

Normal course issuer bid by Clearwater Seafoods Income Fund

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HALIFAX, Canada, Aug. 25 /CNW/ - Clearwater Seafoods Income Fund (the "Fund") announced today that the Toronto Stock Exchange has approved its notice of intention to make a normal course issuer bid for a portion of its convertible debentures as appropriate opportunities arise from time to time. The Fund's normal course issuer bid will be made in accordance with the requirements of the exchange. The Fund may begin to purchase convertible debentures on or about August 31, 2006. No previous purchases of convertible debentures have been made.

As of August 25, 2006, \$50 million principal amount of convertible debentures were outstanding. Pursuant to the notice, the Fund intends to acquire up to \$5 million principal amount of convertible debentures in the 12-month period commencing August 31, 2006 and ending on August 30, 2007, which figure represents 10% of the public float. Purchases will be made at market prices through the facilities of the exchange. The convertible debentures will be cancelled upon their purchase by the Fund. The Fund will fund the purchases out of available cash. The board of trustees of the Fund believes that the purchase by the Fund of a portion of its outstanding convertible debentures is an appropriate use of available cash and in the best interest of the Fund and its unitholders. This repurchase will be accompanied by a similar repurchase of intercompany debt between Clearwater Seafoods Limited Partnership ("Clearwater"). Colin MacDonald, Chief Executive Officer of Clearwater stated, "This planned reduction of debt is consistent with our continued focus on keeping leverage levels within market accepted limits."

The notice of intention provides that no appraisal or valuation regarding the Fund, its material assets or securities, has been prepared within the two years preceding the date of the notice, other than the valuation of the units of the Fund dated October 20, 2005 that was prepared by Crosbie & Company Inc. in connection with the proposed bid by Clearwater Fine Foods Incorporated ("CFFI") for up to 10,000,000 units of the Fund. On October 19, 2005, CFFI announced that it would not proceed with its proposed bid. The board of trustees of the Fund requested that Crosbie deliver the valuation based on the assumption that CFFI's announcement of its decision not to make the proposed bid had not been made. If the proposed bid had been made, it was Crosbie's opinion, before the announcement that the bid would not be made, that the fair market value of the units of the Fund was in the range of \$6.50 to \$7.60 per unit. The full text of the valuation can be reviewed at the offices of the Fund at 757 Bedford Highway, Bedford, Nova Scotia during usual business hours and is also available at www.sedar.com.

ABOUT CLEARWATER

Clearwater is recognized for its consistent quality, wide diversity and reliable delivery of premium seafood, including scallops, lobster, clams, cold water shrimp, crab and groundfish.

Since its founding in 1976 Clearwater has invested in science, people, technology, resource ownership and resource management to preserve and grow its seafood resource. This commitment has allowed it to remain a leader in the North American seafood industry for almost three decades.

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For further information: please contact: Robert Wight, Chief Financial Officer, Clearwater at (902) 457-2369, or Tyrone Cotie, Director of Corporate Finance and Investor Relations, Clearwater, at (902) 457-8181