ANNUAL INFORMATION FORM

For the fifty-two weeks ended December 29, 2018

(All amounts are in United States dollars unless otherwise stated)

February 27, 2019

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Unless the context otherwise requires, references in this Annual Information Form ("AIF") to the "Company", "High Liner", or "High Liner Foods" include High Liner Foods Incorporated and its subsidiaries. References to "Fiscal 2018" is to the fifty-two weeks ended December 29, 2018, "Fiscal 2017" is to the fifty-two weeks ended December 30, 2017 and "Fiscal 2016" is to the fifty-two weeks ended December 31, 2016. All amounts are in United States dollars, unless otherwise noted.

1. CORPORATE STRUCTURE

1.1 Name, Address and Incorporation

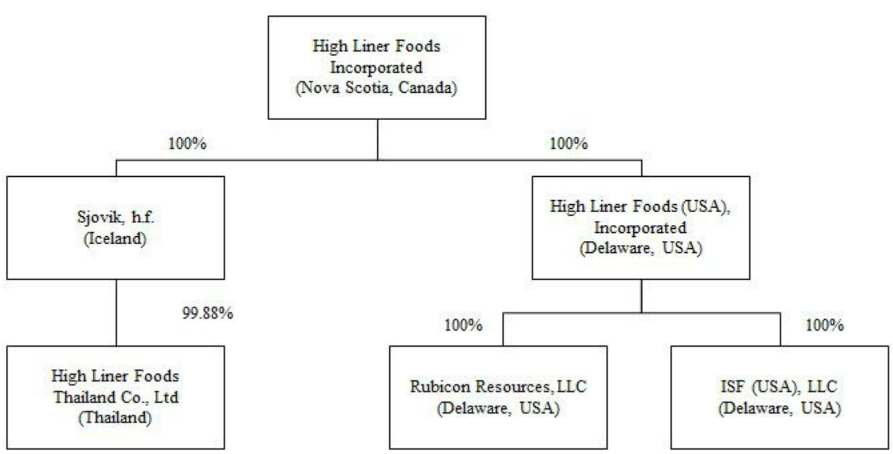
High Liner Foods Incorporated is a Nova Scotia ("NS") company amalgamated under the *Companies Act* of Nova Scotia. Its registered office is at 100 Battery Point, P.O. Box 910, Lunenburg, NS, Canada, B0J 2C0.

The Company's 119-year history began in 1899 with the founding of W.C. Smith & Company Limited, a ship chandlery and salt fish operation located in Lunenburg, NS. In 1926, the same group of shareholders diversified into fresh fish and cold storage and formed Lunenburg Sea Products Limited and conceived the ***High Liner*** brand. In 1938, these two companies merged, and in 1945, the merged companies, along with Maritime National Fish Company Limited of Halifax and other related companies, were brought together under the ownership of National Sea Products Limited. The present company was formed in 1967 when these related companies were amalgamated and on December 31, 1998, the Company's name was changed to High Liner Foods Incorporated.

1.2 Inter-Corporate Relationships

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

The following organizational chart illustrates the corporate structure of the Company and its significant subsidiaries, and their respective jurisdictions of incorporation.



High Liner Foods (USA), Incorporated's wholly owned subsidiaries include: ISF (USA), LLC; and Rubicon Resources, LLC. In addition, the Company owns Sjovik, h.f. and its subsidiary in Thailand, through which product is procured for High Liner Foods.

The Company's Canadian retail and foodservice businesses are headquartered in Toronto, Ontario, with a food-processing plant in Lunenburg, NS. These businesses manufacture and distribute frozen seafood throughout Canada.

The Company's United States ("U.S.") retail and foodservice businesses are headquartered in Portsmouth, NH, with facilities operating in Peabody, Massachusetts ("MA"); Portsmouth, NH; and Newport News, Virginia ("VA"). These businesses manufacture and distribute frozen seafood throughout the U.S..

2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Company Overview

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

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

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

2.2 Three Year History

We have made six acquisitions since late 2007, all of which were aligned with the Company's acquisition criteria. Target businesses must be principally selling frozen seafood in North America and we must be able to achieve synergies upon integrating these businesses into ours as a result of leveraging some combination of our existing leading brands, customer relationships, procurement relationships, manufacturing facilities, business systems and our expertise in marketing, frozen food logistics and product development. These six acquisitions positioned High Liner Foods as the North American leader in value-added frozen seafood, the clear market leader in both retail and foodservice channels in Canada, and a leading supplier of value-added (including private-label) frozen seafood products in retail and foodservice channels in the U.S.

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[1] In December 2011, as part of the acquisition of the U.S. subsidiary of Icelandic Group h.f., the Company acquired several brands and agreed to a seven year royalty-free licensing agreement with Icelandic Group for the use of the Icelandic Seafood brand in the U.S., Canada and Mexico. In April 2018, the Company executed a seven year brand license agreement for the continued use of the Icelandic Seafood brand in the U.S. and Canada with royalty payments effective January 2019 (1.5% on net sales of products sold under the Icelandic Seafood brand).

Rubicon Resources, LLC

The most recent acquisition occurred on May 30, 2017, when the Company acquired 100% of the outstanding equity of Rubicon Resources, LLC ("Rubicon"), a privately held U.S. based corporation engaged principally in the import and distribution of sustainably sourced frozen shrimp products in the private-label U.S. retail market (the "Rubicon Acquisition"). The Company believes this acquisition will provide a strong platform for growth in this key species. The results of Rubicon have been consolidated with the results of the Company commencing on May 30, 2017.

After working capital adjustments and cash acquired as part of the acquisition, the purchase price was $100.6 million. The purchase consideration was settled in cash ($75.0 million), and in common shares ($25.8 million or 2.43 million shares). The share consideration is subject to a three year standstill agreement during which time the sellers are not permitted to sell the shares (except in limited circumstances). The acquisition was financed using the Company's existing asset-based revolving credit facility ("ABL"), however on June 6, 2017, the Company refinanced a portion of this additional ABL debt to a fixed term by replacing it with a $70.0 million addition to the senior secured term loan.

Acquiring profitable and complementary businesses like Rubicon is a key component of the Company's growth strategy towards the vision to be the leading frozen seafood supplier in North America. The primary reason for this business combination was to support our growth strategy by expediting our diversification into aquaculture species, like shrimp, that are experiencing higher growth rates in North America.

The Company filed a Form 51-102F4 "Business Acquisition Report" related to this acquisition on SEDAR on August 11, 2017.

2.3 Business Strategy

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

Our business strategy is supported by our corporate vision, mission and values. Our vision sets our overall direction:

"Great tasting seafood for a better life."

Our mission describes why we exist as a company:

"With the customer at the centre of all we do, we are on a mission to drive seafood consumption by providing innovative solutions to a world looking for healthy, easy to prepare, delicious seafood options."

Seafood is a nutritious protein choice that Americans, on average, are not consuming enough of to meet the recommended two servings per week in the U.S. Dietary Guidelines for Americans (Eighth Edition) 2015-2020. In Canada's Food Guide (2019), it is recommended that each meal be comprised of 25% protein foods, of which fish and shellfish are a recommended healthy protein. We see this as an opportunity to drive seafood consumption in North America through introducing new and innovative frozen seafood products to the market that not only make it easy for health-conscious consumers to incorporate more seafood into their diets, but which appeal to consumers as a convenient and delicious option when making a choice among proteins. Ultimately, we are focused on developing and marketing frozen seafood products that will result in North Americans choosing to eat more seafood than they do today.

