food-processing plant in Lunenburg, Nova Scotia. These businesses distribute frozen seafood throughout Canada.

Our U.S. retail and food service businesses are headquartered in Danvers, Massachusetts, and we operate facilities in Malden, and Peabody, Massachusetts as well as Portsmouth, New Hampshire and Newport News, Virginia. These businesses distribute frozen seafood throughout the United States and Mexico.

2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Corporate Profile

High Liner Foods Incorporated (HLF-TSX) has been a Canadian publicly-traded company since 1967. We process and market superior quality seafood and other food products in North America. Our expertise is frozen seafood. We produce and market products for the retail, food service, and club store channels. The food service channel includes sales of seafood that are usually eaten outside the home and consists of sales through distributors to restaurant and institutional customers.

We own strong brands, but we are also an important supplier of private labels for many North American food retailers and food service operators. Created in 1926, the *High Liner* brand is among the most recognized brands in Canada and is currently building recognition in the U.S. market.

2.2 Three Year History

Seafood Operations

During the past three years we have focused on our vision to be the North American leader in frozen value-added seafood by increasing the sales, profits and market share of our major brands, *High Liner*, *FPI*, *Mirabel*, *Fisher Boy*, *Sea Cuisine*, *Royal Sea*, *Viking*, *Icelandic Seafood*, *Samband of Iceland, Seastar, and Seaside.* As a result of the Icelandic USA Acquisition (described below) in 2011, we are now the leading North American processor and marketer of prepared, value-added frozen seafood. 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 strength of private label products. However, we have benefited from the strength of private label as we are 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. food service 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 seafood departments of Canadian grocery stores. Having products in the seafood department and the frozen food aisles increases our brand presence in grocery stores. The FPI business strengthened the efforts in this area with the *Mirabel* frozen shrimp brand of products.

In the U.S., new product development has focused on premium quality seafood products that are sold both in the frozen section of seafood departments or in the deli under the *Sea Cuisine* brand. Club stores have also benefited from our product development expertise and we have grown our share of the value added business with all of the major club stores.

In our U.S. food service business we have successfully launched *Upper Crust* in 2004, *Pan Sear* in 2006 and more recently *Fire Roasters* in 2010. The *Fire Roasters* products, that are not available from our competitors, are high quality, ready to cook entrees that are popular with restaurant operators that do not want to do the preparation work in their own kitchens. These products have also been successful in Canadian Food Service and as *Flame Savours* that were launched in Canadian retail in 2011. New lines of private label fillets have also been launched in the U.S. market that expands our relationships with existing customers.

The Icelandic USA Acquisition

In December, 2011, High Liner Foods acquired Icelandic Group h.f.'s U.S. subsidiary, Icelandic USA (renamed ISF (USA), LLC) and its Asian procurement operations (herein referred to as the "Icelandic USA Acquisition"). The assets included in the acquisition were the shares of Icelandic USA (now ISF (USA) LLC), Sjovik and Icelandic Northwest, including Sjovik's subsidiaries, Dalian Three Star Seafood Co. Ltd. (China) and Icelandic Seafood Thailand (now High Liner Foods

Thailand). Real estate acquired included a plant in Dalian, China and a plant and cold storage facilities in Newport News, Virginia. High Liner Foods also acquired several brands in connection with the acquisition and in addition agreed to a seven-year royalty-free licensing agreement with Icelandic Group for the use of the *Icelandic Seafood* brand in the United States, Canada, and Mexico. High Liner Foods also structured a long-term distribution agreement with Icelandic Group that will ensure that producers in Iceland will continue to have access to the U.S. market and that High Liner will continue to be able to supply its customers with high-quality fillets from Iceland under the Icelandic Seafood brand.

The Viking Acquisition

In December, 2010 High Liner completed the purchase of the business, trade names and equipment of Viking Seafoods, Inc. (herein referred to as the "Viking Acquisition") of Malden Massachusetts, and entered into a 5 year lease for the plant. This acquisition was aligned with our previous strategy of becoming the leader in value-added frozen seafood in the North American market. The Viking Acquisition (then) doubled High Liner's production of value-added products for the U.S. food service distributors' market.

Joint Venture

See section 3.2 for details regarding the Joint Venture.

2.3 Business Strategy

Our vision has changed slightly from last year as in late 2011 we were in the highly unusual situation of having achieved our corporate vision. As such, we changed our vision in 2012 as follows: "To be the leading supplier of frozen seafood in North America".

We are maintaining the focus on seafood in North America, but dropping the "value-added" modifier. Uncoated frozen products make up almost 38% of our product line. However, even though we have dropped "value-added", we will ensure that our raw and cooked uncoated frozen products are differentiated by virtue of some combination of brand, packaging, service and program. This change is not a mandate to become a "one-stop-shop" by increasing the number of species sold, or to become a commodity trader. We have high standards for margins, return on assets managed and return on equity. We will only operate at this level by building on strength and creating new strengths in the future.

We focus on frozen seafood, because we are experts in this category. We focus on North America because we continue to see opportunities for growth in the North American markets, building on our position as a leader in frozen seafood in both Canada and the United States, especially in the food service channel.

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

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

2.4 Growth Strategy

High Liner Foods will pursue growth in two areas:

Growth in Core Markets: We plan to continue to grow our seafood businesses in Canada, the United States and Mexico in traditional retail, club and food service 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 an important growth initiative.

***Acquisition of Frozen Seafood Businesses*:** Although organic growth is an important focus, our strength in the value-added seafood business in North America is an opportunity to acquire other seafood businesses. Our strengths in management, customer relations, marketing, frozen food logistics, new product development, procurement, as well as our robust business systems, all provide the necessary infrastructure and skills to market, sell and distribute frozen seafood throughout North America. The Icelandic USA Acquisition and the Viking Acquisition, represent important milestones in achieving our strategy, as we are the clear market leader in both the retail and food service channels in Canada, and now one of the leading suppliers of frozen seafood in the U.S. food service channel. The acquisitions also strengthened our position in the U.S. food service channel to where we are the leading supplier of value-added frozen seafood products to this important segment.

3. THE BUSINESS

3.1 Product Marketing

Trademarks and Brand Names

High Liner Foods is one of North America's largest marketers of prepared and packaged frozen seafood. We sell products, both directly and through distributors, to North American retail stores, club stores, and through distributors to hotels, restaurants and institutions (such as health care and educational organizations). In Canada, we market the majority of seafood products under a number of proprietary brands including: *High Liner*, *FPI*, *Mirabel* and *Royal Sea* trademarks, and in the United States under the *FPI*, *High Liner*, *Mirabel*, *Sea Cuisine*, *Fisher Boy*, *Viking*, and more recently the *Icelandic Seafood* (under a licensing agreement), *Samband of Iceland, Seastar, and Seaside* trademarks. We also sell products to Mexico under the *Fisher Boy, Sea Cuisine* and *High Liner* trademarks. High Liner Foods produces private label seafood for retailers and food service distributors throughout North America.

