



**NEWFOUNDLAND CAPITAL
CORPORATION LIMITED**

**ANNUAL INFORMATION FORM
For the Year Ended December 31, 2007**

March 28, 2008

TABLE OF CONTENTS

| | |
|--|-----------|
| Documents Incorporated by Reference | 3 |
| Corporate Structure | 3 |
| General Development of the Business | 4 |
| History of the Business | 4 |
| Recent Acquisitions and New Broadcast Licences 2004 to present date | 6 |
| Description of the Industry | 8 |
| Narrative Description of the Business | 8 |
| Description of the Radio Business | 8 |
| Profiles of Radio Stations | 9 |
| Segmented Financial Information | 15 |
| Third Party Revenue | 15 |
| Related Party Transactions | 15 |
| Principal Products and Services | 15 |
| Customer Concentration | 16 |
| Intangible Assets | 16 |
| Seasonality | 16 |
| Principal Properties and Equipment | 16 |
| Employees | 16 |
| Competitive Conditions | 16 |
| Regulatory Environment | 17 |
| Interests of Experts | 19 |
| Other | 19 |
| Risks and Opportunities | 19 |
| Management's Discussion and Analysis of Financial Condition and Results of Operations | 19 |
| Dividends | 19 |
| Description of Capital Structure | 20 |
| Market for Securities | 20 |
| Directors and Officers | 21 |
| Audit and Governance Committee Disclosure | 21 |
| Legal Proceedings | 23 |
| Transfer Agent and Registrar | 23 |
| Material Contracts | 24 |
| Additional Information | 24 |
| Appendix A – Principal Properties and Equipment | 25 |
| Appendix B – Audit and Governance Committee Charter | 31 |

NEWFOUNDLAND CAPITAL CORPORATION LIMITED

Documents Incorporated by Reference

- The audited consolidated financial statements of the Company for the years ended December 31, 2007 and 2006 on pages 36 to 55 of the Company's 2007 Annual Report, reported on by Ernst & Young LLP, Chartered Accountants;
- The Management's Discussion and Analysis ("MD&A") on pages 20 to 35 of the Company's Annual Report for the year ended December 31, 2007, and;
- The Information Circular for the Company's annual meeting of shareholders.

All of the above documents are available on SEDAR at www.sedar.com.

Corporate Structure

The Company was incorporated on March 8, 1949 under the Companies' Act of Newfoundland as Eastern Provincial Airways Limited and changed its name to Newfoundland Capital Corporation Limited on November 12, 1980. The Company was continued under the Canada Business Corporations Act by a Certificate of Continuance dated March 4, 1987. The Company's registered office and head office is located at 745 Windmill Road, Dartmouth, Nova Scotia, B3B 1C2.

Throughout this document, "NCC" refers to Newfoundland Capital Corporation Limited and the term "Company" refers to NCC and its subsidiaries. The term "Newcap" refers to Newcap Inc., NCC's wholly-owned principal operating subsidiary at December 31, 2007.

The following are the significant legal entities within the NCC organizational structure along with jurisdiction of incorporation.

| Name | Jurisdiction- Incorporation/ Organization | Voting Ownership | Nature of Business |
|--------------------------------------|---|---------------------|--------------------|
| Newcap Inc. | Canada | 100% | Broadcasting |
| Newcap Radio Inc. | Canada | 100% | Broadcasting |
| Newcap Radio Manitoba Inc. | Canada | 100% | Radio Broadcasting |
| 3937844 Canada Inc. ¹ | Canada | 100% | Radio Broadcasting |
| 4323041 Canada Inc. | Canada | 100% | Radio Broadcasting |
| Atlantic Stereo Limited ² | New Brunswick | 100% | Radio Broadcasting |
| Metro Radio Group Inc. ³ | Nova Scotia | 50% | Radio Broadcasting |
| The Glynmill Inn Incorporated | Canada | 100% | Hotel Operations |

¹ NCC acquired Standard Radio Inc.'s 23.7% minority interest in 21 Alberta radio licences for \$10.7 million on May 16, 2007.

² On October 1, 2007, the Company acquired the 37.8% minority interest in Atlantic Stereo Limited, which operates the two FM licences in Moncton, New Brunswick, for \$6.9 million.

³ In March 2008, the Company entered into an agreement with CTV Limited to acquire the remaining 50% of Metro Radio Group Inc. for \$8.5 million, subject to CRTC approval.

⁴ The Company disposed of its 29.9% interest in Larche Communications (Kitchener) Inc. which operates an FM radio station in Kitchener-Waterloo, Ontario for \$3.8 million on April 12, 2007.

General Development of the Business

NCC owns and operates Newcap Radio Inc., one of Canada's leading radio broadcasters with 76 licences across Canada. The Company reaches millions of listeners each week through a variety of formats and is a recognized industry leader in radio programming, sales and networking. The Company has 49 FM and 27 AM licences spanning the country, with concentrations in Alberta and Newfoundland and Labrador. It is headquartered in Dartmouth, Nova Scotia and employs over 850 radio professionals nation-wide.

The Company was originally formed in 1949 to provide air ambulance and other air services to isolated points in Newfoundland and Labrador. During the following 40 years, the Company, through wholly-owned subsidiaries, invested in a variety of businesses. At the end of 1996, the Company embarked on a program of strategic divestitures in order to enhance shareholder value by focusing on its core communications properties, particularly in the Broadcasting Division. By 2002, the Company had sold all of its non-broadcasting assets with the exception of a hotel operation in Corner Brook, Newfoundland and Labrador.

History of the Business

The Company initially started in the radio business in 1986, when it acquired the CHTN station in Charlottetown, Prince Edward Island. In the same year, the Company acquired two broadcasting licences in Halifax, Nova Scotia.

Below is a history of the Company's acquisitions from 1986 through 1999.

1986:

- The Company makes its first acquisition in 1986 to operate CHTN-AM in Charlottetown, Prince Edward Island.
- In the same year, the Canadian Radio-television and Telecommunications Commission ("CRTC") approves the acquisition of 780 KIXX country classics and Q104 the Home of Rock 'n Roll in Halifax, Nova Scotia. Q104 has been, and continues to be one of the flagship stations in the Halifax market.

1988:

- The Company acquires its first licence in Thunder Bay, Ontario.

1989:

- The Company obtains six licences in the province of Newfoundland and Labrador, giving the Company an opportunity to broadcast in various communities and formats throughout the province.
- This same year, the Company expands its presence to the province of Alberta when it acquires CFCW-AM in Camrose, and CKRA-FM in Edmonton.

1991:

- The Company acquires a 49.6% interest in Atlantic Stereo Limited which operates the popular C103 classic rock station in Moncton, New Brunswick. (Effective control of Atlantic Stereo Limited was acquired in 1997 when the Company's interest was increased to 62.2%. In October 2007, the Company completed the purchase of the remaining 37.8% interest.)

1999:

- The Company gains critical mass in the Edmonton, Alberta market by acquiring K-ROCK from Craig Broadcast Systems Inc.

By 2000 the Company had 25 licences. An aggressive expansion program was initiated in 2000, substantially increasing the Company's presence throughout Canada. Below is a history of the Company's acquisitions from 2000 through 2003.

2000:

- The Company acquires VOXM Radio Newfoundland Limited in May.
- Through its subsidiary, Atlantic Stereo Limited, the Company is awarded a new licence in Moncton, New Brunswick by the CRTC. The station XL96 Country is launched.

2001:

- In April, the Company acquires the remaining two-thirds interest in the shares of Humber Valley Broadcasting Company Limited of Newfoundland and Labrador, for which the original one-third had been acquired in the 1990's.
- In December, Newcap acquires 50% of the shares of The Metro Radio Group Inc. in Halifax, Nova Scotia; the remaining 50% of the shares are owned by CTV Limited. The radio station operated by The Metro Radio Group Inc. is Kool 96.5. (In March 2008, the Company entered into an agreement to acquire CTV Limited's 50% interest, subject to CRTC approval.)
- In November, the Company acquires 100% of the assets related to the CHNO-FM station in Sudbury, Ontario.

2002:

- The largest radio expansion in the Company's history was concluded in April. A total of nineteen licences were acquired in Alberta. The Company, through its subsidiary, 3937844 Canada Inc., acquired a 76.3% interest in the licences from Télémédia Radio Inc. Standard Radio Inc. retained the remaining 23.7% interest. (NCC acquired Standard Radio Inc.'s 23.7% minority interest on May 16, 2007.)
- 103.1 FM in Calgary, Alberta is launched in August with an adult contemporary / smooth jazz format.

