

**FOREMOST INCOME FUND
INFORMATION CIRCULAR AND PROXY STATEMENT**

For the Special Meeting of Unitholders to be held on Wednesday, December 14, 2011

SOLICITATION OF PROXIES

This information circular ("**Information Circular**") and proxy statement ("**Proxy**") is furnished in connection with the solicitation of proxies on behalf of Foremost Income Fund ("**Foremost**" or the "**Fund**") by the board of trustees of the Fund (the "**Trustees**") and by Foremost Industries Ltd., the administrator of the Fund (the "**Administrator**"), for use at the special meeting (the "**Meeting**") of holders of Units ("**Units**") of the Fund (the "**Unitholders**"). The Meeting will be held at 2:00 p.m. (Mountain Standard Time) on Wednesday, December 14, 2011 in the Main Conference Room, at the offices of the Administrator, 1225 - 64th Avenue NE, Calgary, Alberta for the purposes set out in the Notice of Meeting (the "**Notice**") accompanying this Information Circular. Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, facsimile or oral communication by the Trustees or by officers or directors of the Administrator. The cost of the solicitation of proxies will be borne by the Administrator of the Fund, to be reimbursed by the Fund.

This Information Circular describes the business of the Meeting, items to be voted upon and the voting and proxy process, and provides information about the Fund, its corporate governance practices and other matters.

Unless otherwise indicated, the information contained herein is given as at November 9, 2011 and any reference to or use of the word or symbol "dollars" or "\$" refers to Canadian dollars.

VOTING AND APPOINTMENT OF PROXIES BY REGISTERED UNITHOLDERS

The persons designated in the Proxy are James Grenon, a Trustee of the Fund, and Pat Breen, the President and Chief Executive Officer and a Director of the Administrator. **A Unitholder has the right to appoint a representative (who does not need to be a Unitholder) in the accompanying Proxy other than James Grenon or Pat Breen, the Trustees' designees, to represent the Unitholder at the Meeting.** A Registered Unitholder (as defined below) may exercise this right by inserting in the blank space provided in the accompanying Proxy the name of the person to be appointed and deleting the names of the persons designated in the Proxy, or by completing another proper form of proxy. **In order for a form of proxy to be valid, it must be dated and signed by the Unitholder or by the Unitholder's attorney, authorized in writing and received by Computershare Trust Company of Canada, Attention: Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, (toll free facsimile: 1-866-249-7775) not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment of the Meeting.**

The persons named in the form of proxy will vote or withhold from voting the Units in respect of which they are appointed, on any ballot that may be called for, in accordance with the direction of the Unitholder appointing them. **In the absence of such specification, the proxyholder shall be deemed to have been granted the authority to vote the relevant Units FOR the resolution described in Appendix "A" hereof authorizing the amendments to Article VI of the Deed of Trust (as defined below) described herein.**

The Proxy also confers discretionary authority upon the persons named in the Proxy with respect to amendments to, or variations of, the matters identified in the Notice and with respect to other matters that may properly be brought before the Meeting. As of the date hereof, the Trustees of the Fund know of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice.

VOTING AND APPOINTMENT OF PROXIES BY NON-REGISTERED UNITHOLDERS

The information set forth in this section is of significant importance as most of the Unitholders do not hold their Units in their own name. Unitholders who do not hold their Units in their own name ("**Beneficial Unitholders**") should note that only proxies deposited by Unitholders whose names appear on the records of the Fund as the registered holders of Units ("**Registered Unitholders**") can be recognized and acted upon at the Meeting. If the Units are listed in an account statement provided to a Unitholder by a broker, then in almost all cases those Units will not be registered in the Unitholder's own name on the records of the Fund. Such Units will more likely be registered in the name of the Unitholder's broker or an agent of that broker. In Canada, the vast majority of these Units are registered in the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Units held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Unitholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Units for the broker's clients. Therefore, Beneficial Unitholders cannot be recognized at the Meeting for purposes of voting their Units in person or by way of proxy unless their brokers or agents are given specific instructions. If you are a Beneficial Unitholder and wish to vote in person at the Meeting, please contact your broker or agent well in advance of the Meeting to determine how you can do so.

Applicable regulatory policy requires brokers to seek voting instructions from Beneficial Unitholders in advance of Unitholders' meetings. Every broker has its own mailing procedures and provides its own return instructions to clients. These procedures and instructions should be carefully followed by Beneficial Unitholders in order to ensure that their Units are voted at the Meeting in accordance with their directions. In certain cases, the form of proxy supplied to a Beneficial Unitholder by its broker (or the agent of the broker) is identical to the Proxy provided to Registered Unitholders, however, its purpose is limited to instructing the Registered Unitholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Unitholder. The majority of Canadian brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Institution Inc. ("**Broadridge**"). Broadridge typically prepares a machine-readable voting instruction form, mails that form to the Beneficial Unitholders and asks Beneficial Unitholders to return the instruction forms to Broadridge. Alternatively, Beneficial Unitholders can either call Broadridge's toll-free telephone to vote their Units or access Broadridge's dedicated voting website (each as noted on the voting instruction form) to deliver their voting instructions. Broadridge then tabulates the results of all instructions received and provides instructions respecting the voting of Units to be represented at the Meeting. **A Beneficial Unitholder receiving a voting instruction form from Broadridge cannot use that form to vote Units directly at the Meeting. Voting instructions must be provided to Broadridge in accordance with the instructions set forth on the Broadridge form in order to have the Units voted.**

Unitholders who receive forms of proxies or voting materials from organizations other than Broadridge should complete and return such forms of proxies or voting materials in accordance with the instructions on such materials in order to properly vote their Units at the Meeting.

Although a Beneficial Unitholder may not be recognized directly at the Meeting for the purposes of voting Units registered in the name of his or her broker (or agent of the broker), a Beneficial Unitholder may attend the Meeting as proxyholder for the Registered Unitholder and vote the Units in that capacity. **Beneficial Unitholders who wish to attend the Meeting and indirectly vote their Units as a proxyholder for the Registered Unitholder should enter their own names in the designated blank space and return the Proxy to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent) well in advance of the Meeting.**

Beneficial Unitholders should contact their brokers or other intermediaries if they have any questions regarding the voting of their Units held through such brokers or other intermediaries.

REVOCATION OF PROXIES

A Registered Unitholder who has submitted a Proxy may revoke it at any time prior to the exercise of that Proxy:

1. by depositing an instrument in writing executed by the Unitholder, or the Unitholder's attorney authorized in writing, at the offices of Computershare Trust Company of Canada, Attention: Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the Proxy is to be used;
2. with the chairman of the Meeting on the day of the Meeting or any adjournment thereof by the Unitholder personally attending the Meeting and voting the Units represented by the Proxy; or
3. in any other manner permitted by law.