High Liner Foods markets a diverse range of frozen products under a variety of trademarks and species, including raw fillets and shellfish, cooked shellfish and value-added products such as sauced, glazed, breaded and battered seafood, breaded cheese sticks, entrees, and breaded chicken. A full listing of "sub- brands" and product names can be located on the corporate website at www.highlinerfoods.com.

In the United States, High Liner has filed two patent applications for processing methods for the *Fire Roasters* and the *Fiesta Fish Crumbles* products.

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

	2012	2011
Canada	33%	44%
United States (including Mexico)	67%	56%

On a pro forma basis for 2011, the Icelandic USA Acquisition would have increased sales in the United States to 69% and Canada would decrease to 31%.

United States

In the U.S., frozen retail seafood including shellfish is the fifth largest category in the retail frozen food market, and accounted for sales of US$3.5 billion in 2012[1], an increase of 3.7% over the previous year due to commodity prices stabilizing. The frozen seafood market can be divided into the breaded and battered segment, the prepared segment and the raw segment. High Liner Foods competes principally in the breaded and battered and the prepared segments in the United States.

Our U.S. subsidiary markets a full range of breaded and battered fish sticks and portions under the *Fisher Boy* brand. It also produces a wide variety of breaded and battered seafood products sold as retail private label brands in United States' supermarkets. In 2012, approximately 39% of our U.S. dollar seafood sales to the retail frozen food market (excluding club stores) were private label products compared to 42% a year ago. This is indicative of the increased distribution of both *Fisher Boy* and *Sea Cuisine* branded products in 2012 and the lack of growth in private label brands. 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.

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

[1] Market share is estimated by IRI® (Information Resources Inc.), which tracks all grocery stores, including Walmart and excluding club stores and deep discounters with sales of U.S. $2.0 million or more and is measured in pounds. The category reported here is for all types of frozen seafood including fish and shellfish, whether breaded or unbreaded, but excludes seafood entrees.

The December 2007 FPI Acquisition added the leading food service business of Fishery Products International, which is one of the top frozen seafood brands to the U.S. food service channel. This business delivers a wide range of seafood products to leading food service operators under the FPI and Mirabel brands in multiple restaurant segments, to broad line food service distributors, and to specialty seafood distributors. This business has a particularly strong track record of product innovation, and we have levered this strength across the North American operations. The Viking and Icelandic USA Acquisition's have increased the production of value-added seafood products for the U.S. food service channel and High Liner is now the largest supplier of these products to this channel. The Icelandic USA Acquisition adds complementary product lines, especially in its industry-recognized beer batter products and its line of premium "Product of Iceland" fillets. In the US market High Liner employs a network of brokers managed by regional managers.

Canada

Our Canadian division markets a full range of frozen fish and seafood items, sold in both retail and food service channels. High Liner's unique strength is in the breadth of products it procures and processes, ranging from raw fish fillets, shrimp and seafood to breaded, battered and prepared fish fillets and shrimp items. These products are marketed under the High Liner, Catch of the Day, Royal Sea and Mirabel brands. The food service business supplies products to restaurants and cafeterias, as well as other institutions while the retail division markets products through supermarkets, mass merchants, drug and club channels. High Liner produces both national branded and private label products. In Canadian retail, frozen seafood (including shellfish), is the second largest category in the retail frozen food market, and accounted for consumer sales of $738 million in 2012, up 5% versus 2011.2 In Canada, High Liner utilizes a direct sales force rather than brokers in virtually all markets.

3.2 Production Facilities

High Liner Foods has processing plants in Lunenburg Nova Scotia, Portsmouth New Hampshire, Malden Massachusetts, and Newport News Virginia, with distribution centres and a sales organization across both Canada and the United States. Significant distribution centres are located in Peabody Massachusetts, Newport New, Virginia, Lunenburg, Nova Scotia, Brampton Ontario and Edmonton Alberta. The Company utilizes a combination of Company-owned and third party-managed cold storage facilities.

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

LOCATION	TYPE OF PRODUCTION	ANNUAL CAPACITY*	CAPACITY UTILIZATION*
Lunenburg, NS	*Prepared Seafood*	40,000,000	81%
Portsmouth, NH	*Prepared Seafood*	72,000,000	95%
Malden, MA**	*Prepared Seafood*	41,000,000	32%
Newport News,VA	*Prepared Seafood*	90,000,000	90%

* In pounds, based on the production of finished pounds, on two shifts of forty hours each for 5 days per week. The above

[2] Nielsen® which tracks Canadian retail sales by channel.

calculations are the theoretical maximum capacity assuming that all product lines are producing at maximum and ignores seasonal differences.
** Leased facility.

The capacities above are based on our current manufacturing profile. We have the ability to increase capacities at Portsmouth to 90 million pounds, Newport News to 95 million pounds and Lunenburg to 50 million pounds by implementing a change in shift patterns, without significant increases in capital expenditures.

China Operations

In early 2010 High Liner Foods entered into a 50% joint venture, HighKan Holdings Limited (HighKan), registered in Hong Kong. The joint venture partner is a supplier who supplies raw material to the venture. HighKan is an 80% shareholder in a Chinese registered company, Dencan Seafood Company Limited (Dencan). Dencan operate a leased primary fish processing facility in China. Dencan procures raw material from the third party joint venture partner and sells the majority of its production to High Liner Foods for sale in the North American market. The products consist principally of raw groundfish fillets. This joint venture was sold to the joint venture partner in February, 2013 and High Liner has entered into a procurement arrangement to continue purchase products from this venture.

As part of the Icelandic USA Acquisition in December 2011, the facilities acquired included a plant in Dalian, China.

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

Closed Facilities

In December 2012 the Burin, Newfoundland facility was closed and production and some equipment were transferred to Lunenburg, NS and Newport News, VA. The facility and remaining unsold equipment have been written down to their net realizable value.

In January 2013 the Danvers, Massachusetts facility was closed and production and some equipment were transferred to Portsmouth, NH and Newport News, VA. The facility and remaining unsold equipment have been written down to their net realizable value. The Company’s U.S. executive, Product Development, supply chain and sales and marketing offices will continue to be located at the Danvers facility until a sale is consummated, at which time it is contemplated that the offices will be moved to premises in the New England area.

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 & safety, transportation of food and labeling. High Liner Foods possesses all necessary licenses and approvals to operate.

The United States requires its seafood processing plants to adopt a quality management food safety system known as HACCP (Hazard Analysis Critical Control Point). Our seafood processing plants in the United States are HACCP approved.