Seafood is a complex category for our retail and foodservice customers. Buying seafood is complex due to a global supply chain and the existence of more than one hundred commercial species, and in addition, many people believe that preparing seafood is time consuming and difficult. We are committed to simplifying the seafood category for our customers, from procurement through to preparation, and leveraging the full extent of our seafood expertise so they can be confident in serving quality, delicious seafood products.

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

- **Customer focused**: The Company is focused on meeting the current and future needs of customers and believes that success depends on understanding customers, building strong relationships and delivering quality products on time.
- **Innovative**: The Company is committed to providing differentiated and innovative products and services to grow the business and meet the needs of a changing marketplace. High Liner is also committed to innovation in how the business works, seeking ways to make the business more efficient.
- **Responsible**: The Company takes responsibility for its actions. In a competitive industry, High Liner operates with integrity with customers, suppliers and employees. The Company respects the environment and is committed to sustainability in its operations.

In combination with the Company's growth strategy (see Section 2.4 below), High Liner believes this business strategy will help to achieve its vision and increase shareholder value in the long-term.

2.4 Growth Strategy

High Liner's growth strategy is focused on sustainable organic sales volume growth.

Sustainable Organic Sales Volume Growth

Internal growth has become increasingly challenging over the last several years as demand for traditional breaded and battered frozen seafood products, which makes up a significant portion of the Company's product portfolio today, has been declining. The Company has experienced a slower rate of decline than the overall market, but this trend has had a negative impact on year-over-year sales volume trends and the efficiency of our manufacturing facilities. The Company is primarily focused on product innovation to return the Company to volume growth, but cannot achieve this until sales from new products are sufficient to offset the decline being experienced in the breaded and battered category and/or this category stabilizes.

Product innovation efforts are aimed at increasing sales volume and focus on two areas. The first is on core offerings, where the focus is on innovating and improving the types of products that already exist in the Company's portfolio today. The second area is on creating and delivering new products to the market that align with consumer trends and preferences. This is about growing sales from products that do not currently exist in the Company's portfolio or the marketplace, but that the Company believes will appeal to today's seafood consumer. Ideally, the types of new products introduced to the market will also expand and diversify the Company's portfolio to include more of the species that are experiencing the greatest growth rates in the marketplace, yet represent only a relatively small percentage of its current business.

3. THE BUSINESS

3.1 Product Marketing and Operating Segments

Trademarks and Brand Names

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

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

Operating Segments

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

Operating Segment	2018	2017
United States	71%	70%
Canada	29%	30%

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

U.S. Operations

"Frozen seafood (including shellfish)" is the fifth largest category in the U.S. retail frozen food market and includes all types of frozen seafood (including fish and shellfish, and excluding seafood entrées), whether breaded or unbreaded. As previously noted, High Liner Foods competes primarily in the Breaded & Battered and Prepared segments in the U.S. frozen seafood market.

The U.S. retail division markets a full range of breaded and battered fish portions under the ***Fisher Boy*** brand. It also produces a wide variety of breaded and battered seafood products sold as retail private-label brands in U.S. supermarkets. 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. The Company's strategy for ***Fisher Boy*** and ***Sea Cuisine*** differentiates these brands from their competition as ***Fisher Boy*** is our "family-friendly" value brand and ***Sea Cuisine*** is our "restaurant-quality" premium brand.

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

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

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

In October 2013, the acquisition of American Pride Seafoods served to further bolster the Company's market leadership position in the value-added frozen seafood segment of the U.S. foodservice market, and added a significant U.S.-based scallop processing operation to High Liner Foods' business portfolio. While the scallop processing was sold in 2016, the value-added frozen seafood and scallop sales operations remain with the Company (see Closed Facilities section under Section 3.2 Production Facilities below). Today, the Company supplies a wide range of frozen seafood products to leading U.S. foodservice operators in multiple restaurant segments, to broad-line foodservice distributors and to specialty seafood distributors.

In October 2014, the acquisition of Atlantic Trading Company ("ATC") served to increase High Liner Foods' market share in the U.S. retail frozen food market. ATC specializes in frozen Atlantic salmon products and predominantly sells its frozen salmon products under the brand "***C. Wirthy & Co.***".

High Liner Foods' most recent acquisition in May 2017, Rubicon, engages principally in the import and distribution of sustainably sourced frozen shrimp products in the private-label U.S. retail market. This acquisition primarily served to provide a strong platform for growth in this key species.

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

Canadian Operations

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

High Liner Foods' retail branded products are marketed under the ***High Liner*** and ***Catch of the Day*** brands to Canadian retailers, including supermarkets, mass merchants, drug stores and club channels. High Liner Foods' foodservice business in Canada supplies products to restaurants, cafeterias, and other institutions, and markets its branded products under its ***High Liner Culinary***, ***Mirabel***, and ***FPI*** brands.

In our Canadian retail business, High Liner Foods utilizes a direct sales force in virtually all markets, compared to the use of sales brokers in the U.S and Canadian foodservice business.

3.2 Production Facilities

At December 29, 2018, High Liner Foods owned and operated three manufacturing facilities in North America consisting of: two plants in the U.S. (in Portsmouth, NH, and Newport News, VA) and one plant in Canada (in Lunenburg, NS).

The following table summarizes the capacity and 2018 utilization of the Company's manufacturing facilities based on finished pounds. All of these facilities produce value-added seafood products.

Location	Annual Capacity*	Capacity Utilization*
Lunenburg, NS, Canada	50,000,000	89%
Portsmouth, NH, U.S.	81,000,000	75%
Newport News, VA, U.S.	88,000,000	68%

* The capacities above are based on the 2018 manufacturing profile of finished pounds. Currently, capacities could be increased at the Lunenburg, Portsmouth and Newport News facilities to 60 million, 90 million and 100 million pounds, respectively, by implementing a change in shift patterns, and additional capital investment.

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

China Operations

The Company has several major custom processing agreements with third party producers in China involving the supply of a large volume of raw material and finished product. These agreements have been in place for several years and they help to ensure a consistent supply of high quality product at competitive costs.

Closed Facilities

On February 17, 2016 the Company ceased value-added fish operations at its New Bedford facility to reduce excess capacity across its North American production network, thereby improving manufacturing efficiencies and helping the Company achieve its supply chain optimization objectives. On August 16, 2016, High Liner Foods entered into a purchase and sale agreement with Blue Harvest Fisheries ("Blue Harvest") to sell the principal assets related to the Company's scallop business, along with the New Bedford facility, and on September 7, 2016, the sale was completed. High Liner continues to offer scallops to its customers through an ongoing supply agreement with the purchaser. Value-added fish operations ceased at the New Bedford facility in mid-July 2016, following the transfer of production and equipment to the Company's other manufacturing facilities in Lunenburg, NS, Portsmouth, NH and Newport News, VA. Any remaining equipment that was not transferred or sold to Blue Harvest was either sold through auction or written down to its net realizable value.

Regulatory Environment

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

The U.S. requires seafood processing plants to adopt a quality management food safety system based on Hazard Analysis Critical Control Points ("HACCP") principles. Our plants in Portsmouth and Newport News are regularly inspected and meet or exceed all HACCP requirements.