Beneficial Unitholders should contact their broker, financial institution or other nominee through which their Units are held in order to revoke any previous submitted proxy or voting instructions.

VOTING OF TRUST UNITS AND PRINCIPAL HOLDERS

Voting of Units

The Unitholders are the sole beneficiaries of the Fund. Every Unitholder present in person or represented by proxy (and entitled to vote) has one vote. Every Unitholder present in person or by proxy has one vote for each Unit held. Unitholders of record as of November 9, 2011 (the "**Record Date**") are entitled to receive notice of and vote at the Meeting. As of the Record Date, there were 20,668,163 issued and outstanding Units.

Principal Holder of Units

As of the date of this Information Circular, to the best of the knowledge of the Trustees and the officers and directors of the Administrator, the only person or corporation that beneficially owns, directly or indirectly, or exercises direction or control over more than 10.0% of the voting rights attached to the issued and outstanding Units is Mr. James Grenon who, through his own personal holdings, holds a total of 11,547,967 Units representing approximately 55.9% of all issued and outstanding Units. CDS & Co. holds in aggregate 18,939,438 Units, including those beneficially owned by Mr. Grenon.

Quorum

Pursuant to the Deed of Trust (as defined below), a quorum of Unitholders is present at the Meeting if at least one individual is present in person either holding personally or representing as proxies not less in aggregate than 5.0% of the votes attached to all outstanding Units. If a quorum is not present at the Meeting within 30 minutes after the time fixed for the Meeting, the Meeting shall stand adjourned to such a day, being not less than 14 days later, and to such place and time as may be appointed by the chairman of the Meeting. If at the subsequently adjourned meeting a quorum (as defined above) is not present, the Unitholders present, either personally or by proxy, shall form a quorum and the meeting may proceed as the original Meeting was to proceed.

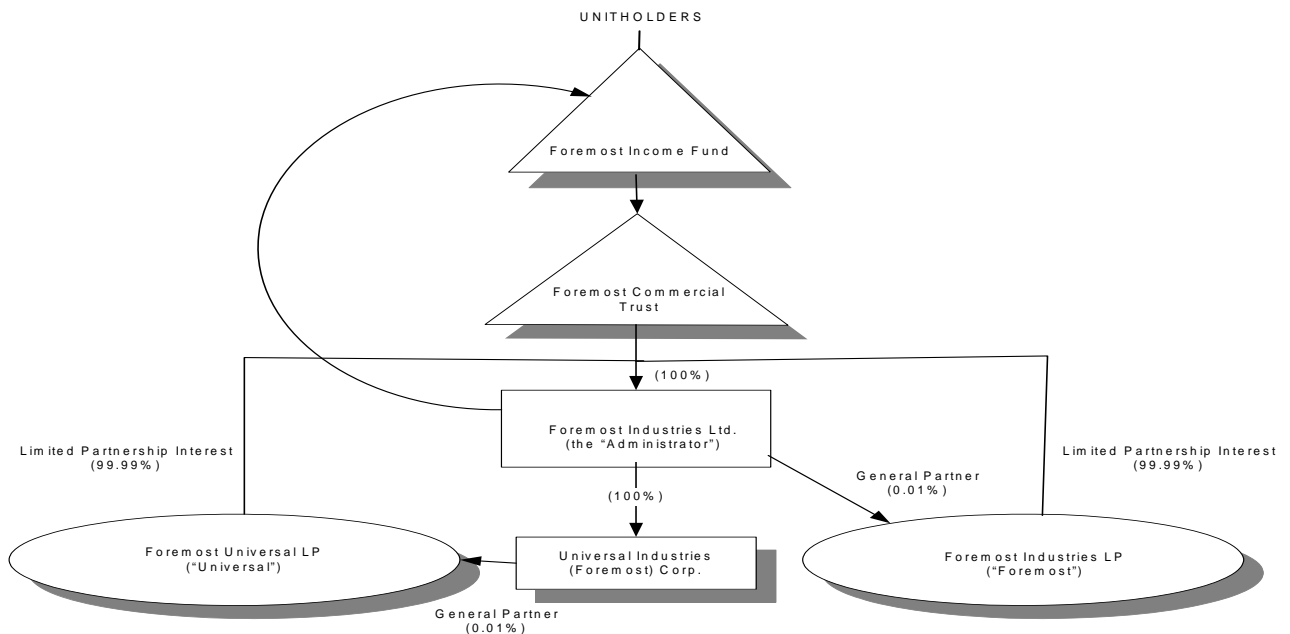
THE FUND

The Fund is an unincorporated open-end mutual fund trust established under the laws of the Province of Alberta by a deed of trust, made as of November 12, 2005 and amended and restated on November 13,

2007 and November 26, 2010 (the "**Deed of Trust**"). The Fund is a successor entity to Foremost Industries Income Fund. Organized as a "trust-over-partnership" structure, it indirectly holds the securities of Foremost Industries LP ("**Foremost LP**") and Foremost Universal LP ("**Universal LP**"). Foremost LP is in the business of the design, manufacture, sales and service of heavy all-terrain vehicles and drilling equipment for use in the mineral exploration, waterwell, construction, transportation, energy and environmental industries and other businesses, which are related, ancillary or complementary thereto. Universal LP is in the business of the design, manufacture, sale and service of shop tanks, vessels, field tanks, gas separation units and compression equipment used within the energy and environmental industries. The Fund does not participate in the management of Foremost LP or Universal LP.

Pursuant to the Deed of Trust, the Trustees are responsible for the affairs of the Fund and elected by Unitholders. Pursuant to arrangements for administration of the Fund, the Administrator, an indirect wholly-owned subsidiary of the Fund, arranges for the provision of services required in the administration of the Fund and the day to day management of the business of the Fund. The officers and directors of the Administrator are appointed or elected by and accountable to the Trustees. The current directors of the Administrator are Pat Breen, Doug Rae, and John Paul Grenon. The Administrator employs certain employees and consultants that manage and administer the Fund's assets and undertakings. See "Management Contracts".

The following diagram shows the organizational structure of the Fund:



Further information regarding the Fund and its subsidiaries is included in the Fund's annual information form dated March 31, 2011, for the year ended December 31, 2010, as filed on SEDAR at www.sedar.com.