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

All of the Company's non-North American suppliers operate HACCP approved plants and are required to adhere to newly strengthened FDA and CFIA importation requirements centering on food safety and traceability. In addition, High Liner requires all suppliers to obtain an annual third party food safety audit based on the Global Food Safety Initiative. High Liner QA personnel from North America also perform food safety audits on a regular basis. The Company also maintains internal quality specifications that in many respects exceed HACCP or QMP requirements. An example of this would be the company's policy to conduct validation testing for pathogenic bacteria for all shipments of ready to eat products which exceeds all governmental and Industry standards. 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 and employs fourteen full time procurement and quality control 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 three of our Company-owned manufacturing facilities in North America (Portsmouth, Newport News and Lunenburg) are certified to the Global Food Safety Initiative (GFSI) standards. Two have Safe Quality Foods (SQF) certifications, and the third is certified to British Retail Consortium (BRC). The Malden plant (which is leased) is HACCP certified.

3.3 <u>Competitive Conditions</u>

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

Our major competitors in the retail seafood market are national marketers of brand name and generic products, including Nippon Suisan (owning *Gorton's* brand in the U.S. and *BlueWater* in Canada), National Fish and Seafood Incorporated (U.S.), Pinnacle Foods Corporation (owning the *Mrs. Paul's* and *Van de Kamp* brands in the U.S.), Jane's Family Foods Ltd. (Canada), Trident Seafoods Corp. (Canada and U.S.) and Aqua Star (Canada).

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

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

In the Canadian retail frozen seafood market, products sold under the *High Liner* trademark enjoy a dominant market share position. According to ACNielsen®, High Liner Foods held 42.6%[3] of the frozen packaged seafood market for the 52 weeks ended December 15, 2012, up 1.6% from a year ago. The Company's food service business enjoys a leading market position in the processed seafood category in Canada and we are now the leading provider of frozen seafood in this channel.

In the U.S., *Fisher Boy* brand sales are principally breaded products, mostly fish sticks. For the 52 weeks ended December 30, 2012 *Fisher Boy* held 20.9%[4] of the United States' national consumption for fish sticks, up 0.2 share points from 2011. The Company's market share of the total frozen seafood category in the United States is 2.3%[5] for the same 52-week period, down slightly over 2011. *Fisher Boy* is a leading brand of fish sticks at the world's largest retailer. *Fisher Boy* is also a leading brand in Mexico City. In the United States, we are one of the largest suppliers in the frozen value-added seafood sector in the retail segment with approximately 5% market share in prepared seafood and 11% of the breaded category, and we are one of the largest suppliers in the club and food service segments.

High Liner Sea Cuisine accounts for a 4.8%[6] share of the prepared seafood category up slightly over the prior year. This segment is highly fragmented, with no significant leader and Sea Cuisine continues to grow its sales in this segment.

3.4 <u>Components – Procurement of Raw Materials and Finished Goods</u>

High Liner Foods is dependent on its seafood procurement activities. We continue to increase procurement of commodity seafood products, either as raw material or finished goods, and including the Icelandic USA Acquisition, High Liner Foods' procurement team purchases approximately 215 million pounds of seafood annually with an approximate value of US$600 million from 20 different countries.

The major species we procure account for approximately 82% of our total dollar purchases are. These species are as follows:

[3] Nielsen® which tracks Canadian retail sales by channel.

[4] Market share is estimated by IRI® which tracks all grocery stores, including Walmart and excluding club stores and deep discounters with sales of US$2.0 million or more and is measured in pounds. The category reported here are fish sticks.

[5] Market share is estimated by IRI® which tracks all grocery stores, including Walmart and excluding club stores and deep discounters with sales of US$2.0 million or more and is measured in pounds. The category reported here is for all types of frozen seafood including fish and shellfish, whether breaded or un-breaded, but excludes seafood entrees.

[6] Market share is estimated by IRI® which tracks all grocery stores, including Walmart and excluding club stores and deep discounters with sales of US$2.0 million or more and is measured in pounds. The category reported here is prepared seafood.

Cod	24.7%
Alaskan Pollock	14.5%
Shrimp	14.0%
Haddock	11.4%
Tilapia	9.1%
Salmon	8.1%
Top 6 as a percent of total $ purchases	81.8%

The Icelandic USA Acquisition, with its procurement operations in Asia, has strengthened the Company's procurement activities. It added approximately 60 million pounds of procurement worth $185 million, provides the Company with a facility in Dalian for the processing of groundfish, and an office in Thailand that overseas our aquaculture activities in Southern Asia. It also provides access to a supply of product from Iceland which will allow the Company to expand the distribution of this product in the marketplace. Icelandic has traditionally been strong in haddock, cod and pollock procurement and this compliments the existing procurement base of High Liner Foods.

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

Our foreign representative offices in Qingdao, China, and Bangkok, Thailand, employ procurement and quality control staff to oversee our procurement activities in Asia. High Liner Foods' North American quality personnel also travel to China 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 are no futures markets for seafood where forward purchases can be hedged. Therefore our strategy is to build long-term relationships with seafood suppliers and most of our existing suppliers have worked with us for many years. We enter into agreements of up to one year in duration with these suppliers. These agreements can cover both price and quantity, but often provide for quantities only, with price determined by the market at the time of shipment or on a quarterly basis. Substantially all purchases are in U.S. dollars. From time to time, depending upon market conditions, we take inventory positions to ensure that we have sufficient raw materials at acceptable costs. High Liner is an important customer to most of its suppliers, and as a result of the Icelandic Acquisition, we are the largest buyer of cod and haddock in the world.

The long-term global demand for fish and seafood continues to grow. The catch of wild fish has stabilized at around 90 million tonnes, which represents approximately 60% of the total supply, while aquaculture continues to increase – see Exhibit 1. Exhibit 2 indicates catches of the 10 most important wild groundfish species, as reported by the FAO[7] in 2012 along with estimates of panelists delivered at the 2012 Groundfish Forum, an industry group that meets once a year to discuss the world seafood industry. These groundfish species are very important to the Company's ongoing supply. There have been encouraging increases in quotas in many fisheries including Barents Sea cod and haddock, Russian Alaska pollock, New Zealand hoki and Baltic Sea cod. Most of these fisheries have been managed cautiously for many years. The quota increases demonstrate a return to healthy stock levels in many of these fisheries.

High Liner Foods has made a commitment 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 will require wild-caught seafood and farmed products to either come from fisheries and aquaculture processors certified as sustainable or require those suppliers not certified to be on a clear, defined path toward being sustainable and capable of documenting measurable improvements. High Liner Foods will collaborate with its NGO partner, the Sustainable Fisheries Partnership, to achieve these objectives. At the end of 2012, 70% of the Company's product sourced from wild fish was from MSC certified fisheries and close to 100% of aquaculture product came from BAP certified processors.

[7] Food & Agriculture Organization of the United Nations.

