



FOREMOST INCOME FUND

**NOTICE OF ANNUAL MEETING AND
INFORMATION CIRCULAR AND PROXY STATEMENT**

ANNUAL MEETING OF UNITHOLDERS

**To be held Wednesday, June 15, 2011,
2:00 p.m. (Mountain Daylight Time)
at the offices of
Foremost Industries Ltd.
1225 64th Avenue N.E.
Calgary, Alberta, Canada**

FOREMOST INCOME FUND

NOTICE OF ANNUAL MEETING For the Annual Meeting of Unitholders to be held on Wednesday, June 15, 2011

NOTICE IS HEREBY GIVEN that the Annual Meeting (the "Meeting") of unitholders (the "Unitholders") of Foremost Income Fund (the "Fund") will be held in the Main Conference Room at Foremost Industries Ltd., 1225 64th Avenue N.E., Calgary, Alberta Canada on Wednesday, June 15, 2011 at 2:00 p.m. (Mountain Daylight Time) for the following purposes:

- (a) to receive the audited consolidated financial statements of the Fund for the year ended December 31, 2010, together with the report of the auditors thereon;
- (b) to elect four (4) Trustees of the Fund for the ensuing year;
- (c) to appoint the auditors of the Fund at the remuneration to be fixed by the Trustees of the Fund; and
- (d) to transact such other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular accompanying this Notice of Annual Meeting.

Individuals, corporations or other persons directly registered with Computershare Trust Company of Canada ("Computershare") as Unitholders of the Fund on May 19, 2011 ("Registered Unitholders") may attend the Meeting in person and vote. Unitholders owning Units through a brokerage firm or in any other manner who are not directly registered with Computershare on May 19, 2011 ("Beneficial Unitholders") who wish to attend the Meeting and vote should enter their own names in the blank space on the Form of Proxy provided to them by their broker (or the broker's agent) and return that proxy to their broker (or the broker's agent) in accordance with the instructions provided by their broker (or agent), well in advance of the Meeting. Registered and Beneficial Unitholders who do not wish to attend the Meeting or to vote their Trust Units in person may be represented by proxy. A person appointed as proxyholder does not need to be a Unitholder of the Fund. Unitholders who are unable to attend the Meeting in person are requested to date, sign and return the accompanying Form of Proxy (the "Proxy"), or other appropriate form of proxy, in accordance with the instructions set forth in the Information Circular. **For Registered Unitholders, the Proxy, or form of proxy, will not be valid unless it is deposited at the offices of 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 forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the Meeting, or any adjournment thereof. The time limit for deposit of proxies may be waived by the Board of Trustees without notice.**

Only persons registered as Unitholders on the records of the Fund as of the close of business on May 19, 2011 are entitled to receive notice of the Meeting.

DATED at Calgary, Alberta on May 19, 2011.

**By Order of the Trustees of
Foremost Income Fund**

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

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

SOLICITATION OF PROXIES

This Information Circular and Proxy Statement (the "Information Circular") is furnished in connection with the solicitation of proxies on behalf of Foremost Income Fund (the "Fund") by the Trustees of the Fund (the "Trustees") and by Foremost Industries Ltd., the Administrator of the Fund and the general partner of Foremost Industries LP, for use at the Annual Meeting of Unitholders (the "Meeting"). The Meeting will be held at 2:00 p.m. (Mountain Daylight Time) on Wednesday, June 15, 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 is 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 voting and proxy process, and provides information about the Trustees of the Fund, its corporate governance practices and other matters.

Unless otherwise indicated, the information contained herein is given as at May 19, 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 accompanying form of proxy (the "Proxy") James Grenon and Pat Breen, are, respectively, a Trustee of the Fund and the President and Chief Executive Officer and Director of the Administrator. A Unitholder has the right to appoint a person or company (who does not need to be a unitholder) to represent the Unitholder at the Meeting, other than James Grenon and Pat Breen, the Trustees' designees, to represent him or her at the Meeting in the accompanying Proxy. A Registered Unitholder 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, not less than forty-eight (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 Trust Units FOR: (i) the election of the Trustees as set forth in this Information Circular; and (ii) the appointment of auditors at such remuneration as may be determined by the Trustees of the Fund as set forth in this Information Circular. 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 Trust Units in their own name. Unitholders who do not hold their Trust 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 Trust Units ("Registered Unitholders") can be recognized and acted upon at the Meeting. If the Trust Units are listed in an account statement provided to a Unitholder by a broker, then

in almost all cases those Trust Units will not be registered in the Unitholder's own name on the records of the Fund. Such Trust 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 shares 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). Trust 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 Trust Units for the broker's clients. Therefore, Beneficial Unitholders cannot be recognized at the Meeting for purposes of voting their Trust 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 Trust 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 Trust Units or access Broadridge's dedicated voting website at www.central.proxyvote.com to deliver their voting instructions. You will need the 12 digit Control Number found on your voting instruction form. Broadridge then tabulates the results of all instructions received and provides instructions respecting the voting of Trust Units to be represented at the Meeting. A Beneficial Unitholder receiving a voting instruction form from Broadridge cannot use that form to vote Trust Units directly at the Meeting – voting instructions must be provided to Broadridge (in accordance with the instructions set forth on the Broadridge form) well in advance of the Meeting in order to have the Trust Units voted.

Although a Beneficial Unitholder may not be recognized directly at the Meeting for the purposes of voting Trust 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 Trust Units in that capacity. Beneficial Unitholders who wish to attend the Meeting and indirectly vote their Trust Units as 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 Trust Units held through such brokers or other intermediaries.

REVOCATION OF PROXIES

A Unitholder may revoke a proxy by:

- (a) depositing an instrument in writing executed by the Unitholder or the Unitholder's attorney authorized in writing at the office 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, or
- a) 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
- b) in any other manner permitted by law.

VOTING OF TRUST UNITS AND PRINCIPAL HOLDERS

Voting of Trust Units

The Unitholders are the sole beneficiaries of the Fund. On a show of hands, every Unitholder present in person or represented by proxy (and entitled to vote) has one vote. On a poll or ballot, every Unitholder present in person or by proxy has one vote for each Trust Unit held. Unitholders of record as of May 19, 2011 (the "Record Date") are entitled to receive notice of and vote at the Meeting. As of the Record Date, there were 20,975,509 issued and outstanding Trust Units.

Holders of Trust Units transferred subsequent to the Record Date and prior to the date of the Meeting are also entitled to attend and vote at the Meeting. If a Unitholder has transferred the ownership of any of his, her or its Trust Units after the Record Date and the transferee of those Trust Units produces properly endorsed certificates or otherwise establishes that he, she or it owns the Trust Units and demands, not later than 10 days before the Meeting, that his, her or its name be included in the list before the Meeting, then the transferee shall be entitled to vote such Trust Units at the Meeting.