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

Plants outside of North America must also pass HACCP audits to be able to export products to the U.S. All of the Company's non-North American suppliers operate HACCP approved plants and are required to adhere to newly strengthened U.S. FDA and CFIA importation requirements centering on food safety and traceability. In addition, High Liner Foods requires all suppliers to obtain an annual third party food safety audit based on the Global Food Safety Initiative ("GFSI"). High Liner Foods' quality assurance ("QA") personnel from North America also perform food safety audits on a regular basis. The Company maintains internal quality specifications that in many respects exceed HACCP or QMP requirements. Suppliers are required to adhere to internal specifications that are regularly audited for compliance. High Liner Foods has offices in Qingdao, China; Bangkok, Thailand; and Reykjavik, Iceland and employs 21 full-time procurement and QA experts to oversee 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 customers. All three of the Company-owned manufacturing facilities in North America (Lunenburg, Portsmouth, and Newport News) are certified to GFSI standards. Two have Safe Quality Foods ("SQF") certifications, and the third is certified to British Retail Consortium ("BRC") standards.

3.3 Competitive Conditions

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

Competition is very intense in the North America retail market where the primary competitive factors are price, convenience, consistent supply, taste, nutrition, value, consumer brand recognition and loyalty. Additionally, the competitive landscape is changing specifically in the raw seafood category where there is an increased risk that High Liner Foods' suppliers or customers could become competitors if they decide to distribute or source their own seafood products. In Canada, the ***High Liner*** brand enjoys extremely high consumer brand recognition and in the U.S., the ***Fisher Boy*** brand has strong regional brand awareness and the ***Sea Cuisine*** product line has been growing in market presence.

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

In the foodservice market, continuity of supply, customer service, and price are the major components of competition. High Liner's major competitors in the foodservice market consist of vertically-integrated seafood companies, food-processing companies and seafood traders.

Major competitors in the U.S. include Trident Seafoods Corporation, Nippon Suisan (owning King & Prince in the U.S.), Mazzetta Company, Tampa Maid, Red Chambers (owning Tampa Bay Fisheries), Ocean Food Sales, Ocean Beauty, Aqua Star, Beaver Street Fisheries, Pacific Seafood Group and many smaller trading companies. Major competitors in Canada include Toppits Quality Frozen Foods, Export Packers Company Limited, Beaver Street Fisheries, Trident Seafoods Corporation and many smaller trading companies.

In both countries, in retail (including club stores) and foodservice channels, the Company's branded products also compete with private-label products. High Liner is also a major supplier of private-label products to these markets.

In the Canadian retail frozen seafood market, products are sold under the ***High Liner*** and ***Catch of the Day*** trademarks and enjoy a dominant market share position. The Company's foodservice business also enjoys a leading market position in the value-added frozen seafood category in Canada, and believes it is the leading provider of frozen seafood in this channel.

The U.S. retail segment is fragmented, with a small group of market leaders, however our sales of ***Sea Cuisine*** products continue to grow in this segment. In addition, the Company is one of the largest suppliers of value-added frozen seafood to the U.S. foodservice channel and also supplies private-label seafood products to both the U.S. retail and foodservice channels.

3.4 Components - Procurement of Raw Materials and Finished Goods

High Liner Foods is dependent on its seafood procurement activities and in 2018, purchased approximately 180 million pounds of seafood, with an approximate value of $556 million. The Company procures approximately 30 different species from 20 different countries.

The major species procured in 2018 accounted for approximately 94.5% of the total dollar purchases in 2018. These species are as follows:

Species	Percent of Total Purchases
Shrimp	27.7 %
Cod	27.3 %
Salmon	14.1 %
Haddock	10.6 %
Alaskan pollock	6.9 %
Tilapia	4.6 %
Sole	3.3 %
Total major species	**94.5%**

The Company has a stringent supplier selection process. As disclosed in Section 3.2 above, all of the Company's suppliers operate HACCP-certified plants, regardless of geographic location. Supplier audits are performed to ensure the products they produce meet or exceed requirements set by the Canadian and U.S. food inspection agencies and High Liner product specifications. In many cases, High Liner specifications and testing exceed regulatory requirements.

When product is received in either Canada or the U.S, the respective food inspection agencies may perform independent testing of products before they are approved for use in production or for sale.

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

It is not industry practice to have significant long-term contracts to purchase raw seafood. There is no futures market for seafood where forward purchases can be hedged. Therefore, the Company's strategy is to build long-term strategic relationships with seafood suppliers. Agreements of up to one year in duration are entered into with these suppliers, and can cover both price and quantity, but often provide for quality and quantities only, with price determined by the market at the time of shipment or on a quarterly basis. Substantially all purchases are in USD. From time to time, depending upon market conditions, the Company takes inventory positions to ensure sufficient raw materials at acceptable costs.

The long-term global demand for fish and seafood continues to grow. The catch of wild fish has stabilized at around 90 million tonnes annually, which represents between 55% and 60% of the total supply, while aquaculture production continues to increase as shown in Exhibit 1. Exhibit 2 indicates catches of the ten most important wild groundfish species, as reported by the Food & Agriculture Organization of the United Nations ("FAO") in 2018, along with estimates of panelists, as presented at the 2018 Groundfish Forum, an industry group that meets annually to discuss the global seafood industry.

Exhibit 1 - Global Overview: Total Catches

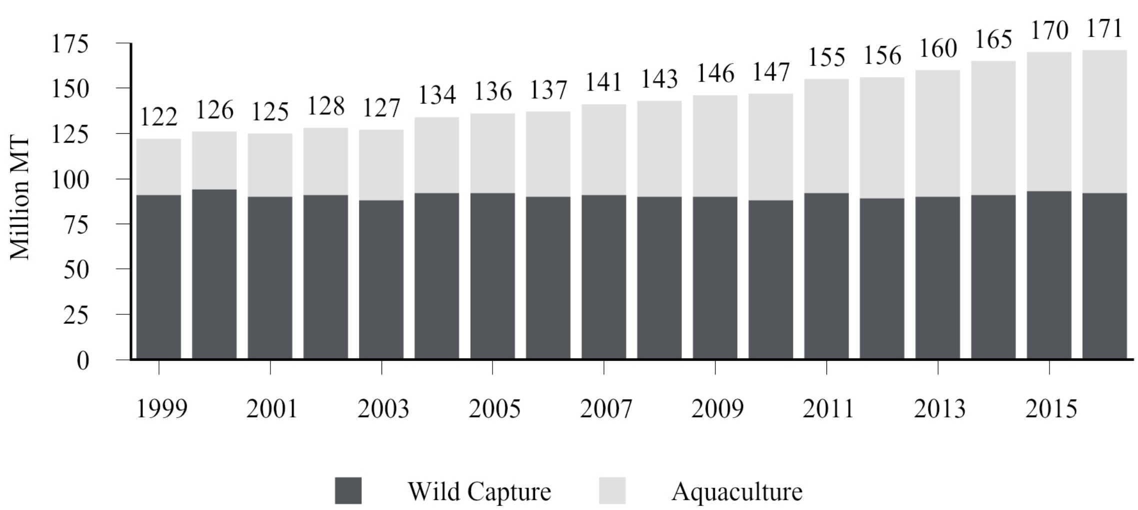
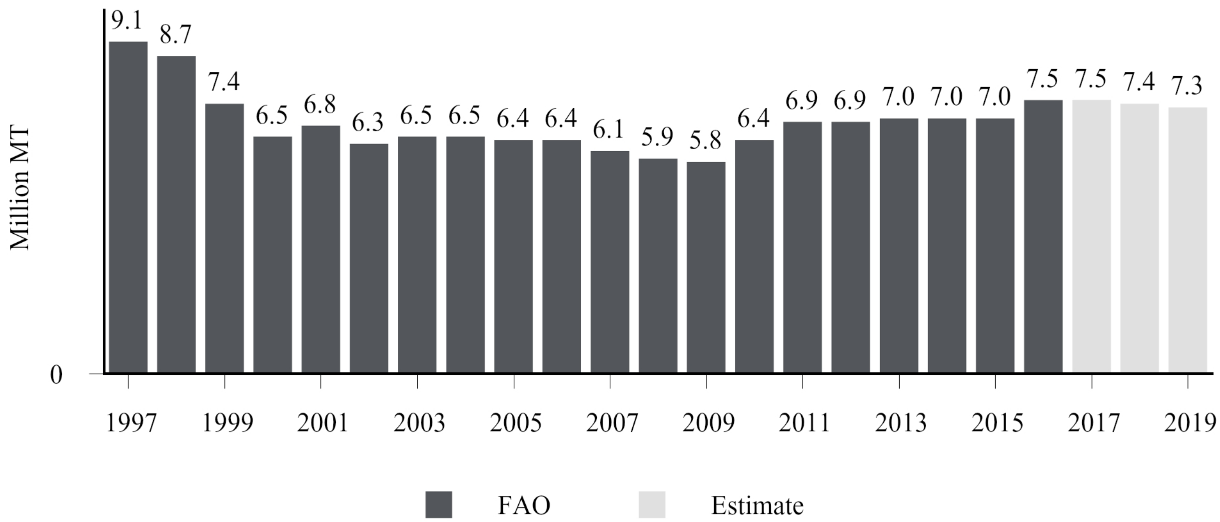


