



SEAMARK
Asset Management Ltd.

INVESTMENT COUNSEL

ANNUAL INFORMATION FORM
FOR
2004

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FORWARD LOOKING STATEMENTS

Certain information regarding the Company contained herein may constitute forward looking statements within the meaning of applicable securities laws. Forward looking statements include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. These statements reflect management's current expectations based on the business conditions under which SEAMARK Asset Management Ltd. is currently operating, and are believed to be reasonable, but management can give no assurance that such expectations will prove to have been correct.

By their very nature, forward-looking statements involve inherent risks and uncertainties, as actual results and events will be affected by a number of factors, many of which are beyond the company's control. Actual results and events may therefore differ materially from those predicted by the forward looking statements. Readers are cautioned not to place undue reliance on any forward looking statement. SEAMARK's forward looking statements are expressly qualified in their entirety by this cautionary statement.

The information contained herein is stated as of the current date and subject to change after that date. SEAMARK's practice is to provide relevant forward-looking statements in connection with each of its quarterly and annual public financial disclosures. It is not the company's policy to specifically update forward-looking statements previously issued in light of subsequent events, and SEAMARK expressly disclaims any intention to update or revise any forward looking statements included in this document.

CORPORATE STRUCTURE

NAME, ADDRESS AND INCORPORATION

SEAMARK Asset Management Ltd.'s head and registered office is located at 1801 Hollis Street, Suite 310, Halifax, NS, Canada, B3J 3N4.

The company was incorporated under the *Canada Business Corporations Act* on 4 November 1982. On 1 October 1990 articles of amendment were filed to change the company's name to SEAMARK Asset Management Ltd. ("SEAMARK"), under which name it continues to carry on business. On 17 May 2001 articles of amendment were filed to remove certain private company restrictions in advance of SEAMARK's initial public offering on 28 June 2001.

INTERCORPORATE RELATIONSHIPS

SEAMARK has a single subsidiary, Maritime Investment Management Inc. ("Maritime"). Maritime is 100% owned by SEAMARK, and is the name under which SEAMARK offers its investment management services in the U.S. Maritime was incorporated in Delaware in 2004.

GENERAL DEVELOPMENT OF THE BUSINESS

THREE YEAR HISTORY

SEAMARK Asset Management Ltd. is an investment counsel and portfolio management firm. There have been no material changes to the nature of SEAMARK's business or to its business strategy over the past three years. SEAMARK has been, and continues to be, focused on growing its assets under management by attracting new clients and by obtaining new investment mandates and additional assets from existing clients.

SEAMARK does not anticipate any material changes in its business over the course of the upcoming year.

SIGNIFICANT ACQUISITIONS AND DISPOSITIONS

There have been no material acquisitions or dispositions over the past three years and no such acquisitions or dispositions are presently intended by management.

NARRATIVE DESCRIPTION OF THE BUSINESS

DESCRIPTION OF SERVICES

SEAMARK operates a single line of business, providing discretionary investment management services to a range of clients including:

1. Institutional Clients
Pensions, endowments, and other funds managed on behalf of institutions (corporations, municipalities, and not-for-profit societies), including group pension plans sponsored by life insurance companies.
2. Mutual Fund Clients
Mutual funds available directly to retail investors that are managed by SEAMARK on behalf of the funds' sponsors.
3. Private Clients and Wrap Programs
Assets managed on behalf of high net worth individuals, either through a direct relationship with SEAMARK or through a managed portfolio advisory program sponsored by an investment dealer. "Wraps" is an industry term for these managed portfolio advisory programs, whereby the investor receives, as a single "wrapped up" service, discretionary investment management, trade execution, and custodial services. The sponsor of these wrap programs is responsible for the overall service and for assisting the investor in identifying a suitable investment manager, of whom SEAMARK is one among a number of potential choices.

SEAMARK's revenues are derived by charging its clients a fee calculated as a percentage of the market value of the assets managed by SEAMARK ("assets under management" or "AUM").

SEAMARK's services are offered directly to qualifying clients resident in each Canadian province and, through its wholly-owned subsidiary Maritime Investment Management Inc, in the United States. SEAMARK focuses its sales efforts on obtaining additional assets under management from new and existing institutional, mutual fund sponsor, and wrap program sponsor clients.