Exhibit 1
Global Overview: Total Catches

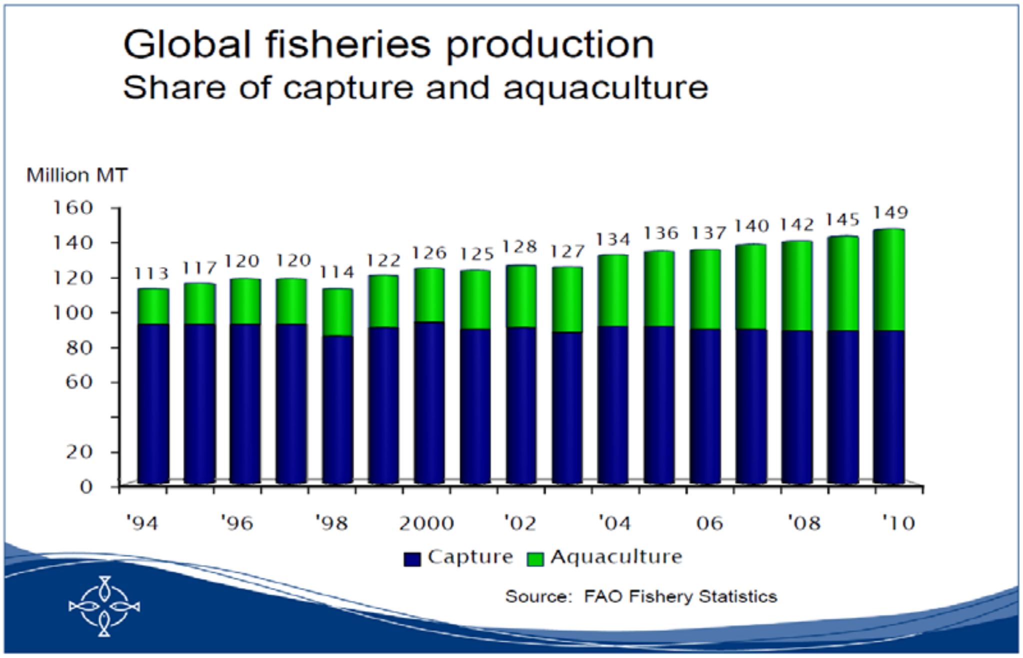
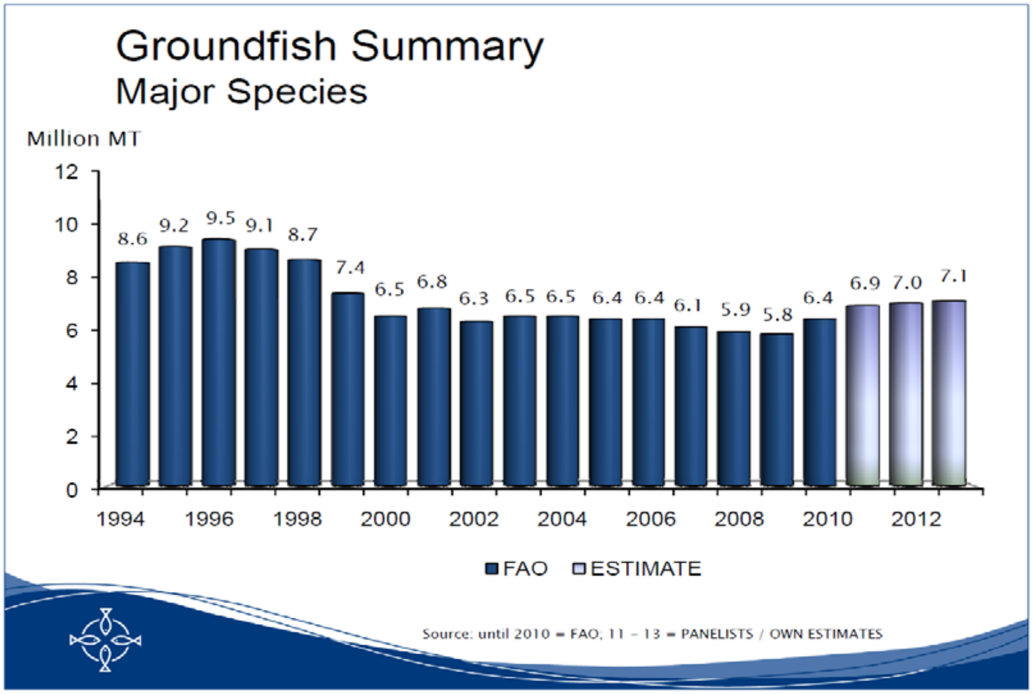


Exhibit 2
Global Groundfish Summary
Major Species



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

The total supply of seafood continues to increase because of significant increases in aquaculture. Globally, there has been considerable development in the aquaculture industry both in finfish and mollusk 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 continue to expand shrimp, tilapia and pangasius sales and investigate the feasibility and profitability of using more aquaculture species.

Despite procuring aquaculture products, the vast majority of our seafood product sales are from wild caught fish. Aquaculture accounted for 22% of our sales in 2012.

For a detailed description of the risks associated with commodity prices and currency fluctuations in relation to procurement of raw materials, refer to the Management's Discussion & Analysis for the year ended December 29, 2012.

3.5 Seasonality

High Liner Foods' operating results by quarter fluctuate throughout the year. A detailed discussion as to how seasonality affects the company's operations can be found in the Management's Discussion & Analysis for the year ended December 29, 2012.

A summary of sales, income from operations, and net income for both total and on a per-share basis, for the eight most recently completed quarters ending December 29, 2012, is provided in the Management's Discussion & Analysis for the year ended December 29, 2012.

3.6 Employees

At December 29, 2012, the operations of High Liner Foods involve 1,652 active permanent employees as follows:

	Total
Salary	570
Hourly	1,082
Total	1,652

Employees by county are: 425 Canada, 818 USA, 399 China, 8 Thailand, and 2 in Iceland. High Liner Foods has approximately 180 unionized employees in its Lunenburg facility who are represented by the Canadian Auto Workers union. The Lunenburg collective agreement has an expiry date of December 2014. We believe we have good relations with our unionized employees and anticipate no disruptions in operations in 2013. The hourly workers in Portsmouth, Malden, Newport News, and Dalian are not unionized.

The number of employees dropped significantly from the December 31, 2011 numbers due to the salaried synergies being achieved on the Icelandic USA integration and the closure of two plants, in Danvers, MA and Burin, NL.

3.7 Effect of Volatility of Canadian Dollar

During the 2012 fiscal year, the Company changed its presentation currency from Canadian dollars to U.S. dollars (USD), effective retrospectively to January 3, 2010. In management's view, the U.S presentation currency better reflects the Company's business activities and improves investor's ability to compare the Company's financial results with other publicly traded businesses in the packaged foods industry and should result in less volatility in sales, earnings and on the balance sheet, as a large part of our financial statement items are functional USD or are influenced by USD commodities. Over the period 2010 to 2012 the average annual U.S. / Canada exchange rate has been less volatile then in previous periods. The chart below shows the rate used to translate our Canadian operations to USD in the annual financial statements.