Exhibit 2: Global Groundfish Summary: Major Species*



* Major species include: Alaskan pollock; Atlantic cod; Pacific cod; haddock; saithe (Atlantic pollock); redfish (ocean perch); Cape hake; South American hake; North Pacific hake and hoki.

The total supply of seafood continues to increase because of significant increases in aquaculture. Globally, there has been considerable development in the aquaculture industry both in finfish and shellfish species. This trend is expected to continue. High Liner currently procures aquaculture products, including warm water shrimp, tilapia, pangasius (basa), mussels, scallops and Atlantic salmon. The Company's strategy is to increase the procurement of aquaculture products in the future and align with this trend of increased aquaculture. Currently, 41% of the Company's procurement by value is related to aquaculture product.

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

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

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

For a detailed description of the risks associated with commodity prices and currency fluctuations in relation to procurement of raw materials, refer to the Company's Management's Discussion & Analysis ("MD&A") for the year ended December 29, 2018.

3.5 Seasonality

High Liner Foods' operating results by quarter fluctuate throughout the year. For a detailed discussion regarding how seasonality affects the Company's operations, refer to the Company's MD&A for the year ended December 29, 2018. The MD&A also includes a summary of sales, income from operations and net income, on both a total dollar and a per share basis, for the eight most recently completed quarters ending December 29, 2018.

3.6 Employees

At December 29, 2018, High Liner Foods had 1,259 active regular full and part-time employees, of whom 482 were salaried employees and 777 were hourly employees.

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

Country	Number of Employees
Canada	445
U.S.	794
China	14
Thailand	4
Iceland	2
Total	**1,259**

High Liner Foods has approximately 240 unionized employees in its Lunenburg facility who are represented by the Unifor union. The Lunenburg collective agreement expired in December 2017 and was renegotiated during 2018. The new collective agreement has an expiry date of December 2020. The Company believes it has good relations with its unionized employees and does not anticipate any labour disruptions in 2019. The hourly workers in Portsmouth, Newport News, and Peabody are not unionized.

3.7 Effect of Volatility of Canadian Dollar

The Company has chosen a USD presentation currency because, although the functional currency of the Canadian parent company is CAD, the Company believes the USD presentation better reflects the total Company's business activities and improves investors' ability to compare the total Company's financial results with other publicly-traded businesses in the packaged foods industry (most of which are based in the U.S. and report in USD). This should also result in less volatility in sales and earnings and also on the balance sheet, as a large part of financial statement items are functional USD or influenced by USD-denominated commodities. The chart below shows USD/CAD exchange rates for the period of 2016 to 2018.

USD / CAD Exchange Rate	2018	2017	2016
Balance Sheet - year-end rate	0.7338	0.7988	0.7448
Income Statement - average rate	0.7718	0.7702	0.7548
Percent change - year-end rate	(8.1)%	7.3%	3.1 %
Percent change - average rate	0.2 %	2.0%	(3.5)%

Approximately 71% of the Company's sales and related operations are denominated in USD; the majority of debt is denominated in USD; bank covenants are measured in USD; and some of the Parent company's input costs are denominated in USD. Reporting in USD reduces the volatility of currency changes; however, when the U.S. dollar strengthens (weakening Canadian currency), the reported values of CAD-denominated items of the Parent company decrease in the consolidated statements and the opposite occurs when the U.S. dollar weakens. CAD-denominated items in the Parent company's operations are converted to USD at the balance sheet date for balance sheet items and at the average exchange rate of the month the transaction occurs for income statement items. As such, foreign currency fluctuations affect the reported values of individual lines on the Company's balance sheet and income statement.

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

(Amounts in 000s, except growth)		2018		2017		2016
Net sales as reported	$	1,048,531	$	1,053,846	$	954,986
Foreign exchange effect		74,697		77,887		81,243
Sales in domestic currency	**$**	**1,123,228**	**$**	**1,131,733**	**$**	**1,036,229**
Change in sales, excluding FX effect		**(0.8)%**		**9.2%**		**(3.3)%**

3.8 Social and Environmental Policies

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

Corporate Social Responsibility ("CSR") is a term used to refer to the set of voluntary actions companies take to mitigate the social and environmental impacts of their operations on society. CSR is significant in the seafood industry as seen through the multiplication of private initiatives such as certification programs, sourcing commitments and improvement projects. Many of the issues addressed through CSR in seafood occur in the downstream end of seafood supply chains and include sustainable fish stocks, social aspects such as working conditions and fair wages, and transparency. High Liner Foods has continued its leadership position with the publication of CSR reports in 2017 and 2018, which disclose many of the improvement efforts underway.

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

With respect to environmental protection, the Company has an Environmental Management Policy ("EMP") designed to ensure that High Liner meets or exceeds the requirements of the federal, provincial, state, municipal and local environmental laws and requirements in both the U.S. and Canada. A risk of environmental impact is inherent in food processing operations, activities associated with such operations, and the ownership, management or control of real estate. However, the Company's policy and internal management ensures this risk is managed in accordance with diligent practices.

High Liner plants contain substantial freezing equipment, all of which utilize ammonia systems. Any release of ammonia in the operation of this equipment could result in environmental and employee safety hazards and remediation requirements, and therefore maintenance of the related equipment is a priority. The Company has 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 programs allow maintenance teams to closely monitor and manage both preventative maintenance and work orders at the facilities.

As part of the EMP, High Liner has an employee Environmental Steering Committee, which reports its matters to the Audit Committee (see the "Audit Committee Charter" in the Appendix). The mandate of the Environmental Steering Committee is:

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

The Company's Board of Directors, through its committees, receives regular reports on the Company's safety and environmental management, and oversees efforts of the Company to maintain safe and environmentally compliant workplaces.

Environmental protection requirements are integrated into the Company's overall enterprise-wide risk management programs. High Liner anticipates no material impact of such requirements on capital expenditures, earnings and competitive position in 2019.