MATTERS TO BE ACTED UPON AT THE MEETING

Deed of Trust Amendments

The Trustees propose to amend Article V and Article VI of the Deed of Trust (the "**Proposed Amendments**") to provide for a flexible special redemption of Units by the Fund (the "**Special Redemption**") that is greater than the Monthly Limit (as defined below) and outside the Permitted Range (as defined below), as more particularly described under "Matters to be Acted Upon at the Meeting – Deed of Trust Amendments – *Proposed Amendments*".

Under Section 6.1 of the Deed of Trust, Unitholders are (and will continue to be) entitled to require the Fund to redeem, at any time and from time to time, at the demand of the Unitholder, all or any part of the Units registered in the name of the Unitholder, at the prices determined and payable in accordance with the terms and conditions of the Deed of Trust (an "**Ordinary Redemption**").

Under Section 6.4 of the Deed of Trust, the amount the Fund has made available to redeem Units in cash is \$1.5 million per calendar month (the "**Monthly Limit**"), subject to the Trustees' discretion to waive or reduce the Monthly Limit for events material to the Fund, or concerns as to the current working capital or debt of the Fund.

Under Section 6.3 of the Deed of Trust, the redemption price to be paid to Unitholders on redemption is determined by the Trustees at the time the Trustees or the Trustees' audit committee approves the interim quarterly and annual financial statements. In the absence of a material change affecting the Fund, the Trustees are required to determine the redemption price at an amount that will be within 10.0% above or below the Fund's consolidated "Tangible Book Value" per Unit, as determined by reference to the most recent financial statements of the Fund (the "**Permitted Range**"). Under Section 6.5 of the Deed of Trust, if the Monthly Limit has been reached, the Fund may issue a promissory note in payment of the redemption price.

This redemption process was approved by the requisite majority of Unitholders at a special meeting of the Unitholders held on November 26, 2010.

Under the Proposed Amendments, a new Section 6.7 of the Deed of Trust will provide that the Trustees will be authorized to have the Fund make Special Redemptions of Units from time to time, at a price determined by the Trustees, in addition to the Ordinary Redemption. Additionally, the amended Article V of the Deed of Trust will provide for the Trustees to designate a portion of the amount payable to a Unitholder on a redemption of Units to be payable out of the income or capital gains of the Fund. In the case of an Ordinary Redemption, the Trustees may designate a reasonable portion of the redemption price to be payable out of the year-to-date income and capital gains of the Fund. In addition, the amendments to Article V will authorize the Fund to withhold any applicable withholding taxes from payments made on the redemption of Units.

Registered Unitholders will be entitled to "opt-out" of a Special Redemption (a "**Declining Unitholder**") by providing notice to that effect to the Fund, in accordance with a new Section 6.8 of the Deed of Trust .

A Registered Unitholder may request (a "**Requesting Unitholder**") to have the number of Units that would have been redeemed from a Declining Unitholder redeemed instead from the Requesting Unitholder (the "**Designated Units**") provided it is established to the satisfaction of the Trustees that the Units held by the Requesting Unitholder and the Units held by the Declining Unitholder are, directly or indirectly, under common control and the Requesting Unitholder provides a written request for redemption of Designated Units in accordance with instructions provided by the Trustees or the Fund. See

"Notice of Initial Special Redemption – Request for Redemption of Designated Units" for instructions on making the written request.

Certain other incidental amendments to the Deed of Trust will be made to accommodate Special Redemptions and to ensure that the income and capital gains of the Fund may be allocated in a reasonable manner (as further described above), including certain amendments to the definitions in Section 1.1 of the Deed of Trust. The specific text of the Proposed Amendments are described below under the heading "Matters to Be Acted Upon at the Meeting – Deed of Trust Amendments – *Proposed Amendments*".

Unitholders will be asked to consider and vote on the resolution set forth in Appendix "A" hereof (the "**Special Resolution**") in order to approve the Proposed Amendments. See "Matters to be Acted Upon at the Meeting – Deed of Trust Amendments – *Special Resolution*".

Notwithstanding this Meeting or the passing of the Special Resolution approving the Proposed Amendments, the Trustees may at any time prior to the effectiveness of the Proposed Amendments, if they determine it to be in the best interest of the Fund and the Unitholders, determine not to give effect to the Proposed Amendments.

Initial Special Redemption

If the Proposed Amendments are approved by Unitholders at the Meeting, the Trustees will cause the Fund to redeem 11.0% of each Unitholder's Units (the "**Initial Special Redemption**") at a redemption amount of \$11.00 per Unit (the "**Special Redemption Amount**"). If no Unitholders opt-out of the Initial Special Redemption, this will result in the redemption of approximately 2,273,498 Units. Such Initial Special Redemption is to occur on December 21, 2011. Of the Special Redemption Amount of \$11.00 per Unit, \$10.99 will be paid out of the income and capital gains of the Fund and \$0.01 will be proceeds of disposition.

Trustees' Considerations

In determining to propose the Proposed Amendments and to carry out the Initial Special Redemption, the Trustees considered the following advantages:

1. the Initial Special Redemption will distribute the income and capital gains of the Fund to redeeming Unitholders to allow the Fund to eliminate or minimize the Fund's liability for income taxes;
2. the redeeming Unitholders will receive substantial cash proceeds from the Initial Special Redemption; and
3. the amendments to the Deed of Trust will ensure that a reasonable allocation of the year-to-date income and capital gains of the Fund may be made to Unitholders redeeming pursuant to the Ordinary Redemption rights.

If the Proposed Amendments are passed and the Initial Special Redemption is carried out, the Initial Special Redemption will be in addition to, and will not affect, the existing Ordinary Redemption right of Unitholders to cause the Fund to redeem their Units under the Deed of Trust.

Based on the Fund's current circumstances, the Trustees do not intend to reinstate quarterly cash distributions at this time, and instead plan to utilize the Special Redemption on a going forward basis. Any Special Redemption, or the financing thereof may have the effect of reducing the redemption price of Ordinary Redemptions.

The Fund will continue to review organizational structures and alternatives on an ongoing basis, and continue to conduct its business and attempt to expand as it currently does.

The Initial Special Redemption will only occur if the Proposed Amendments are approved at the Meeting and the Deed of Trust is so amended. Notwithstanding the passing of the Special Resolution approving the Proposed Amendments at the Meeting and the amendment of the Deed of Trust to implement the Proposed Amendments, the Trustees may determine not to carry out the Initial Special Redemption if they determine that it is not in the best interest of the Fund and the Unitholders to carry out the Initial Special Redemption.

