

February 22, 2007

**Toronto Stock Exchange
Notice of Intention to Make a Normal Course Issuer Bid**

NOTICE is hereby given of the intention of Foremost Income Fund (“Foremost”, the “Fund”, the “Issuer”)) to make a Normal Course Issuer Bid to purchase in a twelve-month period as hereinafter defined up to 5% of its issued and outstanding Trust Units (“Trust Units”) on the terms set out in this notice pursuant to the provisions of the Policy Statement of the Toronto Stock Exchange (the “Exchange”) on Normal Course Issuer Bids.

1. Name of Issuer

Foremost Income Fund

2. Shares Sought

The Fund is not obliged to acquire any specific number of Trust Units but intends to purchase up to a maximum of 1,001,999 Trust Units during the course of the Normal Course Issuer Bid. This maximum amount equals 5% of the 20,039,981 presently issued and outstanding Trust Units as at February 22, 2007. Purchases from all sources in any thirty-day period will not exceed 2% of the issued and outstanding Trust Units at the time of purchase. All Trust Units so purchased will be cancelled.

3. Duration

The Issuer Bid will commence on the 26th day of February, 2007 and will terminate on the earlier of the 25th day of February, 2008 and the date on which the aggregate maximum number of Trust Units which may be purchased (as referred to in item 2 above) are in fact purchased pursuant to the Issuer Bid.

4. Method of Acquisition

- (1) The Trust Units will be purchased on the open market from time to time through the facilities of the Toronto Stock Exchange. Purchase and payment will be made by the Fund in accordance with the by-laws and rules of the Toronto Stock Exchange. The price paid for any Trust Units acquired by the Fund under the Issuer Bid will be the market price of the Trust Units at the time of the acquisition.
- (2) The Fund has no present intention to make purchases of its Trust Units by any means other than open market transactions during the period that the Issue Bid is outstanding.

5. Consideration Offered

All purchases will be for cash. There are no other restrictions to the Issuer Bid.

6. Reasons for the Issuer Bid

The purchase by the Fund of its outstanding Trust Units pursuant to the Fund's Issuer Bid contemplated herein will be at prevailing market prices from time to time. Such prices, in the view of management, present a substantial discount from the underlying net asset value of the Fund and, in the view of the Fund's board of trustees and management, constitute a prudent investment of corporate funds and a sound business decision in relation to alternative investment opportunities presently available to the Fund. Such investment will benefit continuing unitholders by both enhancing the net asset value per Trust Unit and the earnings per Trust Unit while the viability of the Fund's operations will not be impaired. The Fund has funds available for investment and the Fund's board of trustees and management have determined that it is appropriate at this time to make an Issuer Bid thereby affording unitholders who desire to do so the opportunity to sell some or all of their Trust Units to the Fund.

7. Valuation

To the knowledge of the trustees and officers of the Fund, after reasonable inquiry, there has been no independent appraisal or valuation respecting the Fund, its material assets or securities, prepared within the two years preceding the date of this notice.

8. Previous Purchases

The Fund has not purchased any Trust Units through the facilities of the Toronto Stock Exchange, within the twelve-month period prior to the date of this notice.

9. Persons Acting Jointly of In Concert With the Issuer

There are no parties acting jointly or in concert with the Fund in its activities as they relate to the Normal Course Issuer Bid.

10. Acceptance by Insiders, Affiliates and Associates

To the knowledge of the Fund's Trustees and Senior Officers, after reasonable inquiry, no

(a) director or senior officer of the Fund,

- (b) associate of a director or senior officer of the Fund,
- (c) person acting jointly or in concert with the Fund, or
- (d) person holding 10% or more of the Trust Units of the Fund,

has any present intention to sell any Trust Units of the Fund during the course of the Issuer Bid. It is possible, however, that sales by such persons may occur during the period of the Issuer Bid as personal circumstances or decisions unrelated to the existence of the Issuer Bid require. The benefit to any such person whose Trust Units are purchased will be the same as the benefit available to all unitholders whose Trust Units are purchased.

11. Benefits from the Normal Course Issuer Bid

The benefit of any persons or companies named in item 10 of selling or not selling shares of the issuer during the course of the Normal Course Issuer Bid are the same as the benefits to any other shareholder who does or does not sell.

12. Material Changes in the Affairs of the Fund

There are no material changes or proposed material changes in the affairs of the Fund which have not been disclosed which might reasonably be expected to have a significant effect on the market price or value of the Trust Units.

CERTIFICATE

The undersigned, who has been duly authorized by the Fund's Board of Trustees to sign this Certificate, hereby certifies that:

- (a) the information provided in the foregoing notice is complete and accurate and in compliance with Policy 6-501 on Normal Issuer Bids of the Toronto Stock Exchange;
- (b) the foregoing notice contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it is made.

DATED the 22nd day of February, 2007.

FOREMOST INCOME FUND

[signed: James T. Grenon, Trustee]

James T. Grenon, Trustee