Due to the reliance on global raw material procurement, the Company has also implemented compliance standards for suppliers. All suppliers to High Liner Foods are required to accept and comply with "Supplier Approval and Audit Standards". Approval as a supplier requires compliance with all regulatory requirements applicable to High Liner Foods' products, including with HACCP, QMP and High Liner high-quality specifications. As well, suppliers must accept the "Supplier Code of Conduct", which requires compliance with local laws and ethical business practices. High Liner Foods works with Social Ethical Data Exchange, which offers a system for analyzing ethical and responsible business practices throughout the supply chain.

4. RISK FACTORS

The Company is subject to a number of risks and uncertainties related to its businesses that may have adverse effects on its results of operations and financial position. These risks and uncertainties, as well as other factors that could potentially impact the Company's results of operations and financial position, can be found in the Company's MD&A for the fifty-two weeks ended December 29, 2018 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, the Company instituted a quarterly dividend to holders of High Liner Foods' common shares. The Board is continuing to review the Company's capital structure to determine the prudent use of capital and will provide an update when the Company reports its financial results for the first quarter of 2019 in May.

The following table sets forth the dividends per share declared and paid over the last three fiscal years on the Company's common shares:

Dividend Record Date		Quarterly Dividend $CAD
December 1, 2018	$	0.145
September 1, 2018	$	0.145
June 1, 2018	$	0.145
March 1, 2018	$	0.145
December 1, 2017	$	0.145
September 1, 2017	$	0.140
June 1, 2017	$	0.140
March 1, 2017	$	0.140
December 1, 2016	$	0.140
September 1, 2016	$	0.130
June 1, 2016	$	0.130
March 1, 2016	$	0.120

On February 27, 2019, the Company's Board of Directors approved a quarterly dividend of CAD$0.145 per share on the Company's common shares payable on March 15, 2019 to holders of record on March 7, 2019.

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

Among other things, financial covenants in the Company's credit facilities may affect the amount of the dividend. Debt arrangements, negotiated as a result of the financing of acquisitions (substantially amended in February 2013 and April 2014, and described further under Item C in Section 11 of this document), contain provisions that dividends can continue to be paid as long as the Company meets certain financial targets. Under the Company's $370.0 million senior secured term loan facility ("Term Loan"), dividends generally cannot exceed $17.5 million per year. This amount increases to the greater of $25.0 million per year or the defined available amount based on excess cash flow accumulated over the term of the loan when the defined total leverage ratio for the Company is below 4.5x and becomes unlimited when the defined total leverage ratios is below 3.75x. The defined total leverage ratio was 5.8x on December 29, 2018.

Normal Course Issuer Bids ("NCIB") (see Section 6, *Capital Structure*) are subject to an annual limit of $10.0 million under the Term Loan facility. In addition, under the Company's working capital facilities "Average Adjusted Aggregate Availability", as defined in the credit agreement, needs to be $22.5 million or higher and was $109.8 million on December 29, 2018. NCIBs are also subject to an annual limit of $10.0 million under the Company's working capital facilities, with a provision to carry forward unused amounts subject to a maximum of $20.0 million per annum.

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

6. CAPITAL STRUCTURE

The only listed shares of the Company outstanding at December 29, 2018 are the common shares that are listed on the TSX.

High Liner Foods' capital structure, including a description of each class of authorized security and associated characteristics of each security, including voting rights, provisions for conversion, dividend rights, etc., is fully disclosed in *Note 16* to the Company's Financial Statements for the year ended December 29, 2018.

Securities Subject to Contractual Restriction on Transfer

On May 30, 2017, the Company acquired 100% of the outstanding interests in Rubicon, and the purchase consideration was settled in cash ($75.0 million) and in common shares ($25.8 million or 2.43 million shares). The share consideration is subject to a three year standstill agreement during which time the sellers are not permitted to sell the shares (except in limited circumstances).

Designation of class	Number of securities that are subject to a contractual restriction on transfer	Percentage of class
Common shares	**2,429,014**	7.3%

6.1 Normal Course Issuer Bid

In January 2017, High Liner filed a new NCIB ("2017 NCIB") to purchase up to 150,000 common shares. The 2017 NCIB terminated on February 8, 2018. During the fifty-two weeks ended December 30, 2017, there were no purchases under this plan.

In January 2018, High Liner filed a new NCIB ("2018 NCIB") to purchase up to 150,000 common shares. The 2018 NCIB terminated on February 1, 2019. During the fifty-two weeks ended December 29, 2018, there were no purchases under this plan. The Company has not filed a new NCIB for 2019 as at February 27, 2019.

6.2 Credit ratings

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities and are indicators of the likelihood of payment and of the capacity and willingness of a company to meet its financial commitment on an obligation in accordance with the terms of the obligation. Credit ratings are not recommendations to buy, hold or sell the Company's securities and may be subject to revision or withdrawal at any time by the respective rating organization. Such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that these ratings will remain in effect for any given period of time, and to the extent such ratings worsen, the Company's financing costs may increase.

As is common practice, each of the below-noted credit rating agencies charged the Company for their rating services, which include annual monitoring fees for monitoring the Company and updating the ratings, in addition to one-time rating fees when debt is initially issued. The Company reasonably expects that such payments will continue to be made for rating services in the future. No additional payment was made to the below-noted credit rating agencies for other services provided to the Company during the last two fiscal years.

As at February 27, 2019, the credit ratings of the Company were as follows:

	Credit Rating	Outlook
Standard and Poor's[1]	B	Negative
Moody's Investor Service[2]	B2 (Long-term Corporate Family Rating)	Stable

[1] *Issued November 16, 2018*
[2] *Issued January 30, 2019*

Standard and Poor's ("S&P")

S&P has ten long-term debt credit ratings ranging from AAA to D. The B rating assigned to the Company is the sixth of these ten rating categories. A B rating indicates that an entity has the capacity to meet financial commitments, but is more vulnerable to adverse business, financial and economic conditions. Ratings designations from AA to CCC may be modified by the addition of a plus or minus to show relative standing within the major rating category. In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. Outlooks fall into one of four categories: positive, negative, stable or developing. A credit watch outlook is assigned to a rating when it is likely to be upgraded (positive), downgraded (negative) or uncertain (neutral).

Moody's Investors Service ("Moody's")

Moody's has nine long-term debt rating categories, ranging from Aaa to C and applies numerical modifiers 1, 2 and 3 to each rating classification from Aa to Caa. The modifier 1 indicates that the issue ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates a ranking in the lower end of its generic rating category. Obligations rated B are the sixth highest of the nine ratings categories and are considered speculative and subject to high credit risk.

Moody's Corporate Family Ratings (CFRs) are long-term ratings that reflect the relative likelihood of a default on a corporate family's debt and debt-like obligations and the expected financial loss suffered in the event of default. A CFR is assigned to a corporate family as if it had a single class of debt and a single consolidated legal entity structure. CFRs are generally employed for speculative grade obligors, but may also be assigned to investment grade obligors. The CFR normally applies to all affiliates under the management control of the entity to which it is assigned. A CFR does not reference an obligation or class of debt and thus does not reflect priority of claim.

Moody's uses "rating outlooks" to provide its opinion regarding the likely direction of a rating over the medium term. The assignment of, or a change in, an outlook is not a credit rating action if there is no change to the credit rating. Where assigned, rating outlooks fall into the following four categories: "Positive (POS)", "Negative (NEG)", "Stable (STA)" and "Developing (DEV - contingent upon an event)".

7. MARKET FOR SECURITIES

High Liner Foods' common shares are listed for trading on the TSX under the symbol "HLF". During Fiscal 2018, the Company's common shares traded on the TSX between CAD$6.19 and CAD$15.21. As of the last trade date of Fiscal 2018, the common shares closed at CAD$7.30.