Proposed Amendments

The Fund was formed under the provisions of the Deed of Trust, which governs, among other things, the redemption rights of Unitholders and any transfer of Units.

As described above in "Matters to be Considered at the Meeting - Deed of Trust Amendments", the Trustees propose to amend:

- Article VI of the Deed of Trust to allow for the Special Redemptions. Specifically new sections 6.7, 6.8 and 6.9 will be added to the end of Article VI as follows:

6.7 Special Redemptions

- (a) Notwithstanding any requirements contained in sections 6.1 to 6.6 of the Deed of Trust, the Trustees may authorize the Fund to offer from time to time, at the Trustees' discretion, a special redemption (the "**Special Redemption**") of a number of Units held by the Unitholders or a percentage of the Units held by each Unitholder, in each case at a stated redemption amount ("**Special Redemption Amount**"). Subject to sections 6.8 and 6.9, the Special Redemption shall be made from all Unitholders pro rata to their respective unitholdings of the Fund.*
- (b) In respect of each Special Redemption and subject to section 6.9, the Trustees may (but shall not be required to) establish a procedure pursuant to which Units which were to be redeemed from any Declining Unitholders may instead be redeemed from the Unitholders who are not Declining Unitholders pro rata to their respective unitholdings of the Fund. With respect to any such Special Redemption and subject to section 6.9, the Trustees may specify a maximum percentage of Units held by each of the Unitholders who are not Declining Unitholders in the event that Unitholders elect to opt-out of such Special Redemption.*
- (c) The Fund shall mail a notice (the "**Notice of Special Redemption**") to the Unitholders not less than 21 days prior to the date of any Special Redemption setting forth the date for the Special Redemption, the number of Units or percentage of Units held by each Unitholder, as the case may be, to be redeemed and the Special Redemption Amount. The Fund shall provide Unitholders with the Notice of Special Redemption, instructions on opting out of the Special Redemption in accordance with section 6.8 and requesting a redemption of Designated Units in accordance with section 6.9. The Notice of Special Redemption shall specify a date by which a notice of election to opt-out must be provided to the Fund or its designated agent in order for a Unitholder to opt-out of the Special Redemption. For the avoidance of doubt, a Notice of Special Redemption provided to Unitholders prior to the effectiveness of this section, provided that the Special Redemption contemplated therein is contingent on the adoption of this section by*

Unitholders at a special meeting called for such purpose, shall be effective notice of such Special Redemption provided that such Notice of Special Redemption is mailed to Unitholders in accordance with the terms of this subsection 6.7(c).

- (d) *The date of redemption as declared by the Trustees in respect of any Special Redemption shall be deemed to be the effective date of the Special Redemption. The register of Unitholders maintained pursuant to Section 13.4 shall be adjusted effective as of such date to reflect the effect of the Special Redemption and the Special Redemption Amount in respect of such Special Redemption shall become payable to the Unitholders who are not Declining Unitholders on such date. The Trustees may establish procedures pursuant to which each Unitholder shall be required to surrender their Unit Certificate(s) to be exchanged for new Unit Certificate(s) representing the number of Units held following the Special Redemption, and may withhold payment of the Special Redemption Amount until such Unit Certificate(s) are surrendered.*

6.8 Exercise of Opt-Out from Special Redemption

A Unitholder (a "Declining Unitholder") may determine to decline to have any Units held by such a Unitholder redeemed under subsection 6.7(a). A Declining Unitholder shall send to the Fund notice of its election to opt-out of the Special Redemption in accordance with instructions provided by the Trustees or the Fund. No form or manner of completion shall be sufficient unless the same is delivered to the Fund on or prior to the date specified by the Trustees and is in all respects satisfactory to the Trustees and is accompanied by any further evidence that the Trustee may reasonably require with respect to the identity, capacity or authority of the Person giving such opt-out notice.

6.9 Request for Redemption of Designated Units

A Unitholder may request (a "Requesting Unitholder") to have the number of Units that would have been redeemed from a Declining Unitholder redeemed instead from the Requesting Unitholder (the "Designated Units") provided it is established to the satisfaction of the Trustees that the Units held by the Requesting Unitholder and the Units held by the Declining Unitholder are, directly or indirectly, under common control and the Requesting Unitholder provides a written request for redemption of Designated Units in accordance with instructions provided by the Trustees or the Fund.

- Article V of the Deed of Trust to ensure that the Trustees may allocate a portion of the income and capital gains of the Fund to redeeming Unitholders and to ensure that the Deed of Trust contemplates the withholding of applicable taxes on a redemption of Units. In the case of an Ordinary Redemption, the Trustees may designate a reasonable portion of the redemption price to be payable out of the year-to-date income or capital gains of the Fund.
- Certain definitions in Section 1.1 of the Deed of Trust to reflect changes to definitions resulting from the matters described above.

Set forth in Appendix "B" to this Information Circular is a copy of the specific provisions of the Deed of Trust that are proposed for amendments, blacklined to show the effect of the amendments on the applicable provisions of the existing form of the Deed of Trust.

If the Special Resolution is approved at the Meeting, the Fund plans to implement the proposed amendments to the Deed of Trust, with effect from the date of the Meeting (December 14, 2011).

Special Resolution

The Trustees have approved and propose that the Special Resolution set forth in Appendix "A" hereof be placed before the Unitholders for their consideration to approve the proposed amendments to the Deed of Trust.

Because the Special Resolution includes amendments to the Deed of Trust, the Special Resolution requires the approval of Unitholders holding not less than 66 2/3% of the votes cast at the Meeting by holders of Units in present or voting by proxy. The vote on the Special Resolution by the Unitholders will be conducted by way of a ballot at the Meeting.

The Trustees have unanimously recommended that Unitholders approve this Special Resolution.

Other Matters

As of the date of this Information Circular, the Trustees and the officers and directors of the Administrator know of no amendment, variation or other matter to come before the Meeting other than those referred to in the Notice accompanying this Information Circular. If any amendment or variation or other matter properly comes before the Meeting, it will be duly dealt with at that time. All proxies received in favour of the management nominees will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.

NOTICE OF INITIAL SPECIAL REDEMPTION

If the Proposed Amendments are passed by Unitholders at the Meeting, the Trustees intend to cause the Fund to carry out the Initial Special Redemption to redeem 11.0% of each Unitholder's Units at the Special Redemption Amount. The date of the Initial Special Redemption shall be December 21, 2011 for participating Unitholders. If no Unitholders elect to opt-out of the Initial Special Redemption, then approximately 2,273,498 Units will be redeemed. Computershare Investor Services Inc. ("**Computershare**") will act as depositary for the Initial Special Redemption.