Principal Holder of Trust Units

As of the date of this Information Circular and 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% of the voting rights attached to the issued and outstanding Trust Units is Mr. James Grenon who, through his own personal holdings, holds a total of 11,296,849 Trust Units representing approximately 54.7% of all issued and outstanding Trust Units. CDS & Co. holds in aggregate 19,029,883 Trust Units, including those beneficially owned by Mr. Grenon. The Trustees have no knowledge as to the other unitholdings of Beneficial Unitholders held by CDS & Co.

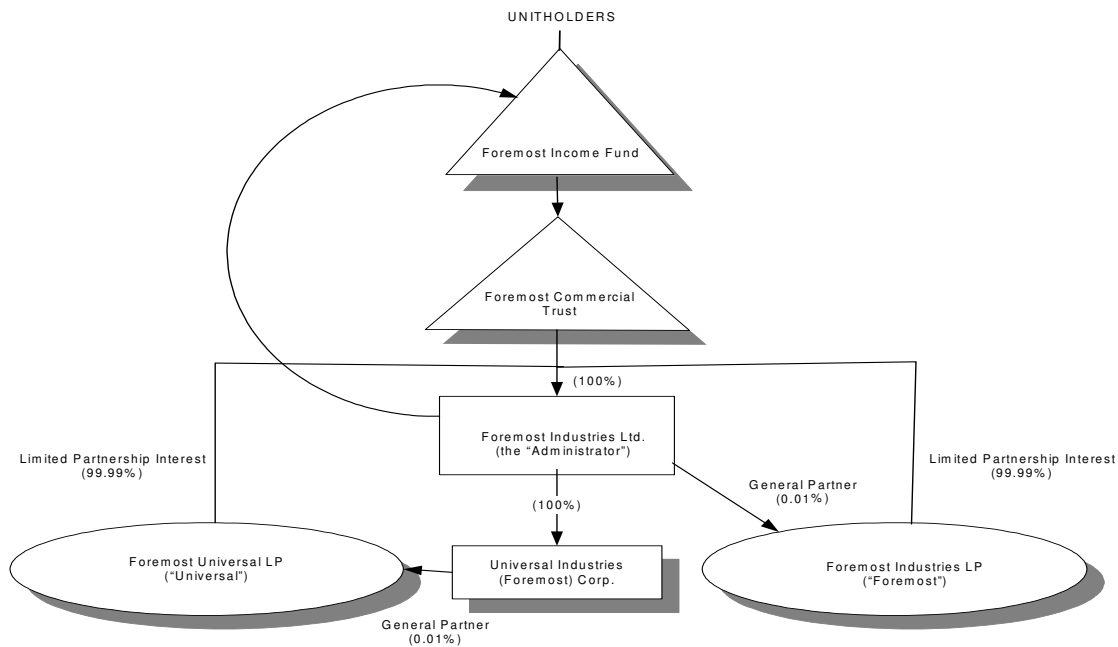
THE FUND

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 (the "Deed of Trust") and amended and restated November 26, 2010. 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 Industries LP or Foremost Universal LP.

As an open-end trust, the Fund is not restricted in the type of assets it holds or the type of acquisitions it undertakes in order to maintain its status under the *Income Tax Act* (Canada) as a "unit trust" and as a "mutual fund trust" so long as a retraction right is attached to the Trust Units. As an open-end trust, the business of the Fund can be expanded to any such business that can be reasonably expected to provide returns to Unitholders. The Fund is restricted from "undue expansion" pursuant to the proposals announced by the Federal Minister of Finance on October 31, 2007.

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 and Douglas Rae. All directors of the Administrator reside in Calgary, Alberta. The Administrator employs certain employees and consultants that manage and administer the Fund's assets and undertakings.

The following diagram shows the organizational structure of the Fund:



MATTERS TO BE ACTED UPON AT THE MEETING

Presentation of 2010 Financial Statements

The audited consolidated financial statements of the Fund for the year ended December 31, 2010, together with the auditor's report on those statements, have been forwarded to the Unitholders in accordance with applicable regulatory requirements. No formal action will be taken at the Meeting to approve these financial statements. If any Unitholders have questions regarding such financial statements, the questions may be brought forward at the Meeting. A copy of these financial statements is also available electronically on the System for Electronic Documentation Analysis and Retrieval ("SEDAR") which can be accessed at www.sedar.com. These financial statements were audited by KPMG LLP, Chartered Accountants for 2010, 2009 and 2008.

Election of Trustees

The Deed of Trust states that the Trustees shall consist of not more than seven nor less than three Trustees, with the number of Trustees from time to time within such range being fixed by resolution of the Trustees. The board of Trustees have set the number of Trustees to be elected at the Meeting at four. Trustees are appointed at each annual meeting by a resolution approved by a majority of the votes cast at a meeting of Unitholders. A quorum of Trustees, being the greater of two Trustees, or a majority of the Trustees then holding office, may fill a vacancy among the Trustees, or otherwise appoint additional Trustees in limited circumstances. Non-residents are disqualified from being a Trustee.

The Fund proposes to nominate for election as Trustees at the Meeting the persons listed in the following table all of whom currently serve as Trustees. All proposed nominees have consented to be named in this Information Circular and to serve as Trustees if elected. The Fund has no reason to believe that any proposed nominee will be unable to serve as a Trustee, but should any such nominee become unable to do so for any reason prior to the Meeting, the persons named in the enclosed form of proxy, unless directed to withhold from

voting, reserve the right to vote for other nominees in their discretion. Unless otherwise directed, the persons named in the form of proxy intend to vote in favour of the election as Trustees of the Fund the four nominees set forth below.

The following table and notes thereto state the names of the persons proposed to be nominated for election as a Trustee, their municipality of residence, date of their respective initial appointment, principal occupation during the past five years and the approximate number of Trust Units beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the date hereof. The information as to principal occupation and Trust Units beneficially owned may not be within the knowledge of the Fund or the Administrator and has been furnished by the respective nominees. Each of the nominees has been engaged in the occupation set forth below or similar occupations with the same employer for the last five years and other than Trustee, holds no other position with the Fund.