The table below shows the trading price ranges and volumes on the TSX for each month during the 2018 fiscal year.

	HLF Common Shares				
	High $CAD	Low $CAD	Close $CAD	Daily Average Volume	Total Volume
December	7.32	6.39	7.30	71,942	1,654,670
November	9.53	6.19	6.99	144,707	2,894,148
October	8.90	8.10	8.68	85,927	1,632,606
September	8.60	7.31	8.05	87,317	2,095,606
August	9.33	6.35	7.42	251,617	4,780,724
July	10.60	8.88	9.04	81,921	1,556,496
June	10.97	9.86	10.17	66,207	1,655,176
May	11.45	8.88	10.64	63,730	1,210,861
April	11.54	10.46	11.14	54,135	1,082,691
March	11.94	10.38	11.15	76,474	1,835,379
February	13.95	11.10	11.20	107,399	2,040,581
January	15.21	13.30	13.42	46,187	877,560

8. DIRECTORS AND OFFICERS

8.1 Directors

The following table sets forth the names, residence, occupations[2], and committees of the directors of High Liner Foods as of December 29, 2018. 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 14, 2019.

Name and Residence	Director Since	Principal Occupation	Committees
Alan Bell Toronto, ON, Canada	2014	Corporate Partner Bennett Jones LLP *(law firm)*	Human Resource and Corporate Governance ("HRCG") Committee Nominating Committee (Chair) Executive Committee
Joan Chow Oak Park, IL, USA	2017	Chief Marketing Officer of the Greater Chicago Food Depository; board member, member of Governance Committee and Chair of Compensation Committee of Welbilt Inc; former Executive Vice President and Chief Marketing Officer, Conagra Foods	HRCG Committee

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

Name and Residence	Director Since	Principal Occupation	Committees
Henry E. Demone Lunenburg, NS, Canada *Chairman since May 2015*	1989	Chairman (since May 2015) of High Liner Foods; board member, Emera Inc. *(energy utility company)*; board member, Saputo Inc. *(dairy company)*; formerly President & CEO of High Liner Foods from 1992 to May 2015, and August 2017 to May 2018	Executive Committee (Chair)
Robert P. Dexter, Q.C. Halifax, NS, Canada	1992	Chairman and CEO of Maritime Travel Inc. *(travel services company)*	HRCG Committee
David J. Hennigar Bedford, NS, Canada *Vice Chairman and Lead Director since May 2015*	1984	Executive Chairman of Thornridge Holdings Limited *(investment company)*; investment adviser at Wellington-Altus Private Wealth	Executive Committee Nominating Committee
Jill C. Hennigar Halifax, NS, Canada	2018	Senior Manager Human Resources at Emera Inc. *(energy utility company)*; former Manager of Investor Relations, Emera Inc.	Audit Committee
Rod W. Hepponstall Portsmouth, NH, USA	2018	President & Chief Executive Officer (since May 2018); formerly Senior Vice President and General Manager of Foodservice & Retail Businesses of Lamb Weston Holdings Inc. *(food processor)*; formerly Vice President and General Manager, Foodservice of Conagra *(packaged foods company)*; board member of the International Foodservice Manufacturers Association *(trade association)*	Executive Committee
Shelly L. Jamieson Toronto, ON, Canada	2012	Vice Chair Health Quality Ontario; formerly Secretary of Cabinet, Ontario; Past CEO of the Canadian Partnership Against Cancer *(federally funded agency)*	HRCG Committee (Chair) Nominating Committee Executive Committee
M. Jolene Mahody Halifax, NS, Canada	2014	Executive Vice President & CFO, Chorus Aviation Inc. *(aviation company)*; formerly COO at Jazz Aviation LP *(aviation company)*	Audit Committee
R. Andy Miller St. John's, NL, Canada	2012	Managing Director of Linco Foods Systems B.V. *(food processing machinery manufacturer)*; Chief Marketing Officer of Linco Food Systems *(food processing machinery manufacturer)*; President of Andy Miller Consulting *(consulting company)*; board member of Baader Linco Inc. *(food processing machinery company)*; board member of the Canadian Center for Fisheries Innovation *(non-profit organization)*	Audit Committee
Robert L. Pace Halifax, NS, Canada	1998	President and CEO of The Pace Group Limited *(private holding company)*; Chairman of Maritime Broadcasting System *(owner/operator of radio stations)*	Audit Committee (Chair) Executive Committee Nominating Committee
Frank B.H. van Schaayk Marion Bridge, NS, Canada	2014	Formerly Regional President - The Americas for McCain Foods Ltd. *(frozen food company)*; Chairman of the Board of Nova Scotia Health Authority *(provincial health authority)*	HRCG Committee

8.2 Executive Officers

The following table sets forth the names, residences, and offices held by the executive officers of High Liner Foods as of February 27, 2019.

Name and Residence	Position Held with the Company
Rod Hepponstall Portsmouth, NH, USA	President & Chief Executive Officer (since May 2018); formerly Senior Vice President and General Manager of Foodservice & Retail Businesses of Lamb Weston Holdings Inc. *(food processor)*; formerly Vice President and General Manager, Foodservice of Conagra *(packaged foods company)*; former board member of the International Foodservice Manufacturers Association *(trade association)*
Paul Jewer Halifax, NS, Canada	Executive Vice President and Chief Financial Officer (since February 2014); formerly Chief Financial Officer of Sobeys Inc. *(grocery and food distributor)*
Chris Mulder Portsmouth, NH, USA	Senior Vice President, North American Sales (since July 2018); formerly Senior Vice President Foodservice Sales and Marketing of High Liner Foods (April 2015 to July 2018); formerly President, Cargill Foodservice North America *(foodservice merchandiser and processor)*
Craig Murray Mississagua, ON, Canada	Senior Vice President Marketing & Innovation (since January 2018); former Vice President Foodservice Sales, Canada of High Liner Foods (April 2015 to January 2018); formerly Vice President of Sales of Mondelez International *(food and beverage company)*
Paul Snow Pleasantville, NS, Canada	Executive Vice President, Global Procurement (since 2000)
Timothy Rorabeck Halifax, NS, Canada	Executive Vice President, Corporate Affairs and General Counsel (since May 2012)

As of December 29, 2018, 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 2,333,878, or approximately 7.0% of those issued and outstanding. In addition, Mr. David Hennigar is a director of Thornridge Holdings Limited, which holds 34.5% of the Company's issued and outstanding common shares.