SEAMARK's mutual fund sponsor and wrap program sponsor clients are responsible for the sale and promotion of the mutual funds and wrap programs to the individual investor. These mutual funds and wrap programs are generally available for participation by qualifying investors throughout Canada.

By category of client, SEAMARK's revenues over the past two years have primarily been derived as follows:

| (in thousands of \$'s) | 2004 | 2003 |
|-----------------------------------|--------|--------|
| Institutional clients | 10,177 | 8,909 |
| Mutual fund clients | 6,454 | 5,631 |
| Private clients and wrap accounts | 12,189 | 10,740 |

All of the above revenues have, over the past two years, been derived from Canada.

SPECIALIZED SKILL AND KNOWLEDGE

SEAMARK's ability to offer its discretionary investment management services depends on its employment of investment professionals who meet the requirement of securities regulators with respect to industry experience and educational qualifications. The requirements of securities regulators in this regard are substantially similar across Canada and the United States. Failure to be able to employ investment professionals meeting these requirements would effectively prevent SEAMARK from being able to offer its discretionary investment management services.

SEAMARK historically has had no difficulty in attracting or retaining qualified investment professionals. Its ability to continue to do so is likely to depend primarily on the overall demand for such investment professionals in the industry and SEAMARK's ability to provide a competitive compensation package.

COMPETITIVE CONDITIONS

Management considers the Canadian investment management industry to be extremely competitive. Differentiation within the industry is generally accomplished by three factors: (1) investment approach & performance, (2) quality of service, and (3) pricing.

SEAMARK has generated strong long-term investment returns for its clients. Management believes that this investment performance record, which is the result of SEAMARK's approach to investment management, provides SEAMARK with a competitive advantage in obtaining

additional assets under management from new and existing clients. Management believes this advantage is strongest with respect to winning additional assets from institutional clients, who generally focus more on long-term and less on short-term performance than individual investors. Short-term performance, in both absolute terms and relative to other investment managers, varies more frequently than long-term performance, and SEAMARK believes it is therefore more difficult to maintain a competitive advantage in short-term performance. Due to the competitiveness of the industry, management recognizes that it is an important challenge for SEAMARK to maintain its long-term performance competitive advantage.

Management believes that SEAMARK is well positioned to continue to deliver quality investment service to its clients. SEAMARK's service model makes its portfolio managers directly accessible to its clients, a factor that helps differentiate SEAMARK from some of its competitors. SEAMARK has experienced high client retention rates since inception and management believes this reflects not only SEAMARK's strong relative long-term investment performance, but also the strong relative quality of its client service. Periods of weak relative short-term investment performance make it more challenging to retain clients, and make the quality of SEAMARK's investment service that much more important. SEAMARK experienced such a period in 2004 and is responding by focusing on enhancements to its client service efforts.

SEAMARK's efficient cost structure allows it to price its services competitively relative to industry averages while still maintaining attractive operating margins. Management does not expect significantly increased competition on the basis of pricing, but believes that SEAMARK would be able to remain competitive within the industry should such competition develop.

EMPLOYEES

As of 31 December 2004, SEAMARK had forty-three employees, including fourteen investment professionals. SEAMARK's Chairman and retired CEO, G. Peter Marshall, continues to mentor the rest of the investment team and therefore acts as a fifteenth investment professional. In addition, SEAMARK hired an additional investment professional early in 2005, bringing the total number of investment professional employees to fifteen as of the date of this Annual Information Form, sixteen including Mr. Marshall.

In order to position SEAMARK to better serve existing clients and to take advantage of potential new business opportunities, management increased the number of employees from thirty-nine to forty-three over the course of 2004, and expects to further increase the number of employees in 2005. Consistent with 2004, management anticipates that new hires in 2005 will primarily be non-investment professionals able to assist SEAMARK in making more effective use of the current team of investment professionals.

Management considers the quality of SEAMARK's employees to be a primary factor in maintaining SEAMARK's competitive position, and in particular its strong relative investment performance and quality of client service.