U.S. / Canada	**2012**	**2011**	**2010**
Balance Sheet Rate – Year End	1.0048	0.9833	1.0054
Income Statement – Average Year	1.0004	1.0110	0.9709
Percent Change – Year End / Average Year	2.2% / -1.0%	-2.2% / 4.1%	5.2% / 10.7%

Approximately two thirds of our operations and assets are denominated in United States dollars. The Canadian company's inventory balances are influenced by USD-priced commodities prices. Most of our debt is denominated in USD and as such our bank covenants are measured in USD. As such, foreign currency fluctuations affect the reported values of individual lines on our balance sheet and income statement. Reporting in USD will greatly reduce the volatility of currency changes. However, when the United States dollar strengthens (weakening Canadian currency), the reported values of our Canadian operations will decrease and the opposite occurs when the United States dollar weakens. Canadian-dollar denominated items in the Canadian 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. A more complete description of the impact of foreign exchange on the Company is included in the 2012 Management Discussion & Analysis.

The table below shows Company sales assuming a constant exchange rate of par (that is in their own domestic currencies) between the U.S. and Canadian dollar, and calculates the growth in sales in domestic currency.

	2012	2011	2010
($000s)			
Sales as reported	**942,631**	**675,539**	**567,572**
Less foreign exchange effect	(283)	(3,246)	8,168
Sales in domestic currency	**942,348**	**672,293**	**575,740**
Growth excluding FX effects	40.7%	16.8%	-1.4%
Average FX rate (US/Cdn)	1.0004	1.0110	0.9709
Average FX rate (Cdn/US)	0.9996	0.9891	1.0300

3.8 Social and Environmental Policies

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

In the United States, state labour laws and the federal Occupational Safety & Health Act (OSHA) regulate how work must be conducted in our Portsmouth, Newport News and Malden 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 facility. These safety committees report to the Corporate Safety Steering Committee which in turn reports to the Human Resource and Corporate Governance Committee of the Board. A corporate Safety Policy is in place to ensure a safe workplace for all High Liner employees. This policy is renewed annually by the Chief Executive Officer. At each facility safety policies are in place 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 designed to ensure that we meet or exceed the requirements of the federal, provincial, state, municipal and local environmental laws and requirements in both Canada and the United States. A risk of environmental impact is inherent in food processing operations, activities associated with such operations, and the ownership, management or control of real estate. However, our Policy and internal management ensures this risk is managed in accordance with diligent practices.

Our plants contain substantial freezing equipment, all of which utilize ammonia systems. Any release of ammonia in the operation of this equipment would result in environmental hazard and remediation requirements, and therefore maintenance of the 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 and Newport News plants operate computerized maintenance management systems. These PC-enabled programs allow our maintenance teams to closely monitor and manage both preventative maintenance and work orders at our facilities.

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

(a) to review and report to the Board on the Company's compliance with all environmental and safety regulations and laws in the areas where it carries on business;

(b) to assist management in developing action plans to deal with environmental and safety issues; and

(c) to monitor management's progress at rectifying any situations identified as potential risks.

The Company's Board of Directors, through the Human Resource and Corporate Governance Committee, 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 2013.

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 Hazard Analysis of Critical Control Point and Quality Management Plan, and with our own high quality specifications. As well, suppliers must accept our Supplier Code of Conduct, which requires compliance with local laws and ethical business practices. We employ qualified individuals and retain external consultants to audit suppliers for compliance.

4. RISK FACTORS

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 include: (i) industry consolidation; (ii) increase in seafood production from Asia; (iii) global seafood supply and aquaculture; (iv) costs and selling prices for seafood raw materials and finished goods; and (vi) costs of commodity products, other than seafood. Details on these risk factors 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 Management's Discussion and Analysis ("MD&A") for the fiscal year ended December 29, 2012 under the heading "Risk Factors", 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. The implementation of this policy reflected our confidence in the future as we focus on growing our business. A dividend of $0.0625 per common and non-voting equity share was paid in the first and second quarter of 2009, and this dividend was increased in the third quarter of 2009 to $0.07 and in the fourth quarter to $0.075 per share. The quarterly dividend was increased to $0.085 per share at the Company's annual meeting on May 11, 2010, payable June 15, 2010. The quarterly dividend was increased to $0.09 per common and non-voting equity share for the first quarter of 2011 and then increased again to $0.10 per share for the second to fourth quarters of 2011 and the first and second quarters of 2012. The quarterly dividend was then increased to $0.11 per common and non-voting equity share for the third and fourth quarters of 2012. On February 20, 2013, the Directors approved a quarterly dividend of $0.15 per share on the Company's common shares payable on March 15, 2013 to holders of record on March 1, 2013.

In determining the level of dividends paid, the directors consider the relative yield on High Liner Foods' stock compared to its industry peers as well as the percent of expected annual net income being distributed by way of a dividend. A payout of between 33% and 40% of trailing earnings per share is targeted, but no set policy exists. Financial covenants on debt, new business development, expected acquisition activity or unusually high capital expenditures may also affect the amount of the dividend. Debt arrangements, negotiated as a result of the financing of the Icelandic USA Acquisition, as amended, contain provisions that dividends can continue to be paid as long as the company meets certain financial targets as anticipated. Currently, if not in default of its obligations, the Company must maintain average aggregate availability under its revolving working capital facility in excess of $22.5 million. Pursuant to the previously-announced 2013 amendments to the Term Loan, dividends and share buy-backs (e.g. under a normal course issuer bid) are generally permitted up to the greater of (a) $15.5 million, and (b) (provided our total leverage ratio is lower than 4.5x) the cumulative retained excess cash flow not applied to prepay the Term Loan. The amount required to prepay the Term Loan is reduced with the leverage ratio (i.e. 50% of excess cash if leverage ratio is 3.5x or greater, 25% of excess cash if leverage ratio is between 3.0x and 3.5x, and 0% if leverage ratio is less than 3x). The 'basket' will therefore accrue amounts (which can generally be used for dividends, capital expenditures, etc. in excess of the (otherwise) permitted amounts) to the extent excess cash flow is not required for prepayments on the Term Loan. The Term Loan (and amendments) can be reviewed at www.sedar.com.

The following table outlines the dividends per share paid over the three previous fiscal years:

Dividend Record Date	Per Common and Non-Voting Equity Share
December 1, 2012	$0.11
September 1, 2012	$0.11
June 1, 2012	$0.10
March 1, 2012	$0.10
December 1, 2011	$0.10
September 1, 2011	$0.10
June 1, 2011	$0.10
March 1, 2011	$0.09
December 1, 2010	$0.0850
September 1, 2010	$0.0850
June 1, 2010	$0.0850
March 1, 2010	$0.0750

6. CAPITAL STRUCTURE

The only listed shares of the Company outstanding at December 29, 2012 are the common shares which are listed on the 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 Toronto Stock Exchange.