Name and Municipality of Residence	Principal Occupation	Trustee Since⁽⁶⁾	Trust Units Beneficially Owned or over which Control or Direction is Exercised
Mr. Roy H. Allen Cochrane, Alberta, Canada (4)	Corporate Director	December 2001	87,100
Mr. Gordon M. Wiebe Winnipeg, Manitoba, Canada (2)(4)(5)	President Corpfin Services Ltd.	November 2005	133,800
Mr. James T. Grenon Calgary, Alberta, Canada (1)(5)	Managing Director TOM Capital Associates Inc.	December 2001	11,296,849
Mr. Bruce J. Maclellan Calgary, Alberta, Canada (3)(4)(5)	President Century Services Inc.	December 2001	36,702

Notes:

- (1) Lead Trustee.
- (2) Chair of the Audit Committee.
- (3) Chair of the Compensation Committee.
- (4) Member of the Audit Committee
- (5) Member of the Compensation Committee
- (6) Includes service with predecessor entities

Appointment of Auditor

The Deed of Trust provides that the Unitholders shall appoint the auditor of the Fund at each annual meeting of Unitholders. At the meeting, the Unitholders will be asked to appoint KPMG LLP, Chartered Accountants, the incumbent auditor, to serve as auditor of the Fund until the next annual meeting of Unitholders. The remuneration of the auditor shall be fixed by the Trustees upon the recommendation of the Fund's Audit Committee. KPMG LLP has served as the auditor of the Fund since December 2008. **Unless otherwise directed, the persons named in the form of proxy intend to vote in favour of the appointment of KPMG LLP, Chartered Accountants, as auditor of the Fund.**

Certain information regarding the Fund's Audit Committee, including fees paid to the Fund's auditor in the last two fiscal years that is required to be disclosed in accordance with Multilateral Instrument 52-110 – *Audit Committee*, is contained in the Fund's Annual Information Form for the year ended December 31, 2010. An electronic copy of the Annual Information Form is available on the internet on the Fund's SEDAR profile at

www.sedar.com and the Fund will, upon request, provide a copy of the Annual Information Form free of charge to any Unitholder.

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 the matters 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.

EXECUTIVE COMPENSATION

Overview

The Compensation Committee, formed in 2008, continues to work towards finalizing its mandate. The Compensation Committee is comprised of Bruce MacLennan (Committee Chair) and Gordon Wiebe and James Grenon. During 2010, the Compensation Committee met once as a committee to discuss its mandate. The Compensation Committee was not responsible for dealing with Executive Compensation matters for 2010. The Trustees, as a whole, were responsible for the development of compensation and human resource policies throughout 2010 and will continue to be responsible until such time as the Compensation Committee mandate is finalized and adopted. During 2010 the Trustees, in carrying out their responsibilities, obtained the advice and recommendations of the President and Chief Executive Officer. The Trustees were also responsible for the assessment of the 2010 performance of all senior executives, including the President and Chief Executive Officer as well as 2010 compensation for senior executives as well as executive development and succession plans. Bruce MacLennan and Gordon Wiebe are independent within the meaning of National Instrument 58-101 - *Disclosure of Corporate Governance Practices*. James Grenon is not considered to be independent.

Compensation Philosophy and Objectives

The Fund's compensation program is designed to encourage high quality behavior and performance among its key employees, including its executive officers.

The objectives of the Fund's compensation program are to: (i) keep compensation consistent with the Fund's strategic business and financial objectives and competitive within the oil and gas service industry; and (ii) enable the Fund to attract, motivate, and retain executive personnel as the Trustees deem necessary to maximize return to Unitholders.

The incentive portion of the compensation program currently rewards positive annual performance. It takes into account but is not limited to factors including profitability of the Fund and individual contributions to the overall operations and results of the Fund.

The compensation program is also structured so as to provide executive officers and key employees with a competitive income, to create meaningful incentives for this group of employees to remain with the Fund and not be unreasonably susceptible to recruiting efforts by competitors, and to align the interests of this group of employees with those of Unitholders.

Elements of the Fund's Compensation Program

Overall remuneration of each executive officer is annually reviewed and determined having regard to individual measures such as the responsibilities and experience of the individuals, the performance of the individuals, the overall financial performance of the Fund, and available compensation data for similar positions in the industry of comparable size.

Ultimately, the Fund's compensation practices are designed, revised and adjusted with performance enhancement as the primary objective.

The Fund's compensation program currently consists of three primary components: an annual base salary, an annual incentive bonus, and periodic grants of long-term incentives in the form of unit options granted pursuant to the Fund's Unit Option Plan.

The executive officers participate in other group benefit plans (life, disability, health and dental insurance) that are available to all employees, and which are comparable to those offered by industry peers.

The amounts of base salary, annual incentive bonus, and unit options awarded to the executive officers for 2010 are stated in the "Summary Compensation Table".

The Board of Trustees believes that the criteria behind the Fund's compensation decisions are appropriate and effective to make overall compensation levels competitive to attract and retain quality employees but not excessive or out-of-step with market realities.

Base Salaries

The purpose of base salary is to create cash compensation for executive officers and key employees that is competitive in the industry and will enable the Fund to attract, motivate, and retain capable, talented individuals.

Annual Incentive Bonuses

The Fund chooses to pay discretionary incentive bonuses annually because it believes that this reward motivates and serves to retain capable executives which furthers the interests of the Fund and its Unitholders.

Long-Term Incentives

The purpose of the Fund's long-term incentive of granting Unit Options is to align the executive officers' compensation with their contribution to the success of the Fund in creating Unitholder value, tie their long-term economic interest directly to those of the Fund's Unitholders, and provide a retentive effect on the executive officers. Unit Options also allow executive officers to have equity ownership in the Fund in addition to their direct purchases of Trust Units and to share in the appreciation in value of the Trust Units over time.

Determination of Each Element

Base Salary. When considering adjustments to the base salaries of the executive officers, salaries for named executive officers for peer group companies within the oil and gas service industry are considered. The responsibilities and performance of each of the executive officers is also evaluated. In assessing individual executive officer performance, consideration is given to factors such as level of responsibility, as well as subjective factors such as leadership and the performance of their specific roles within the businesses of the Fund.

Annual Incentive Bonus. The annual incentive bonus is intended to provide executive officers the opportunity to realize additional compensation when performance expectations are met or exceeded. By placing emphasis on variable compensation, the Fund aims to tie a portion of the total executive compensation package to the Fund's performance. In assessing individual executive officer performance, consideration is given to factors such as level of responsibility, as well as subjective factors such as leadership and performance of their specific role within the businesses of the Fund.

The President and Chief Executive Officer's annual incentive bonus is considered to be discretionary. The management consulting contract of the President and Chief Executive officer contains a specific formula which determines a specific amount of the annual incentive bonus. That amount is then approved by the Trustees or if necessary, adjusted by the Trustees at their sole discretion.

For all other senior executives and other key employees, the discretionary annual incentive bonus is established once the annual financial results of the Fund have been determined. For 2010, once the financial results were determined, the President and Chief Executive Officer developed a bonus pool and suggested allocation of this pool amongst the other senior executives and certain other key employees. The amount of the bonus pool and recommended allocation of the pool was then approved by the Trustees.