The Fund has set the Special Redemption Amount at \$11.00 per Unit based on several factors, including the perceived attractiveness of the Initial Special Redemption to the Unitholders, but no formal valuation has been obtained or undertaken. This Special Redemption Amount does not have any precedential value on the pricing of Ordinary Redemptions. Of the Special Redemption Amount of \$11.00 per Unit, \$10.99 will be paid out of the income and capital gains of the Fund and \$0.01 will be proceeds of disposition.

Participating in the Initial Special Redemption

Beneficial Unitholders who wish to participate in the Initial Special Redemption do not have to provide notice in order to participate. You are a Beneficial Unitholder if you do not hold a certificate for your Units in your own name (i.e. you hold your Units through a broker or another nominee).

Registered Unitholders participating in the Initial Special Redemption will be required to provide their Unit certificate(s) to Computershare, in addition to a duly completed letter of transmittal in the form accompanying this Information Circular. Such Unit certificates will be surrendered for exchange for a new certificate representing the number of Units held after the Initial Special Redemption. Registered Unitholders who wish to have a cheque for their Special Redemption Amount mailed or available for pick-up on December 21, 2011 must provide the required documentation to Computershare by 5:00 p.m. (Calgary time) on December 16, 2011. If the required documentation is not received by Computershare by 5:00 p.m. (Calgary time) on December 16, 2011, Computershare will still proceed with the Initial Special Redemption of such Unitholder's Units (provided no Opt-Out Election Form, as defined below, is

received by the Fund from such Unitholder), effective December 21, 2011. However, Computershare may withhold payment of the Special Redemption Amount until the required documentation is provided. Following the completion of the Initial Special Redemption and receipt of the required documentation, Computershare will by first class mail provide the Unitholder with a cheque for their Special Redemption Amount and a new Unit certificate representing the Units retained by that Unitholder upon the completion of the Initial Special Redemption.

James T. Grenon, the majority Unitholder of the Fund, has indicated to the Fund that he will participate in the Initial Special Redemption in respect of his Units.

Opting Out of the Initial Special Redemption

In accordance with the terms of the Proposed Amendments, Registered Unitholders who do not wish to have their Units redeemed will be entitled to opt-out of the Initial Special Redemption by providing notice to that effect to the Fund (by completing and submitting the enclosed election form (the "**Opt-Out Election Form**")), by 5:00 p.m. (Calgary time) on December 16, 2011.

Beneficial Unitholders who do not wish to have their Units redeemed will be entitled to opt-out of the Initial Special Redemption and will be required to: (a) obtain a separate Unit certificate and become Registered Unitholders if they intend to opt-out of the Initial Special Redemption, (b) obtain from the Fund the Opt-Out Election Form, and (c) complete and submit the Opt-Out Election Form to the Fund by 5:00 p.m. (Calgary time) on December 16, 2011. **Beneficial Unitholders who propose to opt-out should speak to their brokers as soon as possible if they intend not to participate in the Initial Special Redemption.**

After the Initial Special Redemption, the Unit certificate(s) of the Fund held by a Declining Unitholder will not reflect the correct CUSIP number. They need not do so, but where a Declining Unitholder wishes to have their Unit certificate(s) promptly reissued reflecting the correct CUSIP number, the Declining Unitholder must provide their Unit certificate(s) to Computershare.

Request for Redemption of Designated Units

A Requesting Unitholder may request to have Designated Units redeemed provided it is established to the satisfaction of the Trustees that the Units held by the Requesting Unitholder and the Units held by the Declining Unitholder are, directly or indirectly, under common control. To request a redemption of Designated Units, a Requesting Unitholder must submit a written request for the redemption of the Designated Units which includes the name and contact information of the Requesting Unitholder, the name and contact information of the Declining Unitholder and the number of Designated Units. Such written request must be received by Doug Rae, Foremost Industries Ltd., 1225 64th Avenue, N.E. Calgary, Alberta, Canada, T2E 8P9, by 5:00 p.m. (Calgary Time) on December 16, 2011. The Requesting Unitholder and Declining Unitholder must respond on a timely basis to questions from the Trustees or their representatives evidencing the relationship between the Requesting Unitholder and the Declining Unitholder.

Questions

Unitholders who have any questions regarding the Initial Special Redemption to occur on December 21, 2011, the procedure for opting out of the redemption or the procedure for requesting the redemption of Designated Units should contact: Doug Rae, Foremost Industries Ltd., 1225 64th Avenue N.E. Calgary, Alberta, Canada, T2E 8P9, telephone: (403) 295-5837 or toll free 1-800-661-9190 (Canada/US), fax: (403) 295-5832, or e-mail: investorrelations@foremost.ca.

CERTAIN CANADIAN INCOME TAX CONSIDERATIONS

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Canadian *Income Tax Act*, RSC 1985, c1 (5th Supp) and the regulations thereto (the "**Tax Act**") of the amendments to the Deed of Trust and the Initial Special Redemption described herein that are generally applicable to a Unitholder who beneficially owns Units as at the date of this Information Circular and who, at all relevant times for purposes of the Tax Act, holds the Units as capital property, deals at arm's length with the Fund and is not affiliated with the Fund (a "**Holder**"). Generally, Units will be capital property to a Holder provided the Holder does not hold the Units in the course of carrying on a business or as part of an adventure or concern in the nature of trade. This summary does not apply to Unitholders who acquired Units pursuant to any employee unit or stock option plan.

This summary is based on the current provisions of the Tax Act, on counsel's understanding of the current administrative and assessing practices and policies of the Canada Revenue Agency published in writing prior to the date hereof and on a certificate of the Fund as to certain factual matters. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that all Tax Proposals will be enacted in the form proposed, although no assurance is given that any of the Tax Proposals will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative or assessing practice, whether by legislative, regulatory, administrative or judicial action, nor does it take into account tax legislation of any province, territory or foreign jurisdiction, which may be different from those discussed in this Information Circular.

For the purposes of this summary and based in part of a certificate of the Fund as to certain factual matters, this summary has been prepared on the assumption that the Fund will qualify as a "mutual fund trust", as defined in the Tax Act, throughout the calendar year which includes the Initial Special Redemption. If the Fund ceases to qualify as a "mutual fund trust" during such period, then the income tax considerations described below would, in some respects, be materially different. In addition, based in part on the certificate of the Fund, this summary assumes that the Fund is not subject to the SIFT Rules.