2003:

- In February, HOT 89.9 FM is launched, subsequent to the awarding of a new licence in Ottawa, Ontario by the CRTC in October 2001.
- The Company requests approval from the CRTC for three new FM licences and permission to convert three AM signals to FM in smaller communities in Alberta. The CRTC grants the Company's request.

Recent Acquisitions and new Broadcast Licences 2004 to present date

Since 2004, NCC has established a presence in provinces across Canada, focusing on small, medium and large markets where the Company can grow its market share and achieve niche market positioning. The last three years of radio broadcasting transactions are summarized by region below.

Newfoundland and Labrador

- In July 2007 the CRTC awarded the Company the right to convert an AM signal to FM in Carbonear. It was launched in January 2008.

Prince Edward Island

- On March 24, 2006, the Company received approval from the CRTC to operate a new FM radio licence in Charlottetown and to convert its existing station, CHTN-AM to FM. K-ROCK and Ocean-FM, respectively were launched in July 2006.

New Brunswick

- In November 2004, the CRTC awarded the Company a new FM licence to serve Fredericton. In July 2005, FRED-FM was launched with a classic rock format.

Nova Scotia

- In April 2007, the CRTC approved the request to convert 780 AM to FM in Halifax.
- In July 2007, the CRTC awarded the Company two new FM licences, one in Sydney and one in Kentville. These stations will be launched in 2008.
- In March 2008, the Company entered into an agreement with CTV Limited to acquire the remaining 50% of Metro Radio Group Inc., which operates CKUL-FM. This is subject to CRTC approval.

Ontario

- In May 2005, the Company purchased CJUK-FM in Thunder Bay to complement the existing station operated in that market.
- In June 2005, the CRTC awarded the Company a second new FM licence to serve Ottawa. In late December 2005, LiVE 88.5 FM was launched with an alternative rock format.

- The Company was a 29.9% minority partner in an FM licence in Kitchener-Waterloo, for which the CRTC granted approval in 2003. The station began broadcasting in early 2004. (In April 2007, the Company disposed of the 29.9% interest.)

Manitoba

- In December 2005, the Company completed the purchase of CHNR-FM (now CHNK-FM) in Winnipeg, the Company's first licence in that province. This station is branded Hank-FM and broadcasts in a country format.
- In April 2006, the Company completed the purchase of a second licence in Winnipeg, CKJS-AM. This station offers multilingual and multicultural programming.
- In December 2007, the CRTC approved a power increase from 1,300 watts to an average effective radiated power of 60,200 watts related to CHNK-FM. This power increase will allow the radio station to be heard throughout the city and surrounding area which will mean it can compete more effectively.

Alberta

- In late December 2004, the CRTC approved the acquisition of broadcasting assets from Shortell's Limited, and its related companies, which added three FM radio licences to its radio holdings, as well as two television licences and an outdoor billboard business in Lloydminster. The acquisition was completed on January 31, 2005.
- In July 2005, The Rig 96.7 was launched in Whitecourt. This was an upgrade granted by the CRTC whereby the Company converted a branch office to a full local station.
- In August 2005, the Company received approval from the CRTC to purchase CIZZ-FM and CKGY-FM in Red Deer. The purchase was completed September 30, 2005.
- In January 2006, the Company received approval from the CRTC for a new FM licence in Lac La Biche. The station was launched in December 2007.
- In March 2006, the Company received approval from the CRTC for a new FM licence in Bonnyville. Kool-FM was launched in May 2006.
- In November 2006, the Company received approval from the CRTC for a new FM licence in Fort McMurray. This station is expected to launch in 2008.
- In February 2007, the Company received approval for the conversion of CFXE in Edson from AM to FM. The Fox was launched in July 2007.
- In March 2007, the second FM licence in Calgary, FUEL-FM was launched and features a classic alternative format.
- In December 2007, the CRTC approved the removal of certain format restrictions on CIQX-FM in Calgary. Previously, the Company had to adhere to a strict music format which limited the Company's ability to be profitable.

- In March 2008, CIQX-FM was re-launched as XL103-FM, “Calgary’s Greatest Hits Radio”, playing classic music from the 60’s, 70’s and 80’s.

A complete list of the Company’s broadcast licences with year acquired or awarded is provided in Appendix A which has been appended and is incorporated by reference as part of this Annual Information Form.

Description of the Industry

Since 2005, the Canadian radio industry has witnessed dramatic changes in the competitive landscape. There has been a shift from a highly fragmented industry environment, with many small and regional players, to one that is concentrated, with few large media players owning the majority of licences in Canada. In addition to the intensification in industry players, the CRTC is issuing more licences, creating a highly competitive environment.

According to the CRTC, as at January 4, 2007, there were 649 licences outstanding. 266 of these were held by five companies: Corus, Astral, Rogers, CTVglobemedia and Newcap. 72% of the total outstanding licences were FM stations and 28% were AM stations. These five major competitors accounted for \$977 million of revenue from the total \$1.4 billion of radio revenue in Canada, or approximately 69%. Among these five competitors, Newcap is the only pure-play radio company.

Notable transactions that have caused media intensification include the departure of CHUM Ltd, acquired by what is now part of CTVglobemedia in June 2006, the departure of Standard Radio, purchased by Astral Media in April 2007 and also Canwest’s acquisition of Alliance Atlantis in August 2007.

The radio business continues to be one of the most cost-effective media outlets available to reach a targeted demographic, within a specific time frame. For this reason, radio is an attractive media vehicle to communicate information that is time-sensitive, urgent and directed at a particular group of individuals. Since 2000, combined AM and FM revenues have increase by an average of 5.5% per year. During this same period, the revenues reported by FM radio stations increased by an average of 7.4% per year while AM radio stations increased by an average of 0.3% per year.

Radio operators continue to watch developments in new media channels including satellite radio and internet radio. Radio operators are now marketing the station franchises via the web. Web sites with high media content, in addition to streaming, provide another means for the Company to reach its audience. According to the CRTC Broadcasting Policy Monitoring Report, 2007, tuning to Canadian radio stations via the Internet, pay audio and satellite radio is still small, with satellite radio accounting for only 1% of Canadian tuning.

Narrative Description of the Business

Description of the Radio Business

The Company operates in the radio broadcasting industry and broadcasts in a variety of formats based on knowledge of each market’s needs. The majority of the Company’s revenue is advertising-based and therefore subject to economic fluctuations.

Radio stations generate revenue by selling advertising airtime to clients, who are primarily in the retail industry. Companies compete for local and national advertising revenue by developing a base of listeners within desirable demographic segments in their local market. This requires competitive competence in the areas of station programming, technology, community relations, creative talent development and sales promotion. Radio stations compete for revenue with other radio stations and other forms of media, including television and newspapers.

Radio's strength is that it is an effective method to reach specific demographic segments through its targeted time slots and its ability to immediately reach the desired audience. Radio stations define their target demographic group through their format and programming focus. Stations will classify their on-air format in groupings such as classic rock, current rock or pop, new country, smooth jazz or today's current music. Each station's format appeals to a specific segment of the population, and the various programs on the stations will provide even further market segmentation. Radio stations have the ability to measure their success in attracting their targeted demographic group by using data published by the Bureau of Broadcast Measurement (BBM) which estimates how many people within a specific market are listening to the station. Large markets are rated four times a year, small markets may not be rated at all, or depending on demand, once to twice per year. The higher a station is rated, the more revenue it can attract from both local and national advertisers. The BBM does not however cover every station in every market; in many cases smaller markets must do their own market research. As part of the Company's strategy, formats are adjusted to ensure it is garnering a sufficiently high threshold of a specific demographic to attract advertising dollars.

Advertising can come from local, regional or national clients. Each station has its own local and regional sales force whereas national sales are represented by advertising agencies.

Profiles of Radio Stations

Newfoundland and Labrador

Newcap Radio is a leading broadcaster in Newfoundland and Labrador, with a network of 26 radio licences across the province with both AM and FM stations broadcasting in a variety of formats. It also has four audio streams on the web and the largest number of cable sites across the province. Local cable television will deliver VOXM as the background audio on their community channels. In 108 towns in Newfoundland and Labrador VOXM is available where reception would have been poor or impossible without this network.

- Since 1936 VOXM has been the "Voice of the Common Man", a news/talk format accompanied by the latest local information. "VOXM First News" has won more than 70 awards including the Edward R. Murrow Award for Best Newscast in a Small Radio Market. Its targeted demographic is adults 25 to 54.
- CFCB is the VOXM counterpart in Western Newfoundland. Radio Labrador provides coverage to Labrador. It has a local focus, with local announcers and morning shows. It has the most extensive coverage of Western Newfoundland and Labrador of all its competitors. It is targeted toward adults 25 to 54.
- K-ROCK in St. John's is a classic rock station. It has a local focus in its programming. This station targets the 25 to 54 year old listener, skewed to males.