Long-Term Incentive Awards. The Fund adopted the amended and restated trust unit option plan (the "Unit Option Plan"), which was approved by Unitholders at the annual meeting of Unitholders held on June 11, 2008. The principal purpose of the Unit Option Plan is to develop the interest of the officers, employees and other persons who provide on-going services to the Fund and its affiliate entities in the growth and development of the Fund, by providing such persons with the opportunity to acquire an increased proprietary interest in the Fund and to better enable the Fund and its affiliate entities to attract and retain persons of desired experience and ability. See "*Executive Compensation –Unit Option Plan*".

Other Benefits. During 2010, the Trustees did not make any changes to the other perquisites that the executive officers receive. Executive officers participate in plans available to all Fund employees, such as life, disability, and health and dental insurance and have their respective professional fees and association dues paid for. The President and Chief Executive Officer, and certain Vice President's also receive a monthly car allowance.

Determination of Compensation

In 2010 the President and Chief Executive Officer reviewed and recommended the base salary for the Fund's executive officers and key employees (other than with respect to the President and Chief Executive Officer) which recommendations were reviewed and approved by the Trustees. In 2010 cash compensation of the President and Chief Executive Officer and the Chief Financial Officer was reviewed and approved by the Trustees. The President and Chief Executive Officer, presented the recommendations and any relevant supporting data to the Trustees which then reviewed the recommendations and determined whether to accept the recommendations or make any changes. Discussions between the President and Chief Executive Officer and the Trustees occurred during this process.

Summary Compensation Table

The following table sets forth information concerning the total compensation paid, during the financial year ended December 31, 2010, to each of the President and Chief Executive Officer and the Chief Financial Officer of the Fund and the most highly compensated executive officers at December 31, 2010 whose total compensation was, individually, more than \$150,000 for the financial year ended December 31, 2010 (collectively, the "Named Executive Officers").

Effective December 31, 2008, the Canadian Securities Administration adopted a new form of executive compensation disclosure (new Form 51-102F6), which requires additional information to be included in the Summary Compensation Table in respect of compensation to Named Executive Officers for the 2010 financial year. As permitted under these new rules, information with respect to financial years prior to 2008 in the below table has not been restated.

Name and Principal Position	Year Ended Dec. 31	Salary (\$)	Share/ Unit Based	Option Based	Non-Equity Incentive Plan Compensation		Pension Value (7) (\$)	All Other Compensation (8) (\$)	Total Compensation (\$)
			Awards (5) (\$)	Awards (6) (\$)	Annual Incentive (\$)	Long-Term Incentive (\$)			
Pat W. Breen	2010	233,000	-	-	-	-	-	-	233,000
CEO & President	2009	175,000	-	-	-	-	-	12,000	187,000
(1) (2) (3)	2008	175,000	-	64,285	492,702	-	-	12,000	743,987
Douglas J. Rae	2010	33,231	-	-	-	-	-	-	33,231
Chief Financial Officer Vice-President Finance									
(2) (9)									
Bruce Binsfeld	2010	146,556	-	-	80,000	-	-	19,800	246,356
Vice-President	2009	144,459	-	-	50,000	-	-	31,074	225,533
(3)	2008	144,459	-	64,285	132,000	-	-	19,800	360,544
Warren Barker	2010	109,652	-	-	35,000	-	-	-	144,652
Chief Financial Officer	2009	144,200	-	-	35,000	-	-	-	179,200
(4)	2008	144,200	-	38,571	70,000	-	-	-	252,771
Mike McCarthy	2010	152,165	-	-	25,000	-	-	4,562	181,727
General Manager, Maloney Industries	2009	169,143	-	-	25,000	-	-	-	194,143
(10)	2008	166,758	-	32,143	70,000	-	-	-	268,901

Notes:

- (1) Mr. Breen's compensation is paid to a company controlled by him pursuant to a management consulting agreement with the Fund.
- (2) Are officers of Foremost Industries Ltd.
- (3) Are officers of Universal Industries (Foremost) Corp.
- (4) Left the employ of Foremost Industries Ltd. on August 15, 2010.
- (5) The Fund did not grant any trust unit-based awards during the year ended December 31, 2010.
- (6) The Fund did not grant any option based awards during the year ended December 31, 2010.
- (7) The Fund does not have any defined benefits or defined contribution plans or plans that provide for the payment of pension plan benefits.
- (8) All other compensation consists of an auto allowance for Mr. Breen, Binsfeld and payment of unused vacation accruals for Mr. Binsfeld.
- (9) Became an employee of Foremost Industries Ltd. October 4, 2010.
- (10) Left the employ of Universal Industries (Foremost) Corp. on October 15, 2010.

Incentive Plan Awards

The following table sets forth information regarding all option-based awards outstanding as at December 31, 2010 for each Named Executive Officer:

Outstanding Option-Based Awards and Trust Unit-Based Awards

Named Executive Officers	Number of Securities Underlying Unexercised	Option Exercise Price	Option Expiration Date	Value of Unexercised In-The-Money Options
	Options (#)	(\$)		(\$) ⁽³⁾
Pat Breen	75,000	\$13.00	December 11, 2011	\$ -
	50,000	\$ 8.75	August 12, 2014	\$ -
Bruce Binsfeld	15,000	\$13.00	December 11, 2011	\$ -
	50,000	\$ 8.75	August 12, 2014	\$ -

Notes:

1. The Fund did not grant any option-based awards during the year ended December 31, 2010.
2. The Fund did not grant any trust unit-based awards during the year ended December 31, 2010.
3. Calculation is based on a trust unit price of \$6.40, which was the redemption price of the Trust Units as of December 31, 2010.

Incentive Plan Awards – Value Vested or Earned During the Year

All Unit Options vesting in the year ended December 31, 2010 had exercise prices greater than the market value at the date of vesting and therefore no value was vested or earned in the year.

Unit Option Plan

The current Unit Option Plan of the Fund was approved at the June 11, 2008 Unitholders' Meeting.

The Unit Option Plan provides that the Trustees may grant options to purchase Trust Units to Trustees, employees and consultants of the Fund and directors, officers, employees and consultants of affiliates of the Fund. In granting an option, the Trustees must fix the number of Trust Units, exercise price, vesting provisions and expiry date (which shall be no later than ten years from the date of grant). Due to the voluntary delisting of the Fund on December 15, 2010 the exercise price of an option shall be determined by the Board of Trustees. The Trustees have the discretion under the Unit Option Plan to adjust both the number of Trust Units under option and the exercise price of options upon the occurrence of specified dilutive or anti-dilutive events.

The maximum number of Trust Units that may be issued under the Unit Option Plan is 1,524,513 Trust Units. The maximum number of Trust Units that may be issued under the Unit Option Plan and any other Trust Unit based compensation arrangements of the Fund is limited to 5% of the total number of outstanding Trust Units in the case of any one person, and 10% in the case of insiders as a group. Options are not assignable. Options which are vested terminate: (i) on the earlier of their expiration or 61 months from the date on which the Option is granted; (ii) after the date of death or disability of an option holder on the earlier of six months following such event or their expiration; or (iii) by reason of termination of the option holder with or without cause or resignation of the option holder with or without consent on the earlier of 30 days following such event or their expiration. Options which have not vested as at such times terminate automatically.