This summary is not applicable to (a) a Holder that is exempt from tax under Part I of the Tax Act (including, without limitation, a trust governed by a registered retirement savings plan (RRSP), a registered retirement income fund (RRIF) or a tax-free savings account (TFSA)), (b) a Holder that is a "specified financial institution", (c) a Holder an interest in which is a "tax shelter investment", (d) a Holder that is, for purposes of certain rules (referred to as the "mark-to-market" rules) applicable to securities held by financial institutions, a "financial institution", or (e) a Holder to whom the "functional currency" reporting rules apply, each as defined in the Tax Act. Such Holders should consult their own tax and investment advisors.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Unitholder. This summary is not exhaustive of all Canadian federal income tax considerations. All Unitholders should consult their own tax and investment advisors having regard to their own particular circumstances.

Unitholders should be aware of the Canadian income tax consequences of the Initial Special Redemption summarized herein, including the treatment of amounts payable to Unitholders on the Initial Special Redemption. In particular, for Canadian federal income tax purposes, the Fund expects that substantially all of the amounts payable to Unitholders on the Initial Special Redemption will constitute ordinary income to Unitholders and, in the case of non-resident Unitholders, will be subject to Canadian non-resident withholding tax. This income inclusion cannot be offset by capital losses, if any, realized as a result of the Initial Special Redemption, however, subject to the detailed provisions of the Tax Act, such capital losses may be deductible against certain capital gains.

Taxation of Holders Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times for purposes of the Tax Act, is or is deemed to be resident in Canada (a "**Resident Unitholder**"). Resident Unitholders who are entitled to elect and make the election, or have already made the election, permitted by subsection 39(4) of the Tax Act to have their Units and every other "Canadian security" (as defined in the Tax Act) owned or subsequently acquired by such Resident Unitholder treated as capital property will be regarded as holding Units as capital property. Resident Unitholders should consult their own tax and investment advisors concerning this election prior to making the election.

Amendments to the Deed of Trust

Resident Unitholders should not be considered to dispose of Units as a consequence of the amendments to the Deed of Trust.

Following the amendments to the Deed of Trust, the Trustees will be entitled to designate a reasonable portion of amounts paid or payable to a Unitholder on an Ordinary Redemption as being payable out of the year-to-date income or capital gains of the Fund. In addition, the Trustees will be entitled to designate a portion of amounts paid or payable to a Unitholder on a Special Redemption as being payable out of the income or capital gains of the Fund. Amounts designated as being payable out of the income of the Fund will generally constitute ordinary income of a redeeming Unitholder and amounts payable out the taxable capital gains of the Fund may constitute ordinary income of a redeeming Unitholder.

Initial Special Redemption

On the Initial Special Redemption, each Unitholder will receive in respect of each Unit held an amount equal to the Special Redemption Amount as payment for the purchase by the Fund of their Units for cancellation pursuant to the Initial Special Redemption. The purchase and cancellation of Units under the Initial Special Redemption will constitute a disposition of the Units for purposes of the Tax Act.

A Resident Unitholder will be required to include in income for the Resident Unitholder's taxation year in which the current taxation year of the Fund ends, the portion of the Special Redemption Amount that is treated as having been paid out of the Fund's income. Provided that appropriate designations are made by the Fund, that portion, if any, of the Special Redemption Amount that is treated as having been paid out of the Fund's net taxable capital gains will effectively retain its character and be treated as a taxable capital gain in the hands of the Resident Unitholder for purposes of the Tax Act. The portion, if any, of the Special Redemption Amount that is treated as having been paid out of the non-taxable portion of any net capital gains of the Fund will not be included in computing the Resident Unitholder's income for the Resident Unitholder's taxation year.

Management of the Fund has advised that it expects that substantially all of the Special Redemption Amount will be paid out of the Fund's income and will constitute ordinary income to Resident Unitholders.

On the disposition of a Unit pursuant to the Initial Special Redemption, a Resident Unitholder will generally realize a capital gain (or a capital loss) equal to the amount by which the Resident Unitholder's proceeds of disposition exceed (or are less than) the adjusted cost base of the Unit to the Resident Unitholder and any reasonable costs of disposition. For this purpose, proceeds of disposition for a Unit will be equal to the Special Redemption Amount less the portion of any amounts that (i) are otherwise required to be included in the Residential Unitholder's income or (ii) represent the non-taxable portion of capital gains, if any, distributed to the Resident Unitholder, which amounts will not reduce the adjusted cost base of a Unit. There are special rules that may apply to reduce the capital loss realized on the Initial Special Redemption by a Resident Unitholder where the Resident Unitholder, or a person affiliated with the Resident Unitholder, has acquired Units during the time period beginning 30 days before the Initial Special Redemption and ending 30 days after the Initial Special Redemption (the "**substituted property**"). The amount by which the capital loss is reduced would be added to the adjusted cost base of substituted property of the Resident Unitholder or person affiliated with the Resident Unitholder, as the case may be. Unitholders to whom these special rules may be applicable should consult their own tax advisors.

Management of the Fund has advised that it expects that substantially all of the amounts paid to Unitholders on the Initial Special Redemption will constitute ordinary income to Unitholders, and that Resident Unitholders will generally realize a capital loss equal to the Resident Unitholder's adjusted cost base of the redeemed Units immediately before the Redemption Date and any reasonable costs of disposition less the proceeds of disposition of \$0.01 per Unit (subject to the comments in the preceding paragraph regarding Unitholders who acquire Units within a certain period). Generally, a capital loss realized on the disposition of a Unit will be subject to the rules relating to the taxation of capital gains and capital losses described below and, in particular, can be applied only against capital gains. In other words, any capital loss realized by a Resident Unitholder on the cancellation of Units pursuant to the Initial Special Redemption will not be deductible against the Resident Unitholder's ordinary income, including ordinary income resulting from amounts distributed or payable to the Unitholder on the Initial Special Redemption.

Capital Gains and Capital Losses

One-half of any capital gain (a "**taxable capital gain**") realized by a Resident Unitholder will generally be included in the Resident Unitholder's income as a taxable capital gain. One-half of any capital loss (an "**allowable capital loss**") realized by a Resident Unitholder may generally be deducted only from taxable capital gains realized or considered to be realized by the Resident Unitholder (including any net taxable capital gains distributed by the Fund) subject to and in accordance with the provisions of the Tax Act. Allowable capital losses not deducted in the taxation year in which they are realized may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

A Resident Unitholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on certain investment income, including amounts in respect of net taxable capital gains and dividends or deemed dividends not deductible in computing taxable income.

Capital gains realized by individuals and certain trusts may give rise to a liability for alternative minimum tax under the Tax Act.