- CKIX Hits 99.1 in St. John's plays current pop music. The target demographic is adults 18 to 49, skewed to females.
- Radio Newfoundland plays traditional Newfoundland music as well as a variety of formats from up and coming Eastern Canadian artists.
- The newly launched KIXX Country in Carbonear is the Avalon peninsula's newest station, playing great country music.

New Brunswick

Moncton

Moncton has a total of seven commercial English radio stations and two commercial French language radio stations, in addition to one non-commercial CBC radio station which operates on the AM dial, plus one campus radio station and a commercial information radio station.

- Newcap operates a successful two radio station combination in Moncton. Serving the Greater Moncton and Southeastern New Brunswick area, CJMO-FM known as C103 is a classic rock radio station serving adults 25 to 54. It is a long-standing number one station, on the air since 1987. The other station CJXL-FM has been on the air since the year 2000 and has positioned itself in the number two position with adults 25 to 54. Known as XL96 this station plays today's country.

Fredericton

Fredericton has seven commercial stations, one First Nations station, two English language non-commercial CBC stations, one French language non-commercial CBC station and one campus radio station.

- Newcap operates CFRK-FM, known as FRED-FM. It is a classic rock radio station. It has been on the air for over two years and programs to an adult audience 25 to 54.

Nova Scotia

Halifax

Newcap operates three commercial radio stations out of the nine in the Halifax market.

- CKUL-FM (KOOL-FM) targets adults 35 to 54 with a classic hits format of contemporary music mostly from the 70's and 80's.

- CFRQ-FM, known to its audience as Q104, targets adults 25 to 54 with a male skew. It has been on the air for almost 25 years and has continually been a market-leader. Recently, Q104's Program Director was named "Program Director of the Year – Medium Market" by the Canadian Music Industry Awards.
- CFDR-AM (780 KIXX) is Halifax's only classic country station targeting adults 45 and over. The station also carries a variety of religious programming and half hour information programs featured during evenings and weekends. The CRTC granted the Company approval to convert the station to the FM signal in 2007. (The CRTC imposed certain conditions associated with this approval and the Company is currently considering its options with respect to the conditions.)

Prince Edward Island

The Prince Edward Island radio market consists of five commercial radio stations and two CBC-owned non-commercial stations.

Charlottetown

- In March 2006 the CTRC approved the conversion of 720 CHTN AM oldies to an FM format and awarded a second FM licence to Newcap for a rock station. On July 5, 2006, CHTN converted to Ocean 100 FM, a classic hits format targeted to adults 25 to 54. On July 25, 2006 Newcap launched Prince Edward Island's first and only rock station, K-ROCK 105.5. K-ROCK is also programmed to appeal to an adult audience aged 25 to 54.
- Both stations are extremely successful in their respective formats, and have traded places for the #1 position in BBM ratings over the past year. Their combined audience share is almost 60%.

Ontario

Ottawa

Ottawa is a twenty-six-station radio market with thirteen English language and five French language commercial stations, one multi-cultural station, three campus stations and two CBC-owned, non-commercial stations in each language. Newcap operates two English stations in Ottawa.

- CIHT-FM or HOT 89.9 was launched in February 2003 and is the only contemporary hit radio or "Top 40" radio station in the area. HOT 89.9 bills itself as "Ottawa's #1 Hit Music Station" and targets women and adults 18 to 49.
- CILV-FM or LiVE 88.5 was launched in December 2006 and is a unique blend of alternative rock and Triple A (Adult Album Alternative) music. LiVE 88.5 is known as "The New Alternative" and targets men and adults 18 to 49.

Sudbury

- Newcap's Sudbury radio station, Big Daddy 103.9, is a classic hits station targeted to adults 25 to 54.

Thunder Bay

- 105.3 The Giant is a classic rock format which transmits at 100,000 watts to the Thunder Bay and surrounding area. The station appeals to listeners aged 25 to 54 with a split of 55% male and 45% female.
- Magic 99.9 broadcasts at 37 watts and is transmitted to the central core of Thunder Bay. The Magic audience consists of listeners 25 to 54, skewing female. Magic's format is adult contemporary.

Manitoba

Winnipeg

The Winnipeg market consists of thirteen private radio stations, four multicultural radio stations, one religious radio station, three campus radio stations and four CBC-owned, non-commercial radio stations. Newcap operates two stations in Winnipeg. CHNK-FM, 100.7 Hank FM, and CKJS-AM, 810 AM.

- CHNK-FM, known as Hank-FM, has the slogan "plays everything country". It targets males and females aged 25 to 54 with a focus on the 35 to 49 demographic. The play list includes classic country artists and current Top 40 country acts. In December 2007, the CRTC granted the Company's request to increase the power coverage of CHNK-FM which will allow the licence to be accessible to a larger listening audience.
- CKJS-AM, 810 AM, is one of three multicultural stations in Winnipeg. It airs programs in 19 different languages, with some English Christian programming. The morning and afternoon shows are both Filipino based.

Alberta

Calgary

A total of four new licences were issued in Calgary in 2006, creating a more competitive and dynamic market. Three of those stations (including FUEL 90.3) have already launched. The fourth station launched in March 2008.

- In March 2008, CIQX-FM was re-branded and re-launched as the New XL 103, playing the hits of the 60's, 70's and 80's.
- FUEL 90.3, CFUL-FM, is the only radio station in Calgary playing the alternative rock hits from the 80's and 90's. The station focuses on artists from The Clash and U2 to Nirvana and Green Day. It targets listeners 30 to 44 and skews male.

Edmonton

New competition in Edmonton is creating the need for more defined programming in order to attract the right demographic market for each station. There are sixteen competing stations in the Edmonton area of which Newcap operates three.

- CIRK-FM is Edmonton's classic rock station known as 97.3 K-ROCK. On May 4, 2007, K-ROCK celebrated 28 years as a classic rock station. K-ROCK serves the adult 25 to 54 demographic, leaning towards men 35 to 44.
- Operating since 1954, CFCW is a heritage AM country station and the first station in Canada to play country music twenty-four hours daily. Targeting adults 35 to 64, CFCW serves not only the City of Edmonton, but all of North/Central Alberta. CFCW has extensive coverage in rural Alberta.
- In March 2008, CKRA-FM was re-branded and re-launched as Capital FM, playing the hits of the 60's, 70's and 80's.

Alberta East

This region is one of the most productive agricultural and oil producing areas in all of Canada. Stations in the eastern part of Alberta include:

- 95.3 K-Rock (CJXK-FM) was launched September 3, 2004 in Cold Lake. It serves the community of Cold Lake and surrounding areas which combined means a retail trading area with over 50,000 people. 95.3 K-Rock plays classic rock hits from the late 60's, 70's, 80's and 90's with new rock tunes from classic artists. It targets the key adult demographic of males/females ages 25 to 54.
- Key 83 (CKKY) of Wainwright serves the entire regional area including Wainwright and surrounding trading areas with a population of 160,000 plus. Its format of hot new country and all-time favourites attract a demographic of adults 35 to 64.
- 93.7 Wayne-FM (CKWY-FM) in Wainwright was launched in January 2005 and plays classic hits from the 70's, 80's, 90's plus current hits, targeting adults in the 25 to 54 age demographic. Wayne-FM also covers the Wainwright and surrounding trading areas with a population of 160,000 plus.
- 1310 CHLW in St. Paul is a heritage radio station of 10,000 watts that has served the Lakeland region since the Fall of 1974. CHLW has a large listening area, 60,500 km², which covers a population of at least 50,000. It has a contemporary country format and serves the targeted female demographic of 25 to 54.

- Kool 101.3 FM (CJEG-FM) in Bonnyville was launched in May 2006. Bonnyville is located in the “The Lakeland Area” of northeastern Alberta. Kool 101.3 plays hit music from the past 25 years. Kool-FM serves a community of approximately 6,000, consisting primarily of young adults. It targets females 25 to 54.
- CKSA-FM, Lloyd 95.9 FM, is the heritage station in Lloydminster and it plays “everything country” from old time classics to the current top 40 country hits attracting the #1 demographic of female and male ages 25 to 54.
- Newcap Television consists of CITL-TV (CTV) and CKSA-TV (CBC). Newcap Television’s broadcast area serves approximately 100,000 people. Based in Lloydminster, the Newcap Television broadcast area covers east central Alberta and west central Saskatchewan. Both channels are available on Star Choice and Bell Express Vu.
- Big Dog, CILB-FM, was launched in December 2007 in Lac La Biche and features classic hits targeted to adults 25 to 54.