8.3 Proceedings

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

A. was subject to an order (as defined in Form 51-102F2 of National Instrument 51-102 - Continuous Disclosure Obligations) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer other than:

- Mr. David Hennigar who:
    - i. was a director of Aquarius Coatings Inc. at the time Aquarius Coatings Inc. had a management cease trade order in place from December 12, 2008 to January 14, 2009 for failing to address TSX Venture Exchange requirements with respect to failing to hold shareholder meetings for the financial years ended March 31, 2007 and March 31, 2008;
    - ii. was a director of Aquarius Coatings Inc. whose shares were suspended from trading effective November 3, 2014 for failure to comply with Exchange Requirements;
    - iii. was a director of MedX Health Corp. at the time MedX Health Corp. had a management cease trade order in place from January 21, 2010 to February 26, 2010 for failing to hold its fiscal 2008 annual general meeting within the timeframes required by applicable corporate law and Exchange

policy and a management cease trade order in place from May 6, 2010 to June 30, 2010 for failing to file its annual financial statements, Certification of filings under Multilateral Instrument 52-109 and its Management, Discussion and Analysis for the year ending December 31, 2009 on or before the prescribed deadline of April 30, 2010;

iv. was a director of Landmark Global Financial Corporation Limited at the time Landmark Global Financial Corporation Limited had a temporary cease trade order in place from May 7, 2012 for failing to file annual financial statements on time; and

v. was a director of SolutionInc Technologies Limited at the time SolutionInc Technologies Limited had a temporary cease trade order, issued by the British Columbia Securities Commission, in place from August 9, 2011 to August 24, 2011 for failing to file annual financial statements on time; had a cease trading order in place issued by the British Columbia Securities Commission on October 6, 2011 for failing to file June 30, 2011 quarterly financial statements on time and had a cease trading order in place issued by the Alberta Securities Commission on January 4, 2012 for failure to file September 30, 2011 quarterly financial statements on time; or

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

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

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

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

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

9. AUDIT COMMITTEE INFORMATION

9.1 Audit Committee Charter

The Company's Audit Committee Charter is attached as an appendix to this AIF.

9.2 Composition of the Audit Committee

The Audit Committee of High Liner Foods has four members: Robert L. Pace (Chair), M. Jolene Mahody, Jill C. Hennigar, and R. Andy Miller.

Each member of the Audit Committee is both independent and financially literate.[3] The Nominating Committee of the Board determines whether each director is independent under applicable laws. For full biographies of these directors and the full discussion on independence, please see the Management Information Circular ("MIC") to be filed in connection with the Annual General Meeting of Shareholders to be held on May 14, 2019.

9.3 Relevant Education and Experience of Audit Committee Members

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

Mr. Robert L. Pace (Chair) is the President and Chief Executive Officer of The Pace Group Limited, a private holding company. He is Chairman of Maritime Broadcasting System, which owns and operates 23 radio stations in eastern Canada. Mr. Pace is Chair of the Board of the Canadian National Railway Company and director of several private companies. Mr. Pace is a Member of the Order of Canada and has received an honorary Doctorate of Commerce from Saint Mary's University.

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

Ms. Jill C. Hennigar is Senior Manager Human Resources at Emera Inc. She previously held the position of Manager of Investor Relations at Emera Inc. Ms. Hennigar is a Chartered Professional Accountant.

Mr. R. Andy Miller is Managing Director of Linco Food Systems B.V. of Doesburg, Netherlands; Chief Marketing Officer of Linco Food Systems of Trige, Denmark; a Board member of Baader Linco Inc. in Kansas City; and a Board member of Baader North America Corp. and the Canadian Centre for Fisheries Innovation. Mr. Miller has been associated with the Baader Linco Group for over 30 years. He also operates Andy Miller Consulting Limited which provides sales and marketing leadership and management consulting services to the Baader Group worldwide, and to other companies.

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

9.4 Audit Fees

The following table sets forth the fees paid to Ernst & Young LLP ("EY"), the Company's external auditor, by category, for the fiscal years ended December 29, 2018 and December 30, 2017.

		2018		2017
Audit fees[(1)]	$	524,557	$	477,241
Audit-related fees[(2)]		88,188		296,377
Tax compliance fees[(3)]		116,703		139,725
Tax consulting fees[(4)]		201,444		111,112
Total fees	**$**	**930,892**	**$**	**1,024,455**

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

(2) Audit-related fees were paid to EY for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements and are not reported under the audit fees item above. These services primarily consisted of: (1) accounting advisory in connection with new standards implemented: (2) accounting advisory in connection with the 2018 cross-border financing tax advice; and (3) other business development services.

(3) Tax compliance fees were paid to EY for the review of original and amended tax returns and assistance with questions regarding tax audits and dealing with various tax authorities.

(4) Tax consulting fees were paid to EY for tax planning services associated with the U.S. Tax Reform, the 2018 cross-border financing restructuring, and intercompany transactions.

The Audit Committee approves all fees (for both audit and non-audit services) paid to the Company's auditors. Any engagement of EY for non-audit services must be approved in advance by the Audit Committee, considering whether the nature or extent of such services could detract from EY's independence in carrying out the audit function. In between meetings of the Committee, and provided the Committee is not in session, the Chair of the Audit Committee may perform this function, provided any approvals of the Chair shall be referred to the next meeting of the Audit Committee for ratification.

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

10. TRANSFER AGENTS

The Company's transfer agent and registrar with respect to the shares of the Company is AST Trust Company. The register of the transfers for common shares is kept at their office in Halifax, NS, located at the following address:

AST Trust Company (Canada)
P.O. Box 2082, Station C
Halifax, Nova Scotia B3J 3B7
Tel: 1-800-387-0825 (toll-free in North America) or
1-416-682-3860 (all other countries)

11. MATERIAL CONTRACTS

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

A. Acquisition of Rubicon Resources, LLC dated May 30, 2017. On May 30, 2017, High Liner Foods completed the acquisition of Rubicon Resources, LLC. After working capital adjustments and cash acquired as part of the acquisition, the purchase price was $100.6 million. The purchase consideration was settled in cash ($75.0 million), and in common shares ($25.8 million or 2.43 million shares). In addition, the transaction included a five-year supply agreement with Rubicon supply partners based on mutually acceptable terms.

B. Guarantee of Supplier Financing Arrangement, as part of the Rubicon acquisition, the Company assumed financing arrangement guarantees for certain suppliers that finance their exports of seafood products to Rubicon. As part of this financing arrangement, the Company has granted a security interest in substantially all of the inventory and proceeds thereon arising from purchases from these suppliers and has guaranteed the suppliers' borrowings, to the extent that such borrowings were used in connection with the exportation of seafood products to Rubicon.

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

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

      - On February 8, 2013, the working capital facility was amended to change interest rates on the facility to be based on availability on the line rather than a leverage test, which reduced interest rates. This facility provides for the following based on the Average Adjusted Aggregate Availability as defined in the credit agreement: Canadian Prime Rate loans in CAD, and Canadian Base Rate and U.S. Prime Rate loans in USD at Prime or Base Rate plus 0.00% to 0.75%; BA loans at BA rates plus 1.75% to 2.25%; and LIBOR advances at LIBOR plus 1.75% to 2.25%. Changes also provided more flexibility for future acquisitions.
      - On April 24, 2014, the working capital facility was amended and based on the Average Adjusted Aggregate Availability, as defined in the credit agreement, allowed the Company to borrow Canadian Prime Rate loans denominated in CAD, and Canadian Base Rate and U.S. Prime Rate loans denominated in USD, at Prime or Base Rate, plus 0.00% to 0.25%; BA loans at BA rates plus 1.25% to 1.75%; LIBOR advances at LIBOR plus 1.25% to 1.75; and unused line fees of 0.25% to 0.375%. Required fixed charge coverage ratio was reduced to 1.0x to1.0x and applicable when Average Adjusted

Aggregate Availability is less than the greater of (a) $18,000,000, and (b) an amount equal to ten percent (10%) of the lesser of (i) the Maximum Revolver Amount, and (ii) the Aggregate Borrowing Base. The term of this facility was extended from December 2016 to April 2019 and other changes provided for increased capacity and flexibility for acquisitions, investments, distributions, capital expenditures and operational matters.