Subject to regulatory approval, the Trustees may, from time to time, add to, delete from, alter or otherwise amend the provisions of the Unit Option Plan or any options granted thereunder as they may see fit or, may at any time, terminate the Unit Option Plan, provided that: (a) no amendment may change the manner of determining the exercise price, increase the maximum number of Trust Units reserved for issuance pursuant to outstanding options, or without the written consent of the holder; materially and adversely impair, alter or amend any option previously granted to such Holder; and (b) termination of the Unit Option Plan shall not derogate from the rights of holders of options granted prior to the date of such termination, unless otherwise consented to by such holders.

At the date of this Information Circular, options to purchase 403,500 Trust Units, which represents 1.9% of outstanding Trust Units, are outstanding, of which 243,000 options have vested.

Executive Agreements

A company controlled by Mr. Pat Breen has a management consulting agreement. The agreement is for an indefinite period of time and sets out the terms under which that company provides his services, including base compensation and annual incentive compensation.

Mr. Douglas Rae has an employment agreement dated October 4, 2010. The agreement is for an indefinite period of time and sets out his entitlements to base pay, annual incentive compensation, benefits and vacation. Mr. Rae is entitled under the agreement to termination pay equal to three months base salary.

Mr. Bruce Binsfeld has an employment agreement dated July 30, 2001. The agreement is for an indefinite period of time and sets out his entitlement to base pay, bonuses, benefits and vacation.

Other than as disclosed above, there are no specified payments upon termination and there are no "change of control" provisions in any agreement with any of its Named Executive Officers.

Securities Authorized for Issue under Equity Compensation Plans

The following table sets forth information in respect of securities authorized for issuance under the Fund's Unit Option Plan, the only equity compensation plan approved by Unitholders as at December 31, 2010. The Fund has no equity compensation plans not approved by Unitholders.

Plan Category	Number of Trust Units to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options	Number of Trust Units Remaining Available for Future Issuance Under Equity Compensation Plans
Unit Option Plan	403,500	\$11.13	1,524,513

TRUSTEES' COMPENSATION

Summary Compensation Table

The following table sets forth the value of all compensation provided to the Trustees for the most recently completed financial year ended December 31, 2010.

Name and Principal Position	Fees Earned (\$)	Share/Unit Based Awards (1) (\$)	Option Based Awards (2) (\$)	Annual Incentive (\$)	Long-Term Incentive (\$)	Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
Roy Allen Corporate Director	36,150	-	-	-	-	-	-	36,150
James Grenon Managing Director TOM Capital Associates Inc.	55,625	-	-	-	-	-	-	55,625
Bruce MacLennan President Century Services, Inc.	40,100	-	-	-	-	-	-	40,100
Gordon Wiebe President Corpin Services Ltd.	47,800	-	-	-	-	-	-	47,800

Notes:

- (1) The Fund did not grant any trust unit-based awards during the year ended December 31, 2010.
- (2) The Fund did not grant any option-based awards to any Trustees during the year ended December 31, 2010.

- (3) The Fund does not have any defined benefits or defined contribution plans or plans that provide for the payment of pension plan benefits for its Trustees.

During 2009, Trustees were compensated based on a retainer of \$25,000 each, plus \$20,000 for the "Lead Trustee". Members of the Audit Committee receive an annual retainer of \$5,000. The Chairman of the Audit Committee receives a retainer of \$10,000 per annum. Members of the Compensation Committee receive an annual retainer of \$5,000. In addition, Trustees are compensated at \$300.00 per hour for any meeting of the Trustees or any committee thereof (1 hour minimum) or for associated activity related to the Fund's business. The Trustees are also entitled to be reimbursed for reasonable traveling and other expenses properly incurred by them in attending meetings of the Trustees or any committee thereof or in connection with their services as Trustees.

Cash Compensation

The total amounts paid/payable to each Trustee for the year ended December 31, 2010 are set forth in the table below. The Trustees received no other compensation in their capacity as Trustees for the year ending December 31, 2010.

Name	Board Retainer	Lead Trustee Retainer	Audit Committee Retainer	Compensation Committee Retainer	Meeting Fees	Total
Roy Allen	\$25,000	\$ -	\$5,000	\$ -	\$6,150	\$36,150
Jim Grenon	\$25,000	\$20,000	\$ -	\$5,000	\$5,625	\$55,625
Bruce Maclennan	\$25,000	\$ -	\$5,000	\$5,000	\$5,100	\$40,100
Gordon Wiebe	\$25,000	\$ -	\$10,000	\$5,000	\$7,800	\$47,800

No remuneration was paid to any of the Board of Directors of the Administrator for the year ending December 31, 2010 in their capacity as a Director of the Administrator.

Outstanding Trust Unit-Based Awards and Option-Based Awards

Trustees	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price \$	Option Expiration Date	Value of Unexercised In-The-Money Options (\$)(3)
Roy Allen	10,000	\$ 8.75	August 12, 2014	\$ -
Jim Grenon	20,000	\$ 8.75	August 12, 2014	\$ -
Bruce Maclennan	10,000	\$ 8.75	August 12, 2014	\$ -
Gordon Wiebe	10,000	\$13.00	December 11, 2011	\$ -
	10,000	\$ 8.75	August 12, 2014	\$ -

Notes:

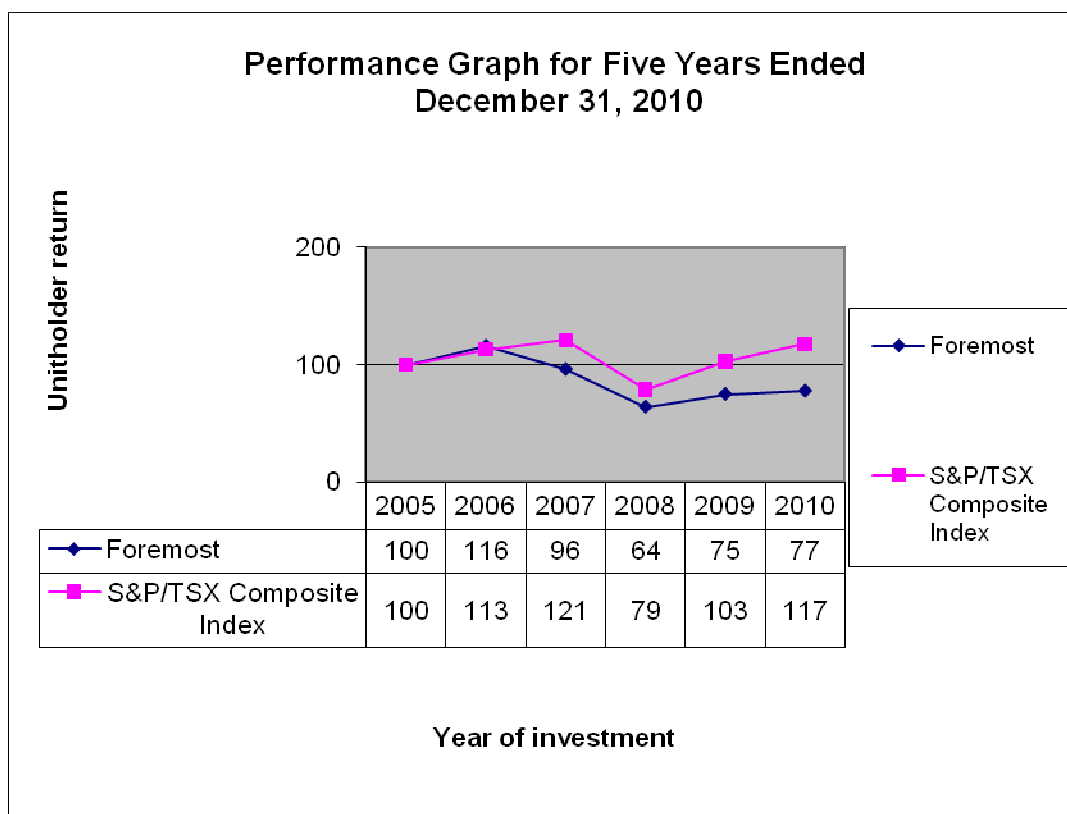
1. The Fund did not grant any trust unit-based awards during the year ended December 31, 2010.
2. The Fund did not grant any option-based awards during the year ended December 31, 2010.
3. Calculation is based on a trust unit price of \$6.40, which was the redemption price of the trust units on December 31, 2010.

Incentive Plan Awards – Value Vested or Earned During the Year

No Unit Options vesting in the year had exercise prices greater than the market value at the date of vesting and therefore no value was vested or earned in the year.

Performance Graph

The following performance graph compares the yearly change in the cumulative total Unitholder return on the Trust Units with the cumulative total return of the S&P/TSX Composite Index, assuming reinvestment of dividends or cash distributions, for the period commencing on December 31, 2005 and ending on December 31, 2010 and assuming an \$100 investment was made on December 31, 2005.



The trend shown by the above performance graph represents a constant growth in the cumulative total return of the S&P/TSX Composite Index up to December 31, 2007, followed by a decrease in performance for the year ended December 31, 2008 and then an increase in 2009 and 2010. The cumulative total Unitholder return on the Trust Units growth was greater than the S&P/TSX Composite Index up to December 31, 2006. The total cumulative return of the Trust Units peaked at December 31, 2006 and declined in 2007 and 2008 and increased then again in 2009 & 2010.

The Fund's executive salary and bonus compensation is not impacted by changes in the market value of the Fund's Trust Units. Executive salary levels are determined as discussed earlier and while executive bonus compensation is discretionary, the total amount of bonus compensation is driven by the net (loss) income of the Fund. A comparison of the NEO annual salary and bonus compensation against the Fund's net income is presented below. The base year used is 2006, which is the first fiscal year of the Fund after the reorganization and for which the current NEO's were employed with the Fund. As shown by the table, NEO bonus compensation has a direct correlation with the net (loss) income of the Fund. Option-based compensation benefits have been excluded from this analysis as it is not consistently used as part of an annual compensation program.

Foremost Income Fund
Comparison of Net (Loss) Income and NEO Bonus and Salary Compensation
For the Years Ended December 31,

(000's)	2006	2007	2008	2009	2010
Net (Loss) Income	\$ 48,441	\$ 55,487	\$ 32,840	\$ (3,873)	\$ 13,094
NEO Bonus	\$ 1,259	\$ 984	\$ 849	\$ 110	\$ 135
NEO Salary	\$ 664	\$ 749	\$ 773	\$ 766	\$ 674
Annual change in Net (Loss) Income		\$ 7,046	\$ (22,647)	\$ (36,713)	\$ 16,967
Annual change in Bonus		\$ (274)	\$ (135)	\$ (739)	\$ 25
Annual change in Salary		\$ 85	\$ 24	\$ (6)	\$ (92)
Percent change in Net (Loss) Income		14.5%	-40.81%	-111.79%	438.08%
Percent change in Bonus		-21.8%	-13.70%	-87.05%	22.73%
Percent change in Salary		12.8%	3.14%	-0.80%	-12.04%

INTEREST OF CERTAIN PERSONS AND COMPANIES
IN MATERIAL TRANSACTIONS AND MATTERS TO BE ACTED UPON

To the knowledge of the Trustees and the officers and directors of the Administrator, no insider and none of the Trustees or 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 Unitholders. The Trustees do not act on behalf of 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 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 Unitholders, the Trustees are obliged to make decisions acting in good faith, having regard to the best interests of Unitholders and in a manner that would not contravene their fiduciary obligations to Unitholders.

Properties will not be acquired from 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 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.

Compensation of the Administrator

Pursuant to arrangements for 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, for 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

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.

Compensation for Management Services Provided to Foremost LP

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 a Trustee of the Fund. The consideration paid for these consulting services amounted to \$915,775 for the period ending December 31, 2010 and was not more than could be expected from unrelated parties.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

None of the Trustees, nor any of directors, executive officers or senior officers of the Administrator, nor any proposed nominee for election as a Trustee, 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.

STATEMENT OF GOVERNANCE PRACTICES

Corporate governance relates to the activities of the Fund's Trustees, which are elected by and are accountable to the Fund's Unitholders and the officers and directors of the Administrator, which are appointed or elected by and accountable to the Trustees of the Fund. The Trustees view corporate governance as an essential element for the on-going well-being of the Fund and its Unitholders. With that in mind, the Trustees and the officers and directors of the Administrator review corporate governance practices on an on-going basis to ensure that they provide for effective stewardship of the Fund and its business and operations.

Disclosure of the Fund's corporate governance practices are presented pursuant to the requirements of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") and are set forth at Schedule "A" hereto.

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.