Alberta Northwest

Newcap Alberta Northwest operates eight radio stations under “The Fox Radio Group” with two repeaters in Grande Cache and Jasper. These stations dominate the Alberta Northwest region, broadcasting to a potential population of over 112,000. This region has economic diversity, benefiting from oil, gas, coal, and timber processing.

- The operating stations are CFXE-FM in Edson, CFXH-FM in Hinton, CHSL-FM in Slave Lake, CKBA in Athabasca, CFOK in Westlock and CKVH in High Prairie. All are classic hits stations appealing to a 25 to 49 year old demographic slightly weighted towards females. In July 2007, CFXE in Edson converted from 970 AM to 94.3 FM almost doubling the coverage area.
- CFXW-FM “The RIG 96.7” is Whitecourt’s rock station playing the best classic rock as well as today’s biggest rock hits. The demographic is 25 to 49 years and slightly weighted towards males.

Red Deer

- Since 1973 CKGY-FM has provided central Alberta with today’s new country music.
- CIZZ-FM (ZED-99) provides an album oriented rock format, rated as the first choice for adults 18 to 34 in the market in recent BBM rankings.

Alberta South

- CKJR in Wetaskiwin was relaunched in September 2006 as W1440, playing hits of the 50’s, 60’s and 70’s. W1440 is an oldies format that caters to the baby boomer generation in Wetaskiwin and the surrounding area. The geographical footprint of W1440’s signal encompasses Edmonton south to Calgary.

- Newcap operates CFCW-FM, CAM-FM, in Camrose. CAM-FM is a classic hits station, appealing to adults aged 25 to 54 and serves a trade area of approximately 100,000.
- Mountain Radio in Blairmore (CJPR-FM) is the voice of rural Southern Alberta and South Western British Columbia. Mountain Radio also follows the chuckwagon tour with live coverage from the tour across Alberta.
- Q13 Radio in Brooks and Q14 in Stettler (AM) play country hits.
- The Fox (CIXF-FM) in Brooks, plays classics from four decades of music including today's top hits.
- Q91 (CKDQ) in Drumheller is the voice of rural Alberta and is heard east to Saskatchewan, west to the Rockies, south to Montana and north to Edmonton. Q91 is the official voice of Rodeo following the CPRA circuit right through the Canadian Finals in Edmonton and the National Finals in Las Vegas. The Q91 news department is a member of several news gathering groups and covers local, national and international news.

Segmented Financial Information

Consolidated financial results for the broadcasting segment is included in note 15 of the consolidated financial statements on page 54 of the Company's 2007 Annual Report, a copy of which has been appended, and is incorporated by reference as part of this Annual Information Form.

Third Party Revenue

Revenue from third party customers for the fiscal years ended December 31, 2007 and 2006 is segmented in the following table:

| | Years ended December 31 | |
|---------------------|--------------------------------|--------------------|
| | <u>2007</u> | <u>2006</u> |
| | <i>(thousands of dollars)</i> | |
| Revenue | | |
| Broadcasting | \$ 95,392 | 90,643 |
| Corporate and other | <u>3,426</u> | <u>3,294</u> |
| | <u>\$ 98,818</u> | <u>93,937</u> |

The primary source of revenue in Corporate and other is generated from a hotel operation in Corner Brook, Newfoundland and Labrador.

Related Party Transactions

Inter-company balances and transactions of the Company's subsidiaries are eliminated upon consolidation. Related party transactions during the year were reviewed and there were no material transactions requiring separate disclosure in the notes to the consolidated financial statements.

Principal Products and Services

Details of the Company's radio broadcast licences and their markets are presented in Appendix A, and is incorporated by reference as part of this Annual Information Form.

Customer Concentration

Customer bases are widely diversified with no one customer accounting for 10% or more of consolidated revenue. The Company conducts the vast majority of its business with Canadian customers and, as such, does not segment its revenue on a geographic basis.

Intangible Assets

The Company recognizes broadcast licence costs related to new licences and business and licence acquisitions as indefinite life intangible assets. Goodwill is also recognized when the cost of the acquired businesses exceeds the fair value of the net identifiable tangible and intangible assets.

The Company owns and/or uses a number of trademarks, trade names and call letters for its business. Some of these are registered and some are not registered. Those not registered are clearly identified with its business operations and therefore are not able to be used by other companies. The Company also has a number of registered domain names.

Seasonality

The Company's revenue and operating results vary depending on the quarter. The first quarter tends to be a period of lower retail spending and as a result, advertising revenue and net income are lower while the fourth quarter is generally a period of higher retail spending.

Principal Properties and Equipment

The Company operates through the principal facilities as described in Appendix A which has been appended and is incorporated by reference as part of this Annual Information Form.

The Corporate and other segment owns properties in Dartmouth, Nova Scotia and Corner Brook, Newfoundland and Labrador.

All owned properties are pledged as collateral for bank indebtedness and long-term debt. The Company considers these properties to be in good condition. They are well maintained and have sufficient physical capacity to permit the Company to conduct its business in a safe and efficient manner.

Employees

The Company employed approximately 850 people as of December 31, 2007.

Competitive Conditions

The Company operates broadcast licences throughout Canada. These stations face varying degrees of competition on a market-by-market basis from other radio stations and from other advertising media. The better a station is rated, the more revenue it can attract from both local and national advertisers. In addition, revenue directly correlates to how effective an advertising campaign is at generating results for clients. The Company's radio stations have been successful in increasing the size of their listening audience and, as a result, garnering a larger share of available radio advertising dollars.

A factor in mitigating competitive forces in a radio market is the ability of the Company to leverage its operating and programming platform over more than one station. It is in the interest of radio operators to maximize their holdings in any given market to achieve scale, maximize revenue potential and distribute operating expenses over more than one station.

Further particulars on the competitive factors, trends, and other risks prevalent in the businesses of the Company can be found in the Management's Discussion and Analysis, which is set out on pages 20 to 35 of the Company's 2007 Annual Report which is incorporated by reference as part of this Annual Information Form.

Regulatory Environment

Broadcast licences are regulated by the CRTC under the Broadcasting Act (Canada) and as such are licenced by the CRTC. The current Broadcasting Act was enacted in 1991. Under this Act, the CRTC is permitted to authorize licences for terms of up to seven years. Radio broadcasting activities are also regulated under the Radio Regulations, 1986, which provide general regulations and rules specific to AM and FM undertakings. In addition, specific terms and conditions are found in the broadcasting licence of each radio station.

The CRTC cannot issue, amend or renew broadcasting licences to applicants who are not Canadian. The maximum foreign ownership is restricted to 20% of the voting shares of an operating licensee company and a maximum foreign ownership of 33^{1/3}% of the issued and outstanding voting shares or 33^{1/3}% of the votes attaching to the shares of a holding company that has a subsidiary operating company licenced under the Broadcasting Act (which is the case for NCC). There are no limits on the ownership (including beneficial ownership and direct or indirect control) of non-voting shares subject to a test for "control in fact". In addition, the Chief Executive Officer and 80% of the members of the board of directors of the operating company must be Canadian. As well, the holding company and its directors are prohibited from exercising any control or influence over any programming decisions of the subsidiary operating company where Canadians beneficially own and control, directly or indirectly, less than 80% of the voting shares (and votes) of the holding company. The CRTC retains the discretion to determine as a question of fact whether a given licensee is controlled by non-Canadians.

In order to ensure that the Company remains qualified as an eligible Canadian corporation, as indicated above and consistent with the practice of most companies holding broadcasting licences under the Broadcasting Act, NCC's articles of incorporation contain certain restrictions on the ownership of its shares and it may refuse to issue any share or permit the registration of a transfer of any share that would jeopardize or adversely affect the right of the Company or any subsidiary thereof to obtain, maintain, amend or renew a licence to operate a radio broadcast licence as defined in the Broadcasting Act. In accordance with the articles of the Company, share certificates representing any share in the capital of the Company bear upon their face a legend to the effect that the right to register the transfer of the shares in the capital of the Company represented by such certificate is restricted.