- In April 2018, the Company amended the $180.0 million working capital facility to extend the term from April 2019 to April 2021. There were no other significant changes to the existing terms, other than an amendment to the standby fees paid on the unutilized facility to 0.25% (previously 0.25% to 0.375%).

b) On December 19, 2011, the Company secured a $250 million long-term loan. Secured on a first priority basis by substantially all tangible and intangible assets, and the assets and stock of its present and future subsidiaries. Repayments are to be made in twenty-three consecutive quarterly installments, with the unpaid balance due in full on December 19, 2017. Prior to the amendments described below, the agreement included financial covenant requirements of minimum interest coverage ratio, maximum total leverage ratio, and maximum capital expenditures.
   - On February 8, 2013, the term loan was amended to reduce interest rates and provide leverage covenants more favourable to the Company, including the elimination of a minimum interest coverage ratio.
   - On April 24, 2014, the term loan was amended with the following changes: the principal amount was increased to $300 million; the term was extended from December 2017 to April 2021; borrowing rates were reduced from LIBOR plus 3.50% (with a 1.25% LIBOR floor) to LIBOR plus 3.25% (with a 1.00% floor); the leverage ratio financial covenant was removed; and increased capacity and flexibility was provided for acquisitions, investments, distributions, capital expenditures and operational matters.
   - During June 2017, the term loan facility was increased from $300.0 million to $370.0 million to facilitate the Rubicon Acquisition. The $70.0 million addition to the term loan was made in accordance with the term loan credit agreement, which provides for incremental increases that meet stated provisions, under existing terms and conditions.

12. ADDITIONAL INFORMATION

Further information, including additional copies of this AIF, the comparative consolidated financial statements and accompanying report of the auditor, the most recent interim financial statements and the MIC for the Company's annual meeting for shareholders to be held on May 14, 2019, may be obtained on SEDAR at www.sedar.com or upon request from the Secretary of the Company at investor@highlinerfoods.com, or on the Company's website at www.highlinerfoods.com, or by writing to the Secretary at High Liner Foods Incorporated, P.O. Box 910, Lunenburg, NS, B0J 2C0.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and options to purchase securities, is contained in the Company's MIC, and additional financial information is provided in the Company's consolidated financial statements and MD&A for the fifty-two weeks ended December 29, 2018. All additional information referred to in this AIF may also be found on SEDAR at www.sedar.com.

13. FORWARD-LOOKING INFORMATION

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

Specific forward-looking statements in this document include, but are not limited to: statements with respect to: future growth strategies and their impact on the Company's market share and shareholder value; anticipated financial performance, including earnings trends and growth; achievement, and timing of achievement, of strategic goals and publicly stated financial targets, including to increase our market share, acquire and integrate other businesses and reduce our operating and supply chain costs; and our ability to develop new and innovative products that result in increased sales and market share; increased demand for our products whether due to the recognition of the health benefits of seafood or otherwise; changes in costs for seafood and other raw materials; any proposed disposal of assets and/or operations; increases or decreases in processing costs; the USD/CAD exchange rate; percentage of sales from our brands; expectations with regards to sales volume, earnings, product margins, product innovations, brand development and anticipated financial performance; competitor reaction to Company strategies and actions; impact of price increases or decreases on future profitability; sufficiency of working capital facilities; future income tax rates; the expected timing and the amount of the recovery associated with product recall costs; our ability to successfully integrate the acquisition of Rubicon Resources, LLC; levels of accretion and synergy and earnings growth relating to Rubicon; the expected amount and timing of integration activities related to acquisitions; expected leverage levels and expected net interest-bearing debt to Adjusted EBITDA; statements under the "outlook" heading including expected demand, sales of new product, the efficiency of our plant production and U.S. tariffs on certain seafood products imported from China; expected amount and timing of cost savings related to the optimization of the Company's structure; decreased leverage in the future; estimated capital spending; future inventory trends and seasonality; market forces and the maintenance of existing customer and supplier relationships; availability of credit facilities; our projection of excess cash flow and minimum repayments under the Company's long-term loan facility; expected decreases in debt-to-capitalization ratio; dividend payments; and amount and timing of the capital expenditures in excess of normal requirements to allow the movement of production between plants.

Forward-looking statements can generally be identified by the use of the conditional tense, the words "may", "should", "would", "could", "believe", "plan", "expect", "intend", "anticipate", "estimate", "foresee", "objective", "goal", "remain" or "continue" or the negative of these terms or variations of them or words and expressions of similar nature. Actual results could differ materially from the conclusion, forecast or projection stated in such forward-looking information. As a result, we cannot guarantee that any forward-looking statements will materialize. Assumptions, expectations and estimates made in the preparation of forward-looking statements and risks that could cause our actual results to differ materially from our current expectations are discussed in detail in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the Risk Factors section of this MD&A and the Risk Factors section of our most recent AIF. 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 CAD/USD exchange rate; the interpretation of the U.S. Tax Reform by tax authorities; competitive developments including increases in overseas seafood production and industry consolidation; availability and price of seafood raw materials and finished goods and the impact of geopolitical events (and related economic sanctions) on same; the impact of the U.S. Administration's tariffs on certain seafood products; costs of commodity products and other production inputs, and the ability to pass cost increases on to customers; successful integration of acquired operations; potential increases in maintenance and operating costs; shifts in market demands for seafood; performance of new products launched and existing products in the market place; changes in laws and regulations, including environmental, taxation and regulatory requirements; technology changes with respect to production and other equipment and software programs; enterprise resource planning system risk; supplier fulfillment of contractual agreements and obligations; competitor reactions; High Liner Foods' ability to generate adequate cash flow or to finance its future business requirements through outside sources; compliance with debt covenants; the availability of adequate levels of insurance; and management retention and development.

Forward-looking information is based on management's current estimates, expectations and assumptions, which we believe are reasonable as of the current date. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. Except as required under applicable securities laws, we do not undertake to update these forward-looking statements, whether written or oral, that may be made from time to time by us or on our behalf, whether as a result of new information, future events or otherwise.

Audit Committee Charter
(Approved November 2018)

Composition

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

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 President and Chief Executive Officer; the Vice Chair and Lead Director; Executive Vice President and Chief Financial Officer; Executive Vice President, Corporate Affairs and General Counsel; Vice President Financial Reporting and Accounting; and Vice President Investor Relations and Communications; and the Director Internal Audit 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 (including any external advisors engaged to perform such internal audit functions). The external auditors and representatives of any internal auditor and/or any third party engaged to perform the internal audit functions 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 and the Director Internal Audit at every meeting. 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 regularly *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 as required, statements in prospectuses and other offering memoranda, as well as all news releases relating to financial or material information about the Company.

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

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

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

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

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

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

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

External Auditing

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

The Committee will carry out the following responsibilities:

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

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

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

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

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

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

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

Internal Auditing and Control

25. The Director Internal Audit shall be instructed by management of the Company but shall report to the Audit Committee.

The Committee will carry out the following responsibilities:

26. Review with management 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 of Internal Audit and/or any third party performing any internal audit function.

28. Review the effectiveness of the internal audit function, and shall meet regularly with the Director Internal Audit to discuss any matters that the Committee or the Director Internal Audit believes should be discussed privately.

29. Consider the effectiveness of the Company's internal control system, including information technology security and control and shall receive reports from the Information Security Governance Committee.

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

Compliance

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

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

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

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

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

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

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

Risk Management

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

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

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

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

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

Other Responsibilities

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

44. Review and approve the Chief Executive Officer's travel and professional expenses.

45. Institute and oversee special investigations as needed.

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

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

Reporting

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

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

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

Environment

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

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

have been received since the previous communication with the Committee.

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

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

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

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

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

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

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

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

(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.