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 16 to the Financial Statements for the year ended December 29, 2012.

7. MARKET FOR SECURITIES

High Liner Foods' common shares are listed for trading on The Toronto Stock Exchange under the symbol "HLF". Non-voting equity shares were listed for the period January 1, 2012 through to December 17, 2012 and redeemed and de-listed as noted above. During 2012, the common shares traded between $16.00 and $32.00 and the non-voting equity shares traded between $14.95 and $31.20. As of the last trade date at year end, the common shares closed at $31.00, and the non-voting equity shares were no longer listed for trading on the Toronto Stock Exchange. The charts below identify the price ranges and volumes by month for our last fiscal year.

HLF Common Shares					
Month	High	Low	Close	Average Volume	Total Volume
Dec-12	$ 32.00	$ 27.62	$ 31.00	13,246	304,666
Nov-12	$ 27.83	$ 24.15	$ 27.19	12,396	247,923
Oct-12	$ 24.45	$ 23.68	$ 24.17	6,966	132,362
Sep-12	$ 24.10	$ 19.95	$ 23.70	8,894	213,447
Aug-12	$ 20.59	$ 19.03	$ 20.20	5,889	111,883
Jul-12	$ 20.28	$ 18.82	$ 19.16	2,018	38,345
Jun-12	$ 20.84	$ 19.85	$ 20.00	9,875	246,879
May-12	$ 21.10	$ 19.30	$ 20.60	7,745	147,161
Apr-12	$ 20.07	$ 18.10	$ 20.07	69,415	1,318,881
Mar-12	$ 18.99	$ 17.65	$ 18.77	9,079	226,971
Feb-12	$ 19.00	$ 17.56	$ 18.80	16,867	320,474
Jan-12	$ 18.25	$ 16.00	$ 17.76	6,158	123,163

HLF.A Non-Voting Common Shares					
Month	High	Low	Close	Average Volume	Total Volume
Dec-12	$ 31.20	$ 27.42	$ 31.20	76	1,215
Nov-12	$ 27.42	$ 22.33	$ 27.42	4,697	93,936
Oct-12	$ 22.33	$ 20.00	$ 22.33	53	1,000
Sep-12	$ 21.01	$ 17.75	$ 20.00	25	600
Aug-12	$ 17.75	$ 16.50	$ 17.75	16	300
Jul-12	$ 16.68	$ 16.49	$ 16.50	68	1,300
Jun-12	$ 18.15	$ 16.68	$ 16.68	1,437	35,937
May-12	$ 18.47	$ 18.00	$ 18.00	87	1,650
Apr-12	$ 16.89	$ 16.79	$ 16.79	47	900
Mar-12	$ 18.00	$ 16.58	$ 16.79	51	1,270
Feb-12	$ 18.00	$ 14.00	$ 16.58	126	2,400
Jan-12	$ 15.80	$ 14.95	$ 15.80	47	900

8. DIRECTORS AND OFFICERS

8.1 Directors

The names, residence, occupations, and committees of the Directors of High Liner Foods as of December 29, 2012 were as follows:

Name, Residence and Tenure	Office	Principal Occupation [1]	Committees
L.A Bebo Hartland WI, U.S.A. Director since 2010	Director	Was President and CEO of Assisted Living Concepts, Inc. from 2006 – 2012. Ms. Bebo is currently a Business Management Consultant.	HRCG Committee
Derek H. L. Buntain Grand Cayman, B.W.I. Cayman Islands Director since 2006	Director	Mr. Buntain is the President of The Dundee Merchant Bank, a financial services institution serving the offshore mutual and hedge fund industries and operating a merchant banking portfolio and a director of several listed companies.	Chairman, HRCG Committee Executive Committee

Name, Residence and Tenure	Office	Principal Occupation [1]	Committees
James G. Covelluzzi Malden, MA, U.S.A Director since 2011	Director	Mr. Covelluzzi is president and co-owner of Crystal Cold Storage and Warehousing Inc., and Pier 17 Realty Trust Inc. Principal in Maplewood Ventures LLC and an investor in several private companies. Former CEO of Viking Seafoods Inc. until its sale to High Liner in December 2010.	HRCG Committee
Henry E. Demone Lunenburg, NS, Canada Director since 1989	Director	Mr. Demone is the President and Chief Executive Officer of High Liner Foods	Executive Committee
Robert P. Dexter, Q.C. Halifax, NS, Canada Director since 1992	Director	Mr. Dexter is the Chairman and Chief Executive Officer of Maritime Travel Inc., operating 98 travel shops in Canada under the names “Maritime Travel” and “LeGrows Travel”.	Chairman, Audit Committee Executive Committee
David J. Hennigar Bedford, NS, Canada Director since 1984	Director	Mr. Hennigar is the Chairman of High Liner Foods, Assisted Living Concepts Inc. and Annapolis Group Inc. He is a Chairman and CEO of Thornridge Holdings Limited, the holder of 38.1% of High Liner’s common shares, and other public and private companies. He is also an investment advisor at Altus Securities Inc.	Chairman of the Board Executive Committee
Matthew R. Hennigar Bedford, NS, Canada Director Since 2012	Director	Mr. Hennigar is co-founder of Aroi Mortgage Investment Corporation Inc. and President of Millroi Construction Services Inc. Director of Thornridge Holdings Limited, a major shareholder of High Liner.	Audit Committee
Shelly L. Jamieson Toronto, ON, Canada Director Since 2012	Director	Ms. Jamieson is the CEO of the Canadian Partnership Against Cancer, a federally funded organization created to accelerate action on cancer controls for Canadians. Formerly Ontario’s highest-ranking civil servant as Secretary of Cabinet and Head of the Ontario Public Service. Previously was Ontario’s Deputy Minister of Transportation, President of Extendicare (Canada) Inc., and Executive Director of the Ontario Nursing Home Association.	Member of the Board
J. Thomas MacQuarrie, Q.C. Halifax, NS, Canada Director since 1985	Director	Mr. MacQuarrie is a senior partner of Stewart McKelvey, an Atlantic Canada law firm.	HRCG Committee Executive Committee
R. Andy Miller St. John’s, NL, Canada Director Since 2012	Director	President and Board member of Baader Johnson Food Equipment based out of Kansas City. President of Andy Miller Consulting in St. John’s, Newfoundland. Board member of Baader North America Corp., Baader-	Audit Committee

Name, Residence and Tenure	Office	Principal Occupation [1]	Committees
		Linco Food Systems Inc., and the Canadian Centre for Fisheries Innovation.	
Robert L. Pace Halifax, NS, Canada Director since 1998	Director	Mr. Pace is the President and Chief Executive Officer of The Pace Group Limited, a private holding company. He is Chairman of Maritime Broadcasting System, owner and operator of 24 radio stations in the Maritimes.	HRCG Committee
Robert E. Shea Boston, MA, U.S.A Director since 1982	Director	Mr. Shea is Chairman and President of Shea Financial Group Inc., a holding company.	Audit Committee
Stanley W. L. Spavold, C.A. Halifax, NS, Canada Director since 2008	Director	Mr. Spavold is Executive Vice President of Clearwater Fine Foods Incorporated.	Audit Committee

1. This reflects the principal occupations held by each director in the last five years, unless otherwise disclosed, with the exception of Mr. David J. Hennigar, who prior to being appointed as Chairman and CEO of Thornridge Holdings Limited in 2010, was a Director of Scotia Investments Limited.