In April 1998, the CRTC relaxed multiple ownership restrictions in local markets. The ownership of up to two AM and two FM licences is permitted in markets having eight or more commercial radio licences. The ownership of three licences, with no more than two on either the AM or FM band, is now permitted in markets of less than eight commercial radio licences. In January 2008, the CRTC re-confirmed that ownership restrictions are still appropriate within Radio. The CRTC also in this ruling outlined new restrictions in cross-media ownership between TV, Radio and local newspapers.

The CRTC has established rules that govern content on radio stations. Canadian programming must incorporate 35% of their musical selections from Canadian performers each week. In addition, commercial radio stations must ensure that 35% of the musical selections they air between 6AM and 6PM, Monday through Friday, are Canadian. Ethnic radio stations must ensure that at least 7% of the musical selections they air each week during ethnic programming periods are Canadian. In addition to regulating the programming, the CRTC requires radio operators to financially contribute to Canadian Content Development (“CCD”). This system is based on the contribution of a share of the radio station's revenues to support Canadian musical and spoken word talent, including journalists. The CCD replaces the old system, Canadian Talent Development (“CTD”) which was based on the size of the market in which it operates. The new CCD policy replaces the existing CTD regulations and came into effect September 1st, 2007.

In late 1999, the CRTC ruled that Local Management Agreements (“LMAs”) would no longer be allowed without prior approval. An LMA is an agreement between two or more licencees relating to aspects of the management, administration or operation of two or more stations within the same market. The Company voluntarily disbanded all of its LMAs as of June 2004.

On January 31, 2005, the CRTC released Public Notice 2005-10 that contained a new interpretation of broadcast regulations governing Local Sales Agreements (“LSAs”) between radio broadcasters in the same market. These arrangements benefited the radio industry by achieving efficiencies in smaller markets. Management complied with the CRTC’s Public Notice 2005-10 and all conditions were satisfied within the appropriate time frame in the affected markets.

Radio broadcast licences are generally renewed except in cases of serious breach of the conditions, in which case licences may be suspended, revoked or renewed for a shorter period. The conditions include the requirement for radio stations to maintain a specified percentage of Canadian content in its programming. Radio stations must also meet technical operating requirements under the Radio Communication Act (Canada). Conditions may be imposed by the CRTC on broadcasting licences which may affect the profitability of the holders of such licences. The Company currently complies with all regulations applicable to its operations and with the conditions attached to its licences.

Prior approval of the CRTC is required for transactions affecting ownership or control of broadcast licences. Transferees of ownership must demonstrate to the CRTC that such transfer is in the public interest and, in most cases, the purchaser must provide specific benefits designed to benefit the Canadian broadcasting system. For transfer of ownership applications a commitment to provide benefits of 6% of the value of the transaction is generally expected. The CRTC will assess the impact on diversity of news editorial voices and the level of competition in a particular market when examining transfers of ownership or issuance of new licences.

Interest of Experts

The Company's auditor is Ernst & Young LLP, 1959 Upper Water Street, 13th Floor, Halifax, Nova Scotia B3J 2Z1. The Company's consolidated financial statements as at the year ended December 31, 2007 have been filed under National Instrument 51-102 in reliance on the report of Ernst & Young LLP, independent chartered accountants, given on their authority as experts in auditing and accounting. As of March 28, 2008, the partners and employees of Ernst & Young LLP collectively owned beneficially, directly or indirectly, less than 1% of any class of the Company's outstanding shares. The Auditors' Report can be found on page 36 in the 2007 Annual Report, and is incorporated by reference as part of this Annual Information Form.

Other

The Company does not engage in any formal research and development programs, however, the Company does conduct regular market and format specific research for its stations in competitive markets.

There are no known environmental protection requirements that would have a material effect on the Company's capital expenditure program, its earnings or its competitive position.

Risks and Opportunities

Please refer to the "Risks and Opportunities" section of the MD&A on pages 34 and 35 of the Company's 2007 Annual Report. Certain risks faced by the Company are a result of regulatory decisions and these were previously described under the heading "Regulatory Environment".

Management's Discussion and Analysis of Financial Condition and Results of Operations

Reference is made to the section entitled "Management's Discussion and Analysis" which is contained on pages 20 to 35 of the Company's 2007 Annual Report and is incorporated by reference as part of this Annual Information Form.

Dividends

The declaration and payment of dividends is at the discretion of the Board of Directors and subject to banking arrangements. The history of dividends declared is as follows:

| | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|-----------------------------------|--------------------|--------------------|--------------------|
| Class A Subordinate Voting Shares | \$ 0.30 | 0.30 | 0.30 |
| Class B Common Shares | 0.30 | 0.30 | 0.30 |

In accordance with the Company's credit facility, dividends are restricted to the lesser of \$0.50 per share or 50% of net income in any fiscal year unless prior approval is obtained from its lenders.

Description of Capital Structure

As at March 28, 2008, there are 9,832,619 Class A Subordinate Voting Shares (“Class A shares”) and 1,258,121 Class B Common Shares outstanding. The Company has also authorized an unlimited number of Class A shares and Class B Preferred Shares of which none are outstanding.

The Class A shares carry one vote per share and the Class B Common Shares carry ten votes per share. In the event of a vote to change any right, privilege, restriction or condition attached to either the Class A shares or Class B Common Shares, the Class B Common Shares are entitled to one vote per share. In addition, the ten votes attaching to each Class B Common Share shall be decreased to one vote 180 days following the acquisition of Class B Common Shares pursuant to a take-over bid where the ownership of Class B Common Shares, after the acquisition, exceeds 50%. In all other respects, these shares rank equally.

The outstanding Class B Common Shares are convertible to Class A shares at the option of the shareholder, on a one-for-one basis.

Market for Securities

The Company's securities are listed and posted for trading on the Toronto Stock Exchange under the symbols NCC.A and NCC.B. The following table provides a summary of the trading statistics for the Company's shares.

| | | Class A Subordinate Voting Shares | | | Class B Common Shares | | |
|--------------------|----|--|-------------------|----------------------|------------------------------|-------------------|----------------------|
| | | <u>High</u> | <u>Low</u> | <u>Volume</u> | <u>High</u> | <u>Low</u> | <u>Volume</u> |
| <u>2007</u> | | | | | | | |
| January | \$ | 19.24 | 17.40 | 24,958 | 18.05 | 18.00 | 1,200 |
| February | | 19.25 | 18.00 | 22,985 | 18.00 | 18.00 | 133 |
| March | | 19.49 | 17.80 | 212,922 | 17.00 | 17.00 | 212 |
| April | | 19.49 | 18.50 | 436,382 | — | — | — |
| May | | 19.52 | 18.75 | 39,977 | 19.50 | 19.50 | 1,055 |
| June | | 21.40 | 18.50 | 169,364 | 19.50 | 19.50 | 55 |
| July | | 20.25 | 18.50 | 12,933 | 19.50 | 19.50 | 8 |
| August | | 20.00 | 18.00 | 19,864 | 19.00 | 19.00 | 100 |
| September | | 18.35 | 17.05 | 24,283 | — | — | — |
| October | | 18.50 | 17.00 | 1,906,353 | — | — | — |
| November | | 20.50 | 18.55 | 16,187 | 22.00 | 22.00 | 100 |
| December | | 20.05 | 19.75 | <u>8,805</u> | 22.00 | 20.50 | <u>570</u> |
| Annual Summary | \$ | 21.40 | 17.00 | <u>2,895,013</u> | 22.00 | 17.00 | <u>3,433</u> |
| <u>2006</u> | | | | | | | |
| Annual Summary | \$ | 19.00 | 14.10 | <u>945,119</u> | 18.00 | 17.00 | <u>3,155</u> |

Directors and Officers

Information regarding the directors is contained on pages 9, 10 and 15 of the Information Circular, and page 58 and the inside back cover of the Company's 2007 Annual Report, both are incorporated by reference as part of this Annual Information Form. Information regarding the officers is contained on page 10 of the Information Circular, and is incorporated by reference as part of this Annual Information Form.

The following table sets forth the name, municipality of residence and position of the officers of the Company other than those officers who are also directors noted in the Information Circular:

| <u>Name and Municipality of Residence</u> | <u>Position</u> |
|--|--|
| Linda A. Emerson Dartmouth, Nova Scotia | Assistant Secretary |
| David J. Murray Dartmouth, Nova Scotia | Chief Operating Officer |
| Scott G. M. Weatherby Halifax, Nova Scotia | Chief Financial Officer and Corporate Secretary |

Additional information regarding the officers of the Company is contained on pages 11 to 14 and page 19 of the Information Circular and on the inside back cover of the Company's 2007 Annual Report, both attached and incorporated by reference as part of this Annual Information Form.