FOREIGN OPERATIONS

In 2004 SEAMARK incorporated a wholly-owned subsidiary, Maritime Investment Management Inc., through which it intends to offer its discretionary investment management services to residents of the United States. SEAMARK does not currently have any U.S. resident clients, and therefore no part of its current revenues or earnings are dependent on foreign operations.

REORGANIZATIONS

There have been no material reorganizations of SEAMARK over the past three years and no material reorganization is presently intended by management.

RISK FACTORS

SEAMARK's revenues and earnings are highly correlated to the Canadian dollar value of its assets under management. Accordingly, the potential risks to SEAMARK's business are primarily factors that could result in a reduction in the value of assets under management.

SEAMARK invests its assets under management in market securities according to the investment mandate assigned to it by each client. The current value of market securities fluctuates. Downturns in financial markets can result in a reduction in the value of market securities and thus a reduction in SEAMARK's revenues and earnings. Changes in currency can further impact the Canadian-dollar value of non-Canadian market securities managed on behalf of clients.

The increasing wealth of the population and demographic trends, particularly an increased percentage of the population entering the pre-retirement savings period of their life-cycle, suggest that the investment management industry in Canada and the United States has the potential to continue to grow. Prolonged downturns in financial markets, however, could reduce the perceived attractiveness of market securities to the general population. This in turn could reduce interest in investment management services and limit the potential growth of the investment management industry.

Clients may withdraw their assets from SEAMARK's management at any time. Even if the investment management industry continues to grow, it is expected to remain a highly competitive environment (see the section "Competitive Conditions" above). Potential risk factors that could reduce the attractiveness of SEAMARK's services include periods of low relative rates of return compared to its competitors or significant turnover in employees leading to reduced levels of client satisfaction and retention.

SEAMARK currently generates a significant percentage of its revenues from three clients and distribution partners, who contributed 20%, 19%, and 11% of revenue respectively during 2004.

DIVIDENDS

The declaration and payment of dividends are at the sole discretion of SEAMARK's Board of Directors and will be dependent on SEAMARK's earnings, financial condition, and capital requirements.

It is the current intention of the Board of Directors to declare and pay dividends on a quarterly basis. As SEAMARK's business is not a capital intensive one, it is anticipated that the majority of its earnings will be paid out in the form of dividends, subject to SEAMARK's current financial condition and any capital requirements it may have. Historically, dividends have been approximately 85% of the trailing twelve months' earnings.

The most recent regular quarterly dividend payment was \$0.26 per share declared on 4 February 2005 and paid 28 February 2005 to shareholders of record on 17 February 2005. The dividend record over the past three years has been:

| | Regular Dividends per share | Special Dividends per share | Total Dividends per share |
|------|-----------------------------|-----------------------------|---------------------------|
| 2004 | \$0.945 | \$0.00 | \$0.945 |
| 2003 | \$0.84 | \$0.05 | \$0.89 |
| 2002 | \$0.68 | \$0.00 | \$0.68 |

Management is presently unaware of any factors that would render SEAMARK unable to continue to pay quarterly dividends. A deterioration in SEAMARK's assets under management, revenues, and earnings could impact the ability of SEAMARK to continue to pay the current amount of dividends.

CAPITAL STRUCTURE

SEAMARK's capital structure consists of a single class of common shares issued without par value. Each common share is entitled to one vote, to receive any dividend declared, and to participate equally in the property of the company upon dissolution. As of the date of this Annual Information Form, there were 10,627,000 common shares of SEAMARK outstanding.

SEAMARK also maintains a stock option plan dated July 10th, 2001, amended January 28th, 2002, ("Plan") that allows for the granting of stock options to directors and key employees where this is considered appropriate by the Compensation Committee of the Board of Directors. A maximum of 1,000,000 shares may be issued under option through the Plan. As of the date of this Annual Information Form, 705,000 options have been granted of which 554,000 were outstanding. Each option may be converted to one common share upon payment of the specified exercise price, which is established by the Compensation Committee at the time the options are granted, but cannot be less than the average of the trading prices of the stock on The Toronto Stock Exchange over the five trading days preceding the date of the grant.