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 7, 2013, and 11 incumbents have been nominated for re-election.

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:

- Kelly L. Nelson, Executive Vice President & Chief Financial Officer, Mader's Cove, Nova Scotia, Canada.
- Mario Marino, President and Chief Operating Officer Canadian Operations, Woodbridge, Ontario, Canada. Prior to 2008, Mr. Marino was Vice President and Chief Operating Officer Canadian Operations.
- Keith Decker, President and Chief Operating Officer, High Liner Foods (USA), Incorporated, Exeter, New Hampshire, U.S.A. Prior to joining High Liner Foods in 2007 as part of the FPI Acquisition, Mr. Decker served as Director of Commodity Sales and Vice-President of Sales and Executive Vice President of Sales and Marketing of Fishery Products International, Inc. and then as President and Chief Operating Officer of FPI.
- Paul Snow, Executive Vice President Global Procurement, Pleasantville, Nova Scotia, Canada.

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

As of December 29, 2012, 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 709,826 or approximately 4.7 percent of those issued and outstanding. In addition, Matthew Hennigar is Director and David Hennigar is Chairman and CEO of Thornridge Holdings Limited which holds 38.1 percent of those issued and outstanding.

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:

(d) was subject to an order (as defined in Form 51-102 F2 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: 1) Mr. David Hennigar who (A) 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; (B) 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; (C) 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; (D) 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; and, 2) Mr. J. Thomas MacQuarrie who 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.

(e) 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. 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 other than as follows. Under a settlement agreement between staff of the Nova Scotia Securities Commission and Mario Marino dated November 19, 2008, Mr. Marino paid an administrative penalty of $10,000 and costs of $5,000 and undertook training relating to this role and responsibility as an officer of a reporting issuer. The settlement related to unintentional violations of insider reporting and insider trading requirements in connection with the sale of 1,400 common shares of the Company in January 2006 that were acquired on the exercise of expiring options.

9. AUDIT COMMITTEE INFORMATION

9.1 <u>Audit Committee Charter</u>

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

9.2 Composition of the Audit Committee

The Audit Committee of High Liner Foods has five members: R.P. Dexter, Q.C. (Chairman), M.R. Hennigar, R.A. Miller, R.E. Shea, and S.W.L. Spavold.

Each member of the Audit Committee is both independent and financially literate[10]. For full biographies of these Directors, please see the Management Information Circular for the Annual General Meeting of shareholders to be held on May 7, 2013. The Human Resources & Corporate Governance Committee of the Board determines whether each Director is independent. See the full discussion on independence in the Management Information Circular for the Annual General Meeting of shareholders to be held on May 7, 2013.

9.3 Relevant Education and Experience of Audit Committee Members

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

Mr. Robert P. Dexter, Q.C., Chairman of the Audit Committee is the Chairman and Chief Executive Officer of one of Canada's 50 Best Managed Companies, Maritime Travel Inc., (selected thirteen consecutive years by the National Post newspaper, achieving platinum status the past seven years), which operates 98 travel stores across Canada. Maritime Travel Inc. was also named as one of the 20 Top Best Small and Medium Employers in Canada for 2007, according to a study commissioned by the Report on Business Magazine of the Globe and Mail newspaper. Mr. Dexter is also a director of other major Canadian companies, including Empire Company Limited, Bell Aliant Inc., and Wajax Corporation. Mr. Dexter was appointed Chairman of Empire Company Limited in 2004 and Sobeys Inc. in 2007. He is a member of the Audit and Governance, Management Resources and Compensation Committees of Bell Aliant Inc.

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

Mr. S. Spavold is Executive Vice President of Clearwater Fine Foods Incorporated, a private holding company with significant investments in Clearwater Seafoods Incorporated, a publicly traded shellfish harvester and processor, and Columbus International Inc., a telecommunications company serving the Caribbean. Mr. Spavold also serves on the board of FP Resources Limited. Mr. Spavold has been a Chartered Accountant for over 25 years serving in public practice and formerly as Vice President Finance of McCain Foods Limited.

Mr. Mathew Hennigar is Vice-President and co-founder of Aroi Mortgage Investment Corporation and President of Millroi Construction Services Inc. Formerly a Director and Audit Committee member of Scotia Investments Limited. Mr. Hennigar Chairs the Compensation Committee and

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

serves as a Director of Thornridge Holdings Limited, and sits on the Advisory Board of Envirosystems Incorporated.

Mr. R. Andy Miller is President Baader-Johnson Food Equipment and has been associated with the Baader Group for over 26 years. Mr. Miller 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. Mr. Miller holds a Bachelor of Science with a major in mathematics as well as a Bachelor of Education from Memorial University.

9.4 Audit Fees

Ernst & Young LLP is the Company's auditing firm. Fees payable for the years ended December 29, 2012 and December 31, 2011 to Ernst & Young LLP are $1,034,350 and $1,151,956 respectively. Fees payable to Ernst & Young LLP and its affiliates in 2012 and 2011 are detailed below.

	2012	**2011**
Audit fees	$534,400	$369,420
Audit-related fees	$92,425	$69,792
Tax fees	$407,525	$712,744
	$1,034,350	**$1,151,956**

The nature of each category of fees is described below.

Audit fees

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

Audit-related fees

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

- Accounting consultations in connection with various issues including changing our presentation currency to USD, debt modification discussions, and the audit of the Icelandic Purchase Price Allocation ; and
- Two special audit reports on the Burin plant production shortfall for the province of Newfoundland and Labrador;

Tax fees

Tax fees were paid for tax compliance services including the review of original and amended tax returns and assistance with questions regarding tax audits and dealing with various tax authorities. Additional fees were paid for assistance in setting up a tax efficient structure for the financing of the Icelandic USA Acquisition and other tax planning

The Audit Committee approves all non-audit service fees for services provided by the Company's auditors. During the three years 2010 – 2012 an accounting firm other than Ernst & Young was also engaged to assist the Company with due diligence, integration support services, purchase price allocation issues in connection with the Viking Acquisition and the Icelandic USA Acquisition, goodwill impairment valuations, acquisition investigation counselling, the audit of the Business Acquisition Report for the Icelandic (USA) Acquisition and advice on the CEO/CFO certification process.