Directors and officers of the Company as a group beneficially own, directly or indirectly, 96.7% of the Class B Common Shares and 52.0% of the Class A Subordinate Voting Shares.

All of the directors and officers of the Company have been in their current position of employment for the past five years with the following exception: David J. Murray was Vice-President Operations prior to his appointment in 2006.

Mr. Steele was a director of Canada 3000 Inc. between May 16, 2000 and November 10, 2001, a company that sought protection under the Companies Creditors Arrangement Act (Canada) on November 11, 2001.

The Company does not have an executive committee. Information on the Audit and Governance Committee of the Company is contained in Appendix B of this document and on page 58 of the Company's 2007 Annual Report, both incorporated by reference as part of this Annual Information Form.

Audit and Governance Committee Disclosure

Audit and Governance Committee Charter

The Audit and Governance Committee Charter is attached as Appendix B and is incorporated by reference as part of this Annual Information Form.

Composition of the Audit and Governance Committee

The Audit and Governance Committee is composed of three independent and financially literate directors. The Committee members have a good understanding of the accounting principles used in preparing the Company's financial statements and of the required internal controls and procedures for financial reporting. Their collective experience (relevant to the performance of their responsibilities as members of the Committee) as described and with respect to preparing, auditing, analyzing and evaluating financial statements is as follows:

Michael MacDonald is President and Chief Executive Officer of Micco Developments, a residential land development company, and Micco Leasing an automotive leasing firm, in Nova Scotia. For 13 years, Mr. MacDonald was President and Chief Executive Officer of Downeast Mobility. During such time and including his business interests today, Mr. MacDonald has had extensive experience in reviewing and interpreting financial statements and financial information. Mr. MacDonald has won numerous business and personal awards including 2004 Newfoundland Philanthropist of the Year and 2005 Nova Scotia Philanthropist of the Year, Halifax Chamber of Commerce Business Person of the Year and was among the Top 50 CEO's in Atlantic Canada for five years in a row. He was elected as a director in November 2006.

David I. Matheson, Q.C. is a counsel to the law firm of McMillan Binch Mendelsohn LLP of Toronto. He has a Bachelor of Commerce degree, with a major in accounting, and a Law degree. He specialized as a tax lawyer and worked extensively with the accounting profession in tax reform and on financial reporting issues for tax purposes. He has an extensive corporate and corporate governance practice, nationally and internationally. He has served as a chair and a member of public company audit committees for a number of years. In addition to his current role as the Company's chairman of the Audit and Governance Committee, Mr. Matheson is also a director and chairman of the Audit Committee of Clarke Inc., chairman and trustee of ATS Andlauer Income Fund and a member of their Audit and Governance Committee, and a director of Tonbridge Power Inc. and chairman of their Audit and Governance Committee. He has written and spoken extensively, nationally and internationally, on tax-related financial reporting, corporate governance and securities law compliance. His knowledge of the Company's financial affairs and internal control and systems is extensive. He was elected as a director in May 2004, but also served as a director of the Company from 1986 to 1998.

Donald J. Warr, FCA is partner with the chartered accounting firm Blackwood & Warr in Newfoundland. He obtained a Bachelor of Commerce degree in 1967 before obtaining his Chartered Accountancy designation in 1970. Prior to starting his own practice in 1992, Mr. Warr was a tax partner with a large national accounting firm. He was past President of the Newfoundland Institute of Chartered Accountants and was awarded the designation of FCA in 1983 for outstanding service to the profession and the community. Mr. Warr, in addition to serving as a director for the Company, also serves as a director to Altius Minerals Corp., a public entity. He has extensive knowledge and experience with preparing, auditing, analyzing and evaluating financial statements, along with an extensive background in taxation matters, internal controls and procedures surrounding financial reporting. Mr. Warr has served as a director of the Company since 1995.

Pre-Approval of Non-audit Services

The Company is restricted from engaging the auditors to provide certain non-audit services to the Company and its subsidiaries, in accordance with the Canadian Institute of Chartered Accountants' independence standards for auditors. The Company does engage the auditors from time to time to provide certain non-audit services other than those that are restricted. All non-audit services must be pre-approved by the Audit and Governance Committee.

External Auditor Service Fees

During the last two fiscal years, the Company paid to the external auditors, Ernst & Young LLP, fees for the following services:

| | <u>2007</u> | <u>2006</u> |
|--------------------|--------------------|--------------------|
| Audit fees | \$160,000 | \$150,000 |
| Audit-related fees | 27,275 | 16,100 |
| Tax fees | <u>15,762</u> | <u>14,000</u> |
| Total | <u>\$203,037</u> | <u>\$180,100</u> |

“Audit fees” include the aggregate professional fees paid to Ernst & Young LLP for the audit of the annual consolidated financial statements and other regulatory audits and filings.

“Audit-related fees” include the aggregate fees paid to Ernst & Young LLP for services related to the audit services, including namely, consultations regarding financial reporting and accounting standards.

“Tax fees” include the aggregate fees paid to Ernst & Young LLP for tax compliance, tax advice, tax planning and advisory services relating to the preparation of corporate tax and capital tax returns.

Legal Proceedings

The Company and its subsidiaries are involved in various legal actions which arise out of the ordinary course and conduct of its business. Management believes any potential liabilities that may result from these actions have been adequately provided for and are not expected to have a material adverse effect on the Company's financial position or its results.

Transfer Agent and Registrar

The transfer agent and registrar for the shares of the Company is the CIBC Mellon Trust Company at its offices in Halifax and Toronto. For shareholder account inquiries:

Telephone: 1-800-387-0825 (toll free in North America)

e-mail inquiries@cibcmellon.com or write to:

Newfoundland Capital Corporation

c/o CIBC Mellon Trust Company

P.O. Box 7010, Adelaide Street Postal Station

Toronto, ON M5C 2W9

Material Contracts

No material contracts outside the ordinary course of business were entered into by the Company during the year.

Additional Information

Additional information including directors' and officers' remuneration, principal holders of the Company's securities, and options to purchase securities, is contained in the Information Circular, and is incorporated by reference as part of this Annual Information Form.

Additional information is also provided in the Company's comparative consolidated financial statements contained on page 36 to 55 of the Company's 2007 Annual Report and is incorporated by reference as part of this Annual Information Form.

The Company's Annual Report, Information Circular and Interim Financial Statements may be obtained on request from Mr. Scott G.M. Weatherby, Chief Financial Officer and Corporate Secretary of the Company. All public documents related to the Company are also available on SEDAR at www.sedar.com.

Appendix A

Licence
Expiry Date
(August)

| Studio Location and Licencee | Owned/Leased | Year Acquired | Call Letters | Frequency | Name | Format | Transmitter Site ⁽²⁾ and Power | Owned/Leased | Expiry Date (August) |
|------------------------------|--------------|---------------------|--------------|-------------|------------------|------------------------|---|--------------|----------------------|
| ALBERTA | | | | | | | | | |
| NEWCAP INC. | | | | | | | | | |
| Bonnyville | Leased | 2006 ⁽¹⁾ | CJEG-FM | 101.3 MHz | Kool-FM | Contemporary Hit Radio | Bonnyville 27,000W | Leased | 2012 |
| Calgary | Leased | 2006 ⁽¹⁾ | CFUL-FM | 90.3 MHz | FUEL 90.3 FM | Classic Alternative | 100,000w | Leased | 2013 |
| Camrose | Owned | 1989 | CFCW | 790 kHz | CFCW | Full Service/Country | 50,000w | Owned | 2010 |
| Edmonton | Leased | 2003 ⁽¹⁾ | CFCW-FM | 98.1 MHz | CAM-FM | Classic Hits | 50,000w | Owned | 2010 |
| | Leased | 1989 | CKRA-FM | 96.3 MHz | Capital FM | Classic Hits | Looma 100,000w | Owned | 2010 |
| Fort McMurray | Leased | 1999 | CIRK-FM | 97.3 MHz | K-Rock | Classic Rock | Looma 100,000w | Owned | 2010 |
| | Leased | 2006 ⁽¹⁾ | CHFT-FM | 100.5 MHz | (6) | Classic Hits | 20,000w | Leased | 2013 |
| Lac La Biche | Leased | 2006 ⁽¹⁾ | CILB-FM | 103.5 MHz | Big Dog | Classic Hits | 1,900w | Leased | 2012 |
| Lloydminster | Owned | 2005 | CKSA-FM | 95.9 MHz | LLOYD FM | Country | County of Vermillion River | Owned | 2009 |
| | | 2005 | CILR-FM | 98.9 MHz | CILR | Tourist Information | 100,000w | Owned | 2009 |
| | | 2005 | CKSA-TV | Channel 2 | CKSA-TV | CBC Network Affiliate | 50 w | Owned | 2011 |
| | | | | Channel 5 | (Shaw Cable) | | County of Vermillion River | | |
| | | | | Channel 238 | (Bell Expressvu) | | 116,000 w video | | |
| | | | | Channel 322 | (Star Choice) | | 11,600w audio | | |
| | | 2005 | CKSA-TV2 | Channel 9 | CKSA-TV | | Bonnyville | Owned | 2011 |
| | | | | | | | 20,750w video | | |
| | | | | | | | 4,150w audio | | |
| | | 2005 | CKSA-TV3 | Channel 8 | CKSA-TV | | Wainwright | Owned | 2011 |
| | | | | | | | 8.9w | | |
| | | 2005 | CKSA-TV4 | Channel 12 | CKSA-TV | | Provost | Owned | 2011 |
| | | | | | | | 8.9w | | |