MARKET FOR SECURITIES

TRADING PRICE AND VOLUME

SEAMARK's common shares trade on The Toronto Stock Exchange under the symbol "SM". The following is the volume and price ranges for shares traded during 2004, by month:

| | High Price (\$) | Low Price (\$) | Total Number of Shares Traded |
|-----------|-----------------|----------------|-------------------------------|
| January | 25.00 | 22.65 | 155,834 |
| February | 25.99 | 23.00 | 130,160 |
| March | 24.99 | 23.05 | 150,862 |
| April | 24.40 | 21.50 | 107,879 |
| May | 23.94 | 21.49 | 142,123 |
| June | 23.90 | 23.01 | 131,406 |
| July | 23.90 | 21.60 | 158,299 |
| August | 23.88 | 21.00 | 175,499 |
| September | 21.99 | 20.51 | 176,407 |
| October | 22.00 | 20.75 | 181,978 |
| November | 23.45 | 20.62 | 269,615 |
| December | 22.95 | 21.50 | 133,257 |

DIRECTORS AND OFFICERS

NAME OCCUPATION AND SECURITY HOLDING

The table below sets out the names of the current Directors of SEAMARK, each of whose term of office expires at the next annual meeting of shareholders. Each of the current Directors has been proposed for re-election as Director at the annual meeting of shareholders to be held on 2 May 2005, to serve until the next annual meeting of shareholders.

| Names and Residences of Directors | Principal Occupation ⁽¹⁾ | Served as Director Since | Committee Membership |
|--|--|---------------------------------|--------------------------------|
| G. Peter Marshall Nova Scotia CANADA | Chairman and retired Chief Executive Officer SEAMARK Asset Management Ltd. | 4 November 1982 | |
| Robert G. McKim Nova Scotia CANADA | President and Chief Executive Officer SEAMARK Asset Management Ltd. | 9 June 1986 | |
| Richard B. Coles Ontario CANADA | Retired Executive, Manulife Financial Corporation | 31 January 1996 | Audit (Chair) and Compensation |
| Donald A. Guloien Ontario CANADA | Executive V-P and Chief Investment Officer, Manulife Financial Corporation | 16 May 2001 | Audit and Compensation |
| D. Stephen Rankin Nova Scotia CANADA | Consultant, Rankin & Associates | 15 October 1985 | Audit and Compensation |

| | | | |
|---|---|------------------|-----------------------------------|
| James W. Gogan Nova Scotia CANADA | President, High Street Investments Limited | 11 December 1998 | Compensation (Chair) and Audit |
| Purdy Crawford Ontario CANADA | Counsel, Osler, Hoskin & Harcourt | 11 July 2001 | Audit and Compensation |

- (1) Each of the nominees has been engaged for more than five years in their present principal occupation, or in other capacities with this same company or organization or its predecessor.

The table below sets out the names of the current Chairman and Executive Officers of SEAMARK:

| Names and Residences of Executive Officers | Principal Occupation ⁽¹⁾ |
|---|---|
| G. Peter Marshall Nova Scotia, CANADA | Chairman and retired Chief Executive Officer |
| Robert G. McKim Nova Scotia, CANADA | President and Chief Executive Officer |
| Thomas R. MacLaren Nova Scotia, CANADA | Executive Vice-President |
| Donald A. Wishart Nova Scotia, CANADA | Chief Financial & Operating Officer |
| George V. Loughery Nova Scotia, CANADA | Vice-President, Equities |
| Richard W. Fewell Nova Scotia, CANADA | Vice-President, Mutual Funds and Managed Accounts |
| Brent W. Barrie Nova Scotia, CANADA | Vice-President & Corporate Secretary |

- (1) Each of the officers has been engaged for more than five years in their present principal occupation, or in other capacities with this same company or organization or its predecessor, except:
- Don A. Wishart, who joined SEAMARK in 2002 and who prior to that owned and operated IT Remarketing Inc.
 - Brent W. Barrie, who joined SEAMARK in 2001 and who prior to that had been employed by CIBC Trust Corporation for six years, most recently as an investment consultant.

As of the date of this Annual Information Form, the Directors and Executive Officers of SEAMARK as a group, directly or indirectly, beneficially own or exercise voting control over 2,304,648 common shares of SEAMARK, being approximately 21.7% of the issued and outstanding shares.