10. TRANSFER AGENTS

Canadian Stock Transfer Company Inc., as administrative agent for CIBC Mellon Trust Company, is High Liner Foods' transfer agent and registrar with respect to common shares and non-voting equity shares of the Company. The register of the transfers for common shares is kept at Halifax, Nova Scotia. Their address is:

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

11. MATERIAL CONTRACTS

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

(a) ***Voting and Standstill Agreement dated December 20, 2007.*** The common shares issued by High Liner Foods in the FPI Acquisition are subject to a Voting and Standstill Agreement among High Liner Foods, FPI Limited, Fishery Products International Limited, John Risley, Graham Roome, Clearwater Fine Foods Incorporated, Clearwater Seafoods Income Fund, Glitnir banki hf, Icelandic Group Plc. and Sanford Limited. Under this agreement the parties have agreed with High Liner Foods that they and their controlled affiliates will for five years be restricted from taking certain actions in respect of High Liner Foods' shares. Such restrictions include: acquiring additional shares other than in limited circumstances; disposing of shares where the transferee would hold in excess of 10% of the total voting securities of High Liner Foods, except with the approval of the High Liner Foods Board of Directors or the execution by such transferee of the Voting and Standstill Agreement; participating in a partnership, limited partnership, syndicate or other group or a voting trust with respect to the High Liner Foods shares; soliciting proxies or seeking to advise or influence any person with respect to acquisition, disposition or holding of High Liner Foods shares or the voting of any High Liner Foods shares, other than to recommend that persons vote in favour of any matter recommended by the High Liner Foods Board; commencing or announcing an intention to commence a takeover bid or making, announcing any intention or desire to make, or facilitate the making of, any proposal or bid with respect to the acquisition of any substantial portion of the assets of High Liner Foods or of the assets or stock of any of its subsidiaries or of all or any portion of the outstanding High Liner Foods shares, or any merger, consolidation, other business combination, restructuring, recapitalization or liquidation involving High Liner Foods or any of its subsidiaries.

Should High Liner Foods raise capital by the issuance of securities during the term of the Voting and Standstill Agreement, each party shall have a pre-emptive right to subscribe for its proportionate share of such newly issued securities in order to avoid dilution of its existing percentage interest of the equity shares of High Liner Foods. This agreement expired December 20, 2012.

(b) ***Acquisition of Icelandic Group's U.S. and Asian Operations dated December 29, 2011.*** On December 19, 2011, High Liner completed the acquisition of Icelandic Group's U.S. and Asian operations as previously announced on November 17, 2011, one of the largest suppliers of value-added seafood to the U.S. food service market. The adjusted purchase price was US$232.7 million. In addition, High Liner paid working capital adjustments net of cash balances of US$13 million reflecting the seasonally high working capital levels at the time of the closing of the transaction.

(c) High Liner Foods entered into the following financing arrangements on December 19, 2011, with amendments in February 2013 which replaced its existing term and working capital facilities:

(i) A five year US$180 million working capital facility entered into with Royal Bank of Canada as Administrative and Collateral Agent expiring December 19, 2016 (the "facility"). 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 BAs at interest rates and spreads that depend on leverage, defined as Funded Debt to EBITDA. The Company must maintain excess availability under the line of at least $22.5 million at all times. In certain circumstances the Company must also maintain fixed charge coverage of 1.1 to 1. 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. This facility allows the Company to borrow Canadian dollar Prime Rate loans and U.S. Base Rate loans in U.S. dollars at Prime or Base Rate plus 0.00% to 1.00%; Bankers' Acceptances (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. The rate of interest charged on borrowings depends on a financial leverage ratio. As previously announced, amendments on February 8, 2013 changed interest rates on the facility to be based an availability on the line rather than a leverage test and reduced interest rates. This facility now allows the Company to borrow Canadian dollar Prime Rate loans and U.S. Base Rate loans in U.S. dollars at Prime or Base Rate plus 0.00% to 0.75%; Bankers' Acceptances (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 December 19, 2011 the Company secured a $250 million long-term loan, where the proceeds from this loan were used to repay the existing notes payable. 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 23 consecutive quarterly instalments, with the unpaid balance due in full on December 19, 2017. The agreement includes financial covenant requirements of minimum interest coverage ratio, maximum total leverage ratio, and maximum capital expenditures. As previously announced, 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.

12. ADDITIONAL INFORMATION

Further information, including additional copies of this Annual Information Form, the comparative consolidated financial statements and accompanying report of the auditor, the most recent interim financial statements and the Management Information Circular for the Company's Annual General Meeting to be held on May 10, 2012, 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, Nova Scotia, B0J 2C0. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and options to purchase securities, is contained in the Company's Management Information Circular, and additional financial information is provided in the Company's consolidated financial statements and Management's Discussion & Analysis for the year ended December 29, 2012. All additional information referred to in this AIF may also be found on SEDAR at www.sedar.com.

13. FORWARD-LOOKING INFORMATION

This Annual Information Form 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 the Company's business in general are based on a number of factors and assumptions including, but not limited to: the condition of the Canadian and United States economies; the rate of exchange of the Canadian dollar to the U.S. dollar; our ability to attract and retain customers; our operating costs and the availability and prices of raw materials, energy and supplies; product pricing; the availability of insurance; the competitive environment and related market conditions; improvement of operating efficiencies; continued access to capital; the cost of compliance with environmental and health standards; 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 strategies, business prospects and the anticipated growth in the U.S. foodservice operations as a result of the Icelandic USA Acquisition; expectations with regards to planned growth, 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 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", "believe", "plan", "expect", "intend", "anticipate", "estimate", "foresee", "objective" 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 "Risks and Uncertainties" section of the Management's Discussion and Analysis included in the Company's 2012 Annual Report. 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 U.S. / Canadian exchange rate; competitive developments including increase in overseas seafood production and industry consolidation; availability and price of seafood raw materials and finished goods; costs of commodity products and other production inputs; potential increases in maintenance and operating costs; shifts in market demands for seafood; changes in laws and regulations, including environmental and regulatory laws; technology changes with respect to production and other equipment and software programs; supplier fulfillment of contractual agreements and obligations; 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 legislation, 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.

Appendix – Audit Committee Charter

Composition

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

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

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

Purpose

4. The Committee shall assist the Board of Directors in fulfilling its oversight responsibilities for:

   (a) The integrity of the Company's financial statements;
   (b) The Company's compliance with legal and regulatory requirements;
   (c) The Company's risk management structure and performance;
   (d) The external auditor's qualifications and independence; and
   (e) The performance of the Company's internal audit function and external auditors.

Authority

5. The Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

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

Meetings

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

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

8. The Committee shall meet privately with the external auditors at every meeting and with the Director of 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 judgment 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.

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.

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