| Studio Location and Licencee | Owned/Leased | Year Acquired | Call Letters | Frequency | Name | Format | Transmitter Site ⁽²⁾ and Power | Owned/Leased | Licence Expiry Date (August) |
|-----------------------------------|--------------|---------------------|--------------|------------|--|---------------------------|---|--------------|------------------------------|
| ALBERTA (continued) | | | | | | | | | |
| NEWCAP INC. | | | | | | | | | |
| Lloydminster (<i>continued</i>) | | 2005 | CITL-TV2 | Channel 4 | Newcap Television Channel 3 (Shaw Cable) | CTV Network Sub-affiliate | County of Vermillion River 130,000w video 13,000w audio | Owned | 2011 |
| | | 2005 | CITL-TV1 | Channel 6 | Newcap Television | | Wainwright 10w | Owned | 2011 |
| | | 2005 | CITL-TV2 | Channel 5 | Newcap Television | | Provost 10w | Owned | 2011 |
| | | 2005 | CITL-TV3 | Channel 3 | Newcap Television | | Meadow Lake 10w | Owned | 2011 |
| | | 2005 | CITL-TV4 | Channel 7 | Newcap Television | | Bonnyville 10w | Owned | 2011 |
| | | 2005 | CITL-TV10 | Channel 58 | Newcap Television | | Alcot Trail 10w | Leased | 2011 |
| 4323041 CANADA INC. | | | | | | | | | |
| Red Deer | Leased | 2005 | CIZZ-FM | 98.9 MHz | Z-99 | Rock | Lacombe 100,000w | Leased | 2010 |
| | | 2005 | CKGY-FM | 95.5 MHz | KG Country | Country | Lacombe 100,000w | Leased | 2014 |
| 3937844 CANADA INC. | | | | | | | | | |
| Athabasca | Leased | 2002 | CKBA | 850 kHz | The Fox Radio Group | Classic Hits | 1,000w | Leased | 2010 |
| Blairmore | Leased | 2002 | CJPR-FM | 94.9 MHz | Mountain Radio | Country | 760w | Leased | 2009 |
| | | 2002 | CJEV® | 1340 kHz | Cat Country (Mountain Radio) | Country | Elkford, BC 50w | Leased | 2010 |
| Brooks | Leased | 2002 | CIBQ | 1340 kHz | Q13 | Country | 1,000w | Owned | 2010 |
| | | 2003 ⁽¹⁾ | CIXF-FM | 101.1 MHz | The Fox | Classic Hits | 2,200w | Leased | 2010 |

| Studio Location and Licence | Owned/Leased | Year Acquired | Call Letters | Frequency | Name | Format | Transmitter Site ⁽²⁾ and Power | Owned/Leased | Licence Expiry Date (August) |
|--|--------------|---------------------|--------------|-----------|---------------------|----------------|---|--------------|------------------------------|
| ALBERTA (continued) | | | | | | | | | |
| 3937844 CANADA INC. (continued) | | | | | | | | | |
| Calgary | Leased | 2002 | CIQX-FM | 103.1 MHz | XL103-FM | Classic Hits | 100,000w | Leased | 2014 |
| Cold Lake | Leased | 2002 | CJXK-FM | 95.3 MHz | K-Rock | Classic Rock | 100,000w | Leased | 2010 |
| Drumheller | Leased | 2002 | CKDQ | 910 kHz | Q91 | Country | Strathmore 50,000w | Owned | 2010 |
| Edson | Leased | 2002 | CFXE-FM | 94.3 MHz | The Fox Radio Group | Classic Hits | 11,000w | Leased | 2013 |
| | | 2002 | CFXP-FM® | 95.5 MHz | The Fox Radio Group | Classic Hits | Jasper 95w | Leased | 2010 |
| | | 2002 | CFXG® | 1230 kHz | The Fox Radio Group | Classic Hits | Grande Cache 50w | Leased | 2010 |
| High Prairie | Leased | 2002 | CKVH | 1020 kHz | The Fox Radio Group | Classic Hits | 1,000w | Leased | 2010 |
| Hinton | Leased | 2002 | CFXH-FM | 97.5 MHz | The Fox Radio Group | Classic Hits | 1,200w | Leased | 2010 |
| Slave Lake | Leased | 2005 | CHSL-FM | 92.7 MHz | The Fox Radio Group | Classic Hits | 5,700w | Leased | 2012 |
| St. Paul | Leased | 2002 | CHLW | 1310 kHz | 1310 Cat Country | Country | 10,000w | Owned | 2010 |
| Stettler | Leased | 2002 | CKSQ | 1400 kHz | Q14 | Country | 1,000w | Leased | 2010 |
| Wainwright | Leased | 2002 | CKKY | 830 kHz | Key 83 | Country | 10,000w | Leased | 2010 |
| | | 2004 ⁽¹⁾ | CKWY-FM | 93.7 MHz | Wayne-FM | Classic Hits | 100,000w | Leased | 2010 |
| Westlock | Leased | 2002 | CFOK | 1370 kHz | The Fox Radio Group | Classic Hits | 10,000w | Owned | 2010 |
| Wetaskiwin | Leased | 2002 | CKJR | 1440 kHz | W 1440 | Oldies | 10,000w | Leased | 2010 |
| Whitecourt | Leased | 2005 ⁽¹⁾ | CFXW-FM | 96.7 MHz | The Rig 96.7 | Rock | 9,000w | Leased | 2011 |
| MANITOBA | | | | | | | | | |
| NEWCAP RADIO MANITOBA INC. | | | | | | | | | |
| Winnipeg | Leased | 2005 | CHNK-FM | 100.7 MHz | Hank-FM | Country | 1,300w ⁽⁵⁾ | Leased | 2009 |
| | Owned | 2006 | CKJS | 810 kHz | CKJS | Multi-cultural | 10,000w | Owned | 2011 |

| Studio Location and Licencee | Owned/Leased | Year Acquired | Call Letters | Frequency | Name | Format | Transmitter Site ⁽²⁾ and Power | Owned/Leased | Licence Expiry Date (August) |
|--------------------------------|--------------|---------------------|--------------|-----------|-----------------|------------------------|---|--------------|------------------------------|
| ONTARIO | | | | | | | | | |
| NEWCAP INC. | | | | | | | | | |
| Ottawa | Leased | 2001 ⁽¹⁾ | CIHT-FM | 89.9 MHz | Hot 89.9 | Contemporary Hit Radio | Chelsea, Quebec 27,000w | Leased | 2008 |
| | | 2005 ⁽¹⁾ | CILV-FM | 88.5 MHz | Live 88.5 | Alternative Rock | Chelsea, Quebec 12,000w | Leased | 2011 |
| Sudbury | Leased | 2001 | CHNO-FM | 103.9 MHz | Big Daddy | Classic Hits | 11,000w | Leased | 2008 |
| Thunder Bay | Leased | 1988 | CKTG-FM | 105.3 MHz | 105.3 The Giant | Classic Rock | 100,000w | Leased | 2011 |
| | | 2005 | CJUK-FM | 99.9 MHz | Magic 99.9 | Adult Contemporary | 37w | Leased | 2014 |
| ATLANTIC CANADA | | | | | | | | | |
| ATLANTIC STEREO LIMITED | | | | | | | | | |
| Moncton, NB | Owned | 1997 ⁽³⁾ | CJMO-FM | 103.1 MHz | C103 | Classic Rock | 46,800w | Owned | 2012 |
| | | 2000 ⁽¹⁾ | CJXL-FM | 96.9 MHz | XL96 | Country | 100,000w | Owned | 2012 |
| METRO RADIO GROUP INC. | | | | | | | | | |
| Halifax, NS | Leased | 2001 ⁽⁷⁾ | CKUL-FM | 96.5 MHz | KOOL 96dot5 | Classic Hits | 100,000w | Leased | 2011 |
| NEWCAP INC. | | | | | | | | | |
| Fredericton, NB | Leased | 2004 ⁽¹⁾ | CFRK-FM | 92.3 MHz | FRED-FM | Classic Rock | 76,000w | Leased | 2011 |
| Halifax, NS | Leased | 1986 ⁽⁴⁾ | CFDR | 780 kHz | 780 KIXX | Country | 50,000w | Owned | 2013 |
| | | 1986 | CFRQ-FM | 104.3 MHz | Q104 | Rock | 100,000w | Leased | 2011 |
| Charlottetown, PEI | Leased | 1985 | CHTN-FM | 100.3 MHz | Ocean 100 | Classic Hits | 33,000w | Leased | 2012 |
| | Leased | 2006 ⁽¹⁾ | CKQK-FM | 105.5 MHz | K-Rock 105.5 | Rock | 33,000w | Leased | 2012 |