CONFLICTS OF INTEREST

Two directors, by virtue of a voting agreement entered into pursuant to SEAMARK's initial public offering between The Manufacturers Life Insurance Company ("Manulife") and the four individual shareholders of SEAMARK as a private company (G. Peter Marshall, Robert G. McKim, Thomas R. MacLaren, and George V. Loughery), have been nominated for election as director by Manulife (the "Manulife nominees"). Donald A. Guloien and Richard B. Coles, having been proposed by Manulife and considered acceptable by SEAMARK, are the current

Manulife nominees. Manulife is a client of SEAMARK. By virtue of their relationship to Manulife, a conflict of interest could potentially arise for the Manulife nominees, in the event of which they will abstain from participation in the issue from which the conflict arises.

No other existing or potential conflicts of interest between SEAMARK and its directors or officers are presently known to SEAMARK's management or Board of Directors.

LEGAL PROCEEDINGS

SEAMARK is not currently engaged in any material legal proceedings.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Approximately 35% of SEAMARK's common shares are owned by The Manufacturers Life Insurance Company, a wholly-owned subsidiary of Manulife Financial Corporation ("Manulife"). SEAMARK's revenues included \$3.1 million in fees from Manulife and its subsidiaries in 2004, \$2.6 million in 2003, and \$2.4 million in 2002, and in 2005 will also include fees from Manulife that are expected to be similar in magnitude. These fees are generated from the provision of discretionary investment management services by SEAMARK to Manulife and certain of its subsidiaries on an arm's length basis. SEAMARK also purchases services from Manulife and its subsidiaries from time-to-time on normal commercial terms. The cost of these services did not represent a material amount in 2004, 2003, or 2002, and are not expected to be material in 2005.

Other than these normal course of business transactions with Manulife, no director, executive officer, beneficial owner with control or direction over more than 10% of SEAMARK's common shares, or associate or affiliate of any of these, had a material direct or indirect interest in any material transaction with SEAMARK over the past three years or during 2005 to the date of this Annual Information Form.

TRANSFER AGENTS AND REGISTRARS

SEAMARK's transfer agent and registrar for its common shares is:

CIBC Mellon Trust Company
PO Box 7010
Adelaide Postal Station
Toronto, Ontario M5C 2W9
Telephone: 1-800-387-0825

MATERIAL CONTRACTS

There are no material contracts, other than those in the normal course of business, entered into by SEAMARK since January 1st, 2002.

AUDIT COMMITTEE

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Please see Appendix A for a text of the Audit Committee's Charter.

COMPOSITION OF THE AUDIT COMMITTEE

During 2004, the following were the members of the Audit Committee of the Board of Directors:

| | Independent* | Financially Literate * |
|--------------------------|--------------|---------------------------|
| Richard B. Coles (Chair) | yes | yes |
| Purdy Crawford | yes | yes |
| James W. Gogan | yes | yes |
| Donald A. Guloien | yes | yes |
| D. Stephen Rankin | yes | yes |

* As these terms are defined according to Multilateral Instrument 52-110 issued by Canadian securities regulators. Members are considered to be Independent if they have no direct or indirect material relationship with SEAMARK that could, in the view of the Board of Directors, reasonably interfere with the exercise of the member's independent judgment. Members are considered to be Financially Literate if they are experienced in understanding financial statements that present a breadth and level of complexity of accounting issues comparable to or greater than those reasonably expected to be raised by SEAMARK's financial reporting.

RELEVANT EDUCATION AND EXPERIENCE

Richard B. Coles

Richard holds an MBA degree in Marketing and Finance from York University. He served for over twenty years as a Senior Credit Officer at Canada Trust and Manulife Financial, in which roles he was regularly required to evaluate financial statements.

Purdy Crawford

Purdy's legal background includes auditing a course in accounting and law from Harvard Law School, teaching a course on accounting and the law at Osgoode Hall Law School, and advising the Canadian Institute of Chartered Accountants on generally accepted accounting principles matters. He served as CEO of Imasco Limited for ten years and as Chairman for a further five

years, during which time he supervised the activities of the company's Chief Financial Officer. He currently serves as the Chair of the Audit Committee of Foot Locker Inc., a New York Stock Exchange listed company.