SCHEDULE "A"

CORPORATE GOVERNANCE DISCLOSURE FORM 58-101F1 –

Disclosure Requirement

1. Trustees and Board of the Administrator (the "Board")

- (a) Disclose the identity of the Trustees and directors of the Administrator (the "Directors") who are independent.
- (b) Disclose the identity of Trustees and Directors who are not independent, and describe the basis for that determination.
- (c) Disclose whether or not a majority of Trustees and Directors are independent. If a majority of Trustees and the Directors are not independent, describe what the Trustees and Board do to facilitate the exercise of independent judgment in carrying out their respective responsibilities.
- (d) If a Trustee or Director is presently a Trustee or Director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the Trustee and the Director and the other issuer.
- (e) Disclose whether or not the independent Trustees and Directors hold regularly scheduled meetings at which non-independent Trustees and Directors and members of management are not in attendance. If the independent Trustees and Directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent Trustees and Directors do not hold such meetings, describe what they do facilitate open and candid

Foremost Income Fund Corporate Governance Practices

Three of the four Trustees of the Fund, Mr. Roy Allen, Mr. Bruce MacLennan and Mr. Gordon Wiebe are independent within the meaning of NI 58-101.

Mr. James Grenon is not an independent Trustee as he may reasonably be perceived to be in a position that might materially interfere with his ability to act in the best interests of the Fund.

Mr. Pat Breen is President and CEO of the Administrator and is therefore not an independent Director of the Administrator.

Mr. Douglas Rae is Chief Financial Officer of the Administrator and is therefore not an independent Director of the Administrator.

A majority of the Trustees of the Fund are independent.

All of the Directors of the Administrator are officers of the Administrator and therefore not independent.

None of the Directors or Trustees are currently a Trustee or Director for another reporting issuer.

During 2010, the independent Trustees have not held regularly scheduled formal meetings at which non-independent Trustees, Directors of the Administrator or management were not in attendance. Open and candid discussion is generated by a frank and forthright relationship between the participants. Sessions may be held in camera if the need arises.

discussion among its independent Trustees and Directors.

- (f) Disclose whether or not the chair of the Trustees and the chair of the Board are independent Trustees or Directors. If the Trustees and the Board have a chair or lead director who is an independent Trustee or Director, disclose the identity of the independent chair or lead Trustee or Director, and describe his or her role and responsibilities. If the Trustees or the Board has neither a chair that is independent nor a lead director that is independent, describe what the Trustees and the Board do to provide leadership for its independent Trustees and Directors.
- (g) Disclose the attendance record of each Trustee for all Trustee meetings held since the beginning of the Fund's recently completed financial year.

2. Mandate of the Trustees and the Board

The Lead Trustee, Mr. James Grenon, is not an independent Trustee, but is not believed to interfere with the proper functioning of the Trustees. The independent Trustees have free access to management and the Board of the Administrator and may hold in-camera meetings, if and when the need arises. In addition, Mr. James Grenon is not a member of the Fund's Audit Committee.

The Trustees had four meetings, the Audit Committee had four meetings and the Compensation Committee had one meeting during 2010 and all Trustees and members of the Audit Committee were in attendance for all meetings with the exception that Mr. Roy Allen who was absent from one meeting of the Trustees.

The Compensation Committee, formed in 2008 is continuing to develop its mandate.

The Trustees have, pursuant to the Deed of Trust, the authority and responsibility to make or approve most significant decisions affecting the Fund. The Deed of Trust mandates the Trustees shall act honestly and in good faith with a view to the best interests of the Fund. The Trustees explicitly assume responsibility in a manner consistent with the Fund's role as a passive investor, for stewardship of the Fund.

While day-to-day management of the Fund has been delegated to the Administrator pursuant to the administration and management arrangements put in place, the Trustees fulfill their responsibility for the broader stewardship of the business and affairs of the Fund through the activities and procedures described herein. The Trustees make all significant decisions affecting the Fund, including approval of the annual consolidated financial statements, major acquisition, disposition and financing transactions, major changes in banking relationships and the issuance of Trust Units.

The Trustees participate in strategic planning for the Fund through review of annual forecasts, approval of annual budgets (including the Administrator's budget), and by providing advice to the Administrator.

The Trustees have informally assigned responsibility for senior management succession planning to the Administrator, primarily because senior management is

employed by the Administrator.

The management of the business and affairs of the Fund is undertaken by the Administrator, subject to overview by the Trustees. The Trustees have informally set strategic objectives for the Fund to maximize distributions, over the long-term, to Unitholders. The Administrator has set further objectives to achieve the Fund's objectives, including to maintain a prudent ownership structure, and to pursue appropriate acquisition and disposition opportunities. The Trustees measure performance of the Administrator in part by the degree to which it is successful in achieving these objectives.

The Administrator has implemented internal control and information systems, including systems for compiling and processing accounting and production information, as part of the day-to-day management of the business and affairs of the Fund. The Directors of the Administrator monitor the effectiveness of these systems, and operational and financial status reports are presented to the Trustees. As well, the Directors of the Administrator and the Trustees meet independently with the auditors to receive reports on the adequacy of such systems.

The Trustees have established parameters within which the Administrator may conduct certain activities such as those related to risk management for the Fund. The Trustees rely on the Administrator to identify any significant business risks outside those parameters and review such risks with individual Trustees, as circumstances dictate.

3. Position Descriptions

- (a) Disclose whether or not the Trustees or the Board have developed written position descriptions for the chair and the chair of each standing committee. If the Trustees and the Board have not developed written position descriptions for the chair and/or the chair of each such committee, briefly describe how the Trustees and the Board delineates the role and responsibilities of each such position.

The Trustees have not adopted written position descriptions for the Lead Director or the Chair of the Audit or Compensation Committees, on the basis that such roles are well understood by all of the Trustees. The Board is responsible for the overall stewardship of the Fund and its subsidiaries. The Board discharges this responsibility directly and through delegation of specific responsibilities to the Audit Committee of the Board, the Lead Trustee and the officers and directors of the Administrator. The Audit Committee has a formal written mandate and the Chair of that committee is aware of its role and responsibilities.

The Compensation Committee, formed in 2008, met once during 2010 to commence the development of its mandate.

The Trustees do not have an executive committee.

Due to the small size of the Board of Directors of the Administrator, that Board has no committees. The Board is responsible for the overall stewardship of the Administrator and its duties to the Fund under the administration arrangement.

- (b) Disclose whether or not the Trustees and the Board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the

The Fund does not have any executive officers or management.

The Directors of the Administrator have not adopted a written position for the Chief Executive Officer, Mr. Pat

Trustees and the Board and Chief Executive Officer have not developed such a position description, briefly describe how the role and responsibilities of the Chief Executive Officer are delineated.

Breen, on the basis that his role and responsibilities are well understood by him. The Trustees have not developed a formal written position description for the Chief Executive Officer.

4. Orientation and Continuing Education

- (a) Briefly describe what measures the Trustees and the Board take to orient new Trustees and Directors regarding:
 - (i) the role of the Trustees and the Board, its committees and its Trustees and Directors, and
 - (ii) the nature and operation of the issuer's business.
- (b) Briefly describe what measures, if any, the Trustees and the Board take to provide continuing education for the Trustees and Directors. If the Trustees and the Board do not provide continuing education, describe how the Trustees and the Board ensures that its members maintain the skill and knowledge necessary to meet their obligations as Trustees and Directors.