Taxation of Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times for purposes of the application of the Tax Act, is not, and is not deemed to be, resident in Canada and does not use or hold the Units in a business carried on in Canada (a "**Non-Resident Unitholder**"). Special rules, which are not discussed in this summary, may apply to certain holders that are insurers carrying on an insurance business in Canada and elsewhere.

Amendments to Deed of Trust

Non-Resident Unitholders should not be considered to dispose of Units as a consequence of the amendments to the Deed of Trust.

Following the amendments to the Deed of Trust, the Trustees will be entitled to designate a reasonable portion of amounts paid or payable to a Unitholder on an Ordinary Redemption as being payable out of the year-to-date income or capital gains of the Fund. In addition, the Trustees will be entitled to designate a portion of amounts paid or payable to a Unitholder on a Special Redemption as being payable out of the income or capital gains of the Fund. A Non-Resident Unitholder will generally be subject to Canadian non-resident withholding tax under Part XIII of the Tax Act at the rate of 25.0% on the portion of the amount paid on a redemption of Units as is designated as being payable out of (i) the income of the Fund and (ii) taxable capital gains realized by the Fund as a result of the disposition of taxable Canadian property where the aggregate of the Fund's taxable capital gains designated to non-resident holders of Units for the taxation year exceeds 5.0% of such taxable capital gains designated to all Unitholders. The 25.0% rate of withholding tax is subject to reduction pursuant to the provisions of an applicable income tax convention.

Initial Special Redemption

A Non-Resident Unitholder will generally be subject to Canadian non-resident withholding tax under Part XIII of the Tax Act at the rate of 25.0% on the portion of the Special Redemption Amount that is treated, in accordance with the Tax Act, as having been paid out of (i) the Fund's income and (ii) taxable capital gains realized by the Fund as a result of the disposition of taxable Canadian property where the aggregate of the Fund's taxable capital gains designated to non-resident holders of Units for the current taxation year of the Fund exceeds 5.0% of such taxable capital gains designated to all Unitholders. The 25.0% rate of withholding tax is subject to reduction pursuant to the provisions of an applicable income tax convention. For example, for a Non-Resident Unitholder that is a resident of the United States and that is a "qualifying person" for purposes of the *Canada-U.S. Income Tax Convention, 1980*, the applicable rate of withholding under the *Canada-U.S. Income Tax Convention, 1980* is generally 15.0%.

Management of the Fund has advised that it expects that substantially all of the amounts paid to Unitholders on the Initial Special Redemption will be paid out of the Fund's income.

Non-Resident Unitholders will therefore be subject to Canadian non-resident withholding tax on substantially all of the amounts payable to them by the Fund on the Initial Special Redemption.

A Non-Resident Unitholder will not realize a capital gain or capital loss on the disposition of Units as a result of the Initial Special Redemption unless such Units are "taxable Canadian property" to such Non-Resident Unitholder. Generally, Units will not be taxable Canadian property of a Non-Resident Unitholder unless at anytime during the 60-month period preceding the disposition (i) the Non-Resident Unitholder, persons with whom the Non-Resident Unitholder does not deal at arm's length, or the Non-Resident Unitholder together with all such persons owned 25.0% or more of the issued Units of the Fund; and (ii) more than 50.0% of the fair market value of the Units was derived directly or indirectly from one

or any combination of real or immovable property situated in Canada, "Canadian resource properties", "timber resource properties" (each as defined in the Tax Act), or options in respect of, or interest in, or for civil law rights in, any such properties. In the event that the Units constitute "taxable Canadian property" in the hands of a Non-Resident Unitholder and the gain, if any, realized upon a disposition of such Units is not exempt from Canadian tax by virtue of an applicable income tax treaty or convention, the general rules relating to the taxation of capital gains and losses described above under "Certain Canadian Income Tax Considerations - Taxation of Holders Resident in Canada - *Capital Gains and Capital Losses*" will apply.

Non-Resident Unitholders for whom Units are "taxable Canadian property" should consult their own tax and investment advisors with respect to the tax consequences of a disposition of Units upon the Initial Special Redemption.

Non-Participating Unitholders

Where a Non-Resident Unitholder elects not to participate in the Initial Special Redemption, the percentage of issued Units of the Fund held by that Non-Resident Unitholder will increase as a consequence of the Initial Special Redemption. If, after the Initial Special Redemption, the Non-Resident Holder, persons with whom the Non-Resident Unitholder does not deal at arm's length, or the Non-Resident Unitholder together with all such persons will own 25.0% or more of the issued Units of the Fund and if more than 50.0% of the fair market value of the Units were to be derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties", "timber resource properties" (each as defined in the Tax Act), or options in respect of, or interest in, or for civil law rights in, any such properties, the Units would become "taxable Canadian property" to the Non-Resident Holder. If the Units were "taxable Canadian property" to a Non-Resident Holder at the time of a future disposition of the Units, the Non-Resident Holder may be subject to Canadian tax if the Non-Resident Holder realizes a capital gain at that time, see the discussion above under "Certain Canadian Income Tax Considerations - Taxation of Holders Not Resident in Canada – *Initial Special Redemption*". Non-Resident Unitholders for whom Units may become "taxable Canadian property" should consult their own tax and investment advisors.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATERIAL TRANSACTIONS

To the knowledge of the Trustees and the officers and directors of the Administrator, no insider and none of the Trustees, or the officers and directors of the Administrator or any associate or affiliate of any of the foregoing, has had an interest, direct or indirect, in any material transaction of the Fund since the beginning of the Fund's last financial year, or in any proposed transaction that has materially affected or would materially affect the Fund.

There may be situations in which the interests of the Administrator or one of the Trustees will conflict with those of the Unitholders. The Trustees do not act on behalf of the Unitholders on a full-time basis and, when acting on behalf of others, the Trustees may at times act in contradiction to or in competition with the interests of the Unitholders.

In resolving any conflicts, decisions will be made on a basis consistent with the objectives and funds of each group of interested parties and the time limitations on investment of such funds, all consistent with the duty of the Trustees to deal fairly and in good faith with each such group of persons. In the event that the interests of the Trustees are in conflict with those of the Unitholders, the Trustees are obliged to make decisions acting in good faith, having regard to the best interests of the Unitholders and in a manner that would not contravene their fiduciary obligations to the Unitholders.

Properties will not be acquired from the Trustees or the officers or directors of the Administrator or persons not at arm's length with such persons at prices which are greater than fair market value, nor will properties be sold to the Trustees or officers or directors of the Administrator, or persons not at arm's length with such persons at prices which are less than fair market value.