James W. Gogan

Jim holds a Commerce degree from Dalhousie University. He served as Chief Financial Officer of Empire Company Limited for twelve years and subsequently supervised the activities of the company's Chief Financial Officer for twenty-three years in the roles of Executive Vice-President, President, and Chief Executive Officer. He currently serves as the Chair of the Audit Committee overseeing the financial activities of Clearwater Seafoods Income Fund, a Toronto Stock Exchange listed trust, and Empire Company Limited, a Toronto Stock Exchange listed company.

Donald A. Guloien

Don holds a Bachelor of Commerce from the University of Toronto as well as the Fellow Life Management Institute (FLMI) designation. As Senior Executive Vice-President and Chief Investment Officer, he is responsible for Manulife Financial's worldwide investment operations, in which role he is regularly required to evaluate financial statements.

D. Stephen Rankin

Steve is a graduate of St. Francis Xavier University and did post-graduate work at Queens University. He served as Chairman and Chief Executive Officer of the Cape Breton Development Corporation for seven years and as Chairman for Seagull Pewter for four years, during which time he supervised the activities of these companies' Chief Financial Officer.

PRE-APPROVAL POLICIES AND PROCEDURES

Prior approval of the Audit Committee is required to engage the company's auditor for any non-audit services. In determining whether to allow the use of the auditor for non-audit services, the Audit Committee will consider whether such services could impact the independence of the auditor or render it more difficult for the auditor to subsequently provide an impartial opinion on the appropriateness of the company's financial reporting.

EXTERNAL AUDITOR SERVICE FEES

The following are the fees paid to the company's auditor (Ernst & Young LLP) over the course of the past two fiscal years:

| | Audit Fees | Audit-Related Fees | Tax Fees | All Other Fees |
|------|------------|--------------------|----------|----------------|
| 2004 | \$34,020 | \$13,852 | nil | nil |
| 2003 | \$33,113 | \$16,631 | \$8,920 | nil |

ADDITIONAL INFORMATION

Additional information, including the principal holders of SEAMARK's securities and securities authorized for issuance under equity compensation plans, and information regarding directors' and officers' remuneration and indebtedness, are contained in SEAMARK's most recent Management Proxy Information Circular prepared in connection with the Annual Meeting of Shareholders to be held on 2 May 2005.

Additional financial information, including SEAMARK's comparative financial statements and auditor's report thereon and Management's Discussion & Analysis for 2004, are contained in SEAMARK's most recent Annual Report for 2004.

These documents and additional information related to SEAMARK may be found on SEDAR at:

www.sedar.com

You may also obtain, promptly and free of charge, additional copies of this Annual Information Form, a copy of the most recent Management Proxy Information Circular, a copy of SEAMARK's most recent Annual Report, and a copy of SEAMARK's most recent interim financial statements, by writing to:

SEAMARK Asset Management Ltd.
310 - 1801 Hollis Street
Halifax NS B3J 3N4
Attention: Corporate Secretary

Alternatively, you may request this information by email or by internet download by visiting SEAMARK's website:

www.seamark.ca

APPENDIX ‘A’ – AUDIT COMMITTEE CHARTER

I. Purpose

The purpose of the Audit Committee of the SEAMARK’S Board is to assist the Board in its oversight responsibilities relating to the:

- 1) Preparation and integrity of the Company’s financial statements and oversight of related disclosure matters.
- 2) Qualifications, independence and the performance of, and the Company’s relationship with, the independent auditor.
- 3) The Company’s compliance with legal and regulatory requirements.
- 4) Performance of the Company’s risk management and internal control functions.

II. Composition of Audit Committee

The Audit Committee shall consist of at least three members, all of whom are outside directors and the majority of who are independent directors as such terms are defined under the requirements or guidelines under the applicable securities laws and rules of the Toronto Stock Exchange. A majority of members will constitute a quorum.

The chairperson of the Audit Committee will be appointed by the Board. Members of the committee shall, to the satisfaction of the Board, be financially literate.

Members of the Audit Committee may be removed or replaced at any time by the Board and shall at any time cease to be a member of the Audit Committee upon ceasing to be a Director of the Company.