All directors receive Trustee materials, which include Deed of Trust of the Fund, an organization chart of the Fund and related entities and corporate fact sheets, strategic plan and budget, list of committees and members, committee charters and all relevant corporate policies. As well, all Trustees receive copies of all of the Fund's continuous disclosure filings, including, the Fund's quarterly and annual financial reporting package, the MD&A, the Annual Information Form and any press releases issued by the Corporation.

Since there has been minimal turnover in the Trustees and the officers and directors of the Administrator, a formalized orientation and education program for new recruits has not been addressed, however, any new Trustees or officers and directors of the Administrator would be provided with substantial reference material pertaining to the Fund, its strategic focus, financial and operating history, corporate governance practices and corporate vision, the roles, duties and responsibilities of the Trustees and its committees and other relevant background information.

Trustees and Directors of the Administrator are also advised of and encouraged to attend a wide variety of third party conferences, seminars and training sessions at the expense of the Fund and the Administrator, respectively.

5. Ethical Business Conduct

- (a) Disclose whether or not the Trustees and the Board have adopted a written code for the Trustees, Directors, officers and employees. If they have adopted a written code:

The Fund and the Administrator regard maintaining a culture of ethical business conduct as critically important. The Trustees have adopted a written Code of Business Conduct (the "Code") applicable to all Trustees and all directors, officers, employees and consultants of the Administrator and all other subsidiary entities. The Code sets out in detail the core values and the principles by which the businesses of the Fund are governed and addresses topics, such as: honest and ethical conduct and conflicts of interest; compliance with applicable laws and company policies and procedures; public disclosure and books of record; use of corporate assets and opportunities; confidentiality of corporate information and reporting responsibilities and procedures.

Neither the Trustees nor the Board of the Administrator have granted any waiver of the Code in favor of any person in the last completed financial year of the Fund.

The Trustees have also adopted trading and "black out" policies which must be adhered to by all Trustees and all directors, officers, employees and consultants of Administrator and all other subsidiary entities.

- (i) disclose how a person or company may obtain a copy of the code;
 - (ii) provide a cross-reference to any material change report filed since the beginning of the Fund's most recently completed financial year that pertains to any conduct of a Trustee, Director or executive officer that constitutes a departure from the code.
- (b) Describe any steps the Trustees and the Board take to ensure Trustees and Directors exercise independent judgment in considering transactions and agreements in respect of which a Trustee, Director or executive officer has a material interest.
 - (c) Describe any other steps the Trustees and the Board take to encourage and promote a culture of ethical business conduct.

A copy of the Code may be obtained by making a written request for same to the Office Administrator of the Administrator.

No material change report has been filed by the Corporation since January 1, 2009 pertaining to the conduct of any director or executive officer that constitutes a departure from the Code, nor has a material change report ever been filed with respect to such a matter for the current directors and executive officers of the Corporation.

In order to ensure independent judgment in considering transactions and agreements in which a director or officer has a material interest, all related party transactions and any payments arising from such transactions are approved by the independent directors.

The Trustees and the Board of the Administrator encourage and promote a culture of ethical business conduct by expecting each other, all officers and management to act in a manner that exemplifies ethical business conduct. This expectation sets the tone for all employees and consultants. Every effort is made to ensure that prospective Trustees, Directors, management, employees and consultants are of good character.

Upon commencement of office or employment, all Trustees of the Fund and all officers, directors and employees of the Administrator are required to certify acceptance of, and compliance with, the Code.

6. Nomination of Trustees and Directors

- (a) Describe the process by which the Trustees and the Board identify new candidates for nomination.
- (b) Disclose whether or not the Trustees and the Board have a Nominating Committee composed entirely of independent Trustees or Directors. If the Trustees or the Board do not have a Nominating Committee composed entirely of independent Trustees or Directors, describe what steps are taken to encourage an objective nomination process.
- (c) If the Trustees and the Board have

The Board regularly considers its size when it considers the number of trustees to recommend to the Unitholders for election at the annual meeting of Unitholders, taking into account the number required to carry out the Trustee's duties effectively and to maintain a diversity of view and experience. When a need for a new Trustee or Director of the Administrator arises, the Trustees and the Board of the Administrator discuss openly and candidly potential prospects they are aware of for those positions and make recommendations accordingly.

Neither the Trustees nor the Board of the Administrator has a nominating committee. All Trustees and all members of the Board of the Administrator take responsibility for identifying new candidates as necessary, after considering what competencies and skills the incumbent Trustees and Directors of the Administrator should possess and assessing the competencies and skills of the incumbents and any proposed new members.

Not applicable for either the Trustees or the Board of the

a Nominating Committee, describe the responsibilities, powers and operation of the Nominating Committee.

7. Compensation

(a) Describe the process by which the Trustees and the Board determine the compensation for the Funds Trustees and the Directors and officers of the Administrator.

(b) If the Trustees and the Board do not have a Compensation Committee composed entirely of independent directors Trustees/directors, describe what steps the Trustees/directors take to ensure an objective process for determining such compensation.

(c) If the Trustees and the Board have a Compensation Committee, describe the responsibilities, powers and operation of the Compensation Committee.

(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the Fund's Trustees or the directors and officers of the Administrator, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the Fund or the Administrator, state that fact and briefly describe the nature of the work.

8. Other Committees of the Trustees and the Board of the Administrator.

If the Trustees or the Board have standing committees other than the Audit, Compensation and Nominating Committees, identify the committees and describe their function.

9. Assessments

Disclose whether or not the Trustees and the Board, its committees and

Administrator.

Trustees

The Trustees set their own compensation taking into account a number of factors including the responsibilities, the overall financial performance and returns of the Fund and its subsidiary entities and the practices of companies within the industry of a similar size.

Board of the Administrator

The members of the Board of the Administrator do not receive any compensation for serving in that capacity.

The Compensation Committee which was formed in 2008 met once in 2010 and is currently working on developing its mandate. At the present time a majority of the members of the Compensation Committee are independent.

Not applicable.

Neither the Trustees nor the Board of the Administrator have any other standing committees.

To date, given the small number of Trustees and Directors of the Administrator, it has been determined it is

individual Trustees and Directors are regularly assessed with respect to effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Trustees and the Board satisfy themselves that the Trustees and the Board, its committees, and its individual Trustees and Directors are performing effectively.

unnecessary to institute any formal process in order for these bodies to satisfy themselves that they are performing effectively, either collectively or individually. The process of assessing their effectiveness is carried on in an informal way through discussions between the Lead Trustee, the Chairman of the committees and the other Trustees and the Board of the Administrator.

Copies of mandates noted herein are available on request from the Administrator.