Circumstances may arise where the Trustees or officers or directors of the Administrator serve as officers and/or directors of other entities which are in competition to the interests of the Fund. No assurances can be given that opportunities identified by the Trustees or by such officers or directors of the Administrator will be provided to the Fund.

AUDITOR

The auditor of the Fund is KPMG LLP.

MANAGEMENT CONTRACTS

Pursuant to arrangements for the administration of the Fund, the Administrator, an indirect wholly-owned subsidiary of the Fund, has agreed to act as Administrator for the Fund, or arrange for the provision of services required in the administration of the Fund and the day to day management of the businesses of the Fund. The Administrator is paid an annual fee of \$20,000 plus reimbursement of all expenses incurred by the Administrator in connection with such services. Included in this annual fee, the Administrator also provides investor relations services for the Fund, including the preparation and dissemination of information to investors as well as responding to investor inquiries.

In addition to the administration arrangements, the Trustees may pay or cause to be paid reasonable fees, costs and expenses incurred in connection with the administration and management of the Fund, including (without limitation) fees of auditors, accountants, lawyers, appraisers and other agents, consultants and professional advisors employed by or on behalf of the Fund and the cost of reporting or giving notices to the Unitholders. All costs, charges and expenses properly incurred by the Trustees on behalf of the Fund shall be payable out of the assets of the Fund.

Consulting services, including legal, other professional advice, investor relations services and due diligence and business acquisition services, as required, are provided to the Fund and its subsidiary entities by a company owned and managed by Mr. James Grenon, a Trustee of the Fund. The consideration paid for these consulting services amounted to \$810,000 for the period ending December 31, 2010 and \$727,000 to date in 2011. Such amount was not more than could be expected from unrelated parties.

INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

To the knowledge of the Trustees and the officers and directors of the Administrator, none of the Trustees or the directors or executive officers of the Administrator, or anyone who has held such offices since January 1, 2010, or any affiliate or associate of any of the foregoing, has any material interest, direct or indirect, in any matter to be acted upon at the Meeting, except as otherwise disclosed herein.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

None of the Trustees, nor any of the directors, executive officers or senior officers of the Administrator, nor any associate of any of the foregoing, is or has been indebted, directly or indirectly, to the Fund or the Administrator at any time since the beginning of the Fund's most recently completed financial year.

NOTICE REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this Information Circular constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. All forward-looking statements are based on the Fund's current expectations, estimates, projections, beliefs and assumptions based on information available at the time the statement was made and in light of their experience. The use of any of the words "continue", "expect", "may", "will", "should", "plan", "intend", "design", "undertake", "view", "entail", "objective", "potential" and similar expressions are intended to identify forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Fund believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this Information Circular should not be unduly relied upon. These statements speak only as of the date of this Information Circular or as of the date specified in the documents incorporated by reference into this Information Circular, as the case may be.

In particular and without limitation, this Information Circular contains forward-looking statements pertaining to the following:

- the proposed implementation of the Proposed Amendments and the Trustees' plan to give effect to the Initial Special Redemption;
- treatment of the Fund and the Units under governmental regulatory regimes and tax laws;
- status of the Fund as a mutual fund trust and not a SIFT;
- expectations of the Fund regarding the potential for future redemptions and future redemption prices;
- expectations of the Fund regarding future cash distributions; and
- the expectations of proceeds of redemption to be received by redeeming Unitholders.

With respect to forward-looking statements contained in this Information Circular, assumptions have been made regarding, among other things, the adoption of the Proposed Amendments at the Meeting, there being no changes in the Trustees' plans to give effect to the Initial Special Redemption, the status of the Fund as a mutual fund trust and not a SIFT and that the future performance and cash position of the Fund will not change materially from present.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of actions by governmental or regulatory authorities, including changes in tax laws (and the corresponding tax treatment of the Fund), changes in the business of the Fund, changes in industry conditions, changes in the oil and gas industry and other risks set forth elsewhere in this Information Circular and under the heading "Risk Factors" in the Fund's annual information form dated March 31, 2011 for the year ended December 31, 2010. These factors should not be construed as exhaustive. Forward-looking statements involve risks and uncertainties and are not guarantees of future performance. There is no assurance that any of the uncertainties associated with the forward-looking statements discussed in this Information Circular will occur, or if any of them do, when or what impact they will have on the Fund's financial condition.

ADDITIONAL INFORMATION

Additional information relating to the Fund, including the Fund's audited consolidated financial statements for the year ended December 31, 2010 together with the auditors' report thereon and management's discussion and analysis, interim financial statements, annual information form and this Information Circular are available upon request without charge from the Fund at: 1225 64th Avenue NE, Calgary, Alberta T2E 8P9, or may be made by email to: investorrelations@foremost.ca.

This information may also electronically be accessed on SEDAR at www.sedar.com or the Fund's website at www.foremost.ca.

DIRECTORS' APPROVAL

The contents and sending of this Information Circular have been approved by the Trustees of the Fund.

By Order of the Trustees of Foremost Income Fund

(signed) James T. Grenon
James T. Grenon, Trustee

APPENDIX "A"
SPECIAL RESOLUTION

"BE IT RESOLVED THAT:

1. the amendment to the deed of trust of Foremost Income Fund (the "**Fund**") dated November 12, 2005, as amended and restated on November 13, 2007 and November 26, 2010 (the "**Deed of Trust**"), substantially in the form set forth in the information circular of the Fund dated November 15, 2011 under the heading "Matters to be Acted Upon at the Meeting – Deed of Trust Amendments - *Proposed Amendments*", along with any such further amendments that are approved by the board of trustees of the Fund (the "**Trustees**") as are not inconsistent with such amendments and are not adverse to the interests of the unitholders (the "**Unitholders**") of the Fund (the "**Proposed Deed of Trust Amendments**"), be and hereby are authorized and approved, with such amendments to take effect at the time that is approved by the Trustees, but in any case not later than December 31, 2011;
2. notwithstanding that this resolution has been duly passed by Unitholders, the Trustees may at any time prior to the effectiveness of the Proposed Deed of Trust Amendments, if they determine it to be in the best interest of the Fund and the Unitholders, not give effect to the Proposed Deed of Trust Amendments; and
3. any Trustee and any executive officer or director of Foremost Industries Ltd., the administrator of the Fund, is hereby authorized, for and on behalf of the Fund, to execute and deliver all documents and instruments and do all other things as in the opinion of such Trustee, executive officer or director may be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action."