III. Authority and Responsibility of the Audit Committee

In accomplishing its assigned responsibilities, the Audit Committee will undertake the following listed matters and such other matters as may warrant its attention. It may, with approval of the Board, engage additional assistance to undertake such reviews of financial management performance as it deems necessary.

A. External Auditor

- Recommend to the Board of Directors the selection of the company’s external auditor and the annual fees to be paid for services rendered by the external auditor, review each proposed audit plan developed by management and the external auditor, periodically review the performance of the external auditor, and recommend to the Board any proposed retention or discharge of the external auditor.
- The external auditor shall report directly to the Audit Committee and the Audit Committee shall oversee the resolution of disagreements between management and the external auditor.

- Ensure the independence of the external auditor and at least annually, obtain and review a report by the external auditor describing all relationships with the company.
- Review and approve policies for hiring by the company, employees or former employees of the current or former external auditor.
- Review with the external auditor any difficulties or disputes with management during the audit and management's response.
- Review and approve all non-audit services provided by the external auditor prior to commencement of such services.
- Meet with the external auditor and management to review the scope of the current year's audit and the audit procedures to be used.

B. Financial Reporting and Accounting Policies

- Review with management and the external auditor the company's financial statements and related notes, management's discussion and analysis and the annual information form prior to its release.
- Oversee, review and discuss with management and the external auditor the company's accounting policies and procedures, including;
- The appropriateness and acceptability of the company's accounting principles or practice and the application of particular accounting principles and disclosure practices by management to new transactions or events.
- Significant financial reporting issues and judgments made in connection with the preparation of the financial statements.
- Disagreements between management and the external auditor regarding the application of any accounting principles or practices.
- Material changes or proposed changes to the company's accounting principles or practices.
- Changes in regulatory and accounting requirements.
- Any legal matter, claim or contingency that could have a significant impact on the financial statements, the company's compliance. policies and any material reports, inquiries or other correspondence received from regulators or government agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the financial statements.
- Any use of "pro-forma" or "adjusted" information not in accordance with generally accepted accounting principles.
- Review with the external auditor and management the annual and interim financial information including financial statements, management discussion and analysis and associated press releases intended for circulation among shareholders and report the results of such review to the full Board prior to the approval and release to Shareholders of such results by the Board.
- Review with management and the external auditor management's certification of internal controls including management's procedures for evaluating the effectiveness and reliance internal controls over financial reporting.

C. Other Matters

- Assess management's overall process for identifying principal business, political, financial and control risks and report on the effectiveness of the process to the Board.
- Review with management the Company's procedures and controls related to monitoring its compliance with the requirements of securities regulators, including the hearing of a regular report from management on compliance activities.
- Review the company's officers and directors expenses.
- Review and recommend to the Board the amount of bonding or insurance necessary to cover insurable risks in the business of SEAMARK, so as to assist the Board in attesting to the adequacy of this coverage as required by Canadian securities regulation.
- Establish procedures for receipt, retention and treatment of complaints or concerns received by the company with regard to accounting, internal controls and audit matters and the confidential anonymous submission by employees of concerns regarding questionable accounting or audit matters.
- Review and/or approve any other matter specifically delegated to the Audit Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in the fulfillment of its oversight responsibility.
- At least annually review the Audit Committee Charter and suggest revisions as necessary to the Board of Directors.

IV. Meetings of the Audit Committee

The Audit Committee shall meet regularly at times necessary to perform its duties in a timely manner, but not less than four times a year. The external auditor of the Company or any member of the Audit Committee may call a meeting of the Audit Committee.

The Audit Committee shall report regularly to the Board with respect to such matters that are within the Committee's responsibilities and with respect to such recommendations as the Committee may deem appropriate.

The Audit Committee shall meet periodically in separate sessions with management and the external auditor.

V. Resources of the Audit Committee

The Audit Committee shall have the authority, with the Board's approval, to retain and compensate legal, accounting or other advisors to advise the Audit Committee and assist it in the fulfillment of its duties and responsibilities.

The Audit Committee may request any officer or employee of the company or the company's outside legal counsel or independent auditor, to attend a meeting of the Audit Committee or meet with any members of or advisors to, the Audit Committee.