| Studio Location and Licence | Owned/ Leased | Year Acquired | Call Letters | Frequency | Name | Format | Transmitter Site ⁽²⁾ and Power | Owned/ Leased | Licence Expiry Date (August) |
|------------------------------------|------------------|---------------------|-----------------|-----------|-------------------|-------------------|--|------------------|------------------------------------|
| | | | | | | | | | |
| ATLANTIC CANADA (continued) | | | | | | | | | |
| NEWCAP INC. (continued) | | | | | | | | | |
| Kentville | Leased | 2007 ⁽¹⁾ | CJJK-FM | 89.3 MHz | (6) | | 9,900w | Leased | 2013 |
| Sydney | Leased | 2007 ⁽¹⁾ | CHRK-FM | 101.9 MHz | (6) | | 57,000w | Leased | 2013 |
| Carbonear, NL | Leased | 2000 | CHVO-FM | 103.9 MHz | KIXX | Country | 14,000w | Leased | 2013 |
| Clarenville, NL | Owned | 2000 | CKVO | 710 kHz | CKVO | News/Talk/Country | 10,000w | Owned | 2009 |
| Corner Brook, NL | Owned | 1989 | CKXX-FM | 103.9 MHz | K-Rock | Classic Rock | 40,000w | Leased | 2009 |
| | | 1989 | CKXX- FM1® | 95.9 MHz | K-Rock | Classic Rock | Stephenville 234w | Owned | 2009 |
| | | 2001 | CFCB | 570 kHz | CFCB | News/Talk/Country | 1,000w | Owned | 2009 |
| | | 2001 | CFDL-FM® | 97.9 MHz | CFCB | News/Talk/Country | Deer Lake 16w | Leased | 2009 |
| | | 2001 | CFNW® | 790 kHz | CFCB | News/Talk/Country | Port au Choix 1,000w | Leased | 2009 |
| | | 2001 | CFNN-FM® | 97.9 MHz | CFCB | News/Talk/Country | St. Anthony 126w | Leased | 2009 |
| Gander, NL | Owned | 1989 | CKXD-FM | 98.7MHz | K-Rock | Classic Rock | 6,000w | Leased | 2012 |
| | | 2000 | CKGA | 650 kHz | VOCM Network | News/Talk/Country | 5,000w | Leased | 2009 |
| Goose Bay, NL | Leased | 2001 | CFLN | 1230 kHz | Radio Labrador | News/Talk/Country | 1,000w | Owned | 2009 |
| | | 2001 | CFLC-FM® | 97.9 MHz | Radio Labrador | News/Talk/Country | Churchill Falls 8.22w | Leased | 2009 |
| | | 2001 | CFLW® | 1340 kHz | Radio Labrador | News/Talk/Country | Wabush 250w | Owned | 2009 |
| Grand Falls-Windsor, NL | Owned | 1989 | CKXG-FM | 102.3 MHz | K-Rock | Classic Rock | Botwood 20,000w | Leased | 2012 |
| | | 1989 | CKXG- FM1® | 101.3 MHz | K-Rock | Classic Rock | 40w | Owned | 2012 |
| | | 2000 | CKIM® | 1240 kHz | VOCM Network | News/Talk/Country | Baie Verte 1,000w | Leased | 2009 |
| | | 2000 | CKCM | 620 kHz | VOCM Network | News/Talk/Country | 10,000w | Owned | 2009 |

| Studio Location and Licencee | Owned/Leased | Year Acquired | Call Letters | Frequency | Name | Format | Transmitter Site ⁽²⁾ and Power | Owned/Leased | Licence Expiry Date (August) |
|------------------------------------|--------------|---------------|--------------|-----------|--------------------|------------------------|---|--------------|------------------------------|
| ATLANTIC CANADA (continued) | | | | | | | | | |
| NEWCAP INC. (continued) | | | | | | | | | |
| Marystown, NL | Leased | 2000 | CHCM | 740 kHz | CHCM | News/Talk/Country | 10,000w | Owned | 2009 |
| St. John's, NL | Owned | 1989 | CJYQ | 930 kHz | Radio Newfoundland | Nfld. Music | 50,000w | Leased | 2010 |
| | | 1989 | CKIX-FM | 99.1 MHz | HITS-FM | Contemporary Hit Radio | 100,000w | Owned | 2009 |
| | | 2000 | VOCM | 590 kHz | 590 VOCM | News/Talk/Country | 20,000w | Owned | 2009 |
| | | 2000 | VOCM-FM | 97.5MHz | K-Rock | Classic Rock | 100,000w | Owned | 2009 |
| | | 2000 | VOCM-FM1® | 100.7 MHz | K-Rock | Classic Rock | Clareville 2200w | Leased | 2009 |
| Stephenville, NL | Leased | 2001 | CFSX | 870 kHz | CFCB | News/Talk/Country | 500w | Owned | 2009 |
| | | 2001 | CFGN® | 1230 kHz | CFCB | News/Talk/Country | Port aux Basques 250w | Owned | 2009 |
| | | 2001 | CFCV-FM® | 97.7 MHz | CFCB | News/Talk/Country | St. Andrew's 73w | Leased | 2009 |

® Repeater

- (1) Year new licence awarded by CRTC. For actual on-air date refer to Management's Discussion and Analysis, which is incorporated by reference as part of this Annual Information Form.
- (2) Transmitter site is listed only if it is in a different municipality than the station.
- (3) A minority interest in Atlantic Stereo Limited was first acquired in 1991. Effective control was acquired in 1997. 100% control was acquired in 2007.
- (4) The Company has received approval to switch this station to FM.
- (5) The Company has received approval for an increase in power to 60,200w.
- (6) Certain information not available at time of printing.
- (7) The Company entered into an agreement with CTV Limited in March 2008 to acquire the remaining 50% of Metro Radio Group Inc., subject to CRTC approval.

APPENDIX B
NEWFOUNDLAND CAPITAL CORPORATION LIMITED
AUDIT AND GOVERNANCE COMMITTEE CHARTER

1. GENERAL

The board of directors (“**Board**”) of Newfoundland Capital Corporation Limited (“**Company**”) has established the Audit and Governance Committee (“**Committee**”) to assist the Board in fulfilling its oversight responsibilities with respect to the following:

- (a) accounting and financial reporting processes, internal financial controls, financial risk management systems and internal and external audit functions;
- (b) the composition of the Board, the recruitment and assessment of the performance of the chief executive officer (“**CEO**”) and senior management, and the compensation of the CEO, other officers and the directors (“**Directors**”) of the Company;
- (c) executive compensation disclosure and oversight of the compensation structure and benefit plans and programs of the Company;
- (d) corporate governance standards and practices; and
- (e) additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

The composition, responsibilities and authority of the Committee are set out in this Charter. This Charter and the By-Laws of the Company and such other procedures, not inconsistent therewith, as the Committee may adopt from time to time, shall govern the meetings and procedures of the Committee.

2. COMPOSITION

- (A) The Committee shall be composed of at least three Directors of the Company (“**Members**”):
 - (i) all of whom are *independent* (as required by regulations and as determined by the Board where permitted); and
 - (ii) all of whom are *financially literate* (i.e., have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the accounting issues that can reasonably be expected to be raised by the financial statements of the Company).
- (B) Members shall be appointed by the Board and shall serve until they resign, cease to be a Director or are removed or replaced by the Board.

- (C) The Board shall designate one of the Members as chair of the Committee (“**Chair**”).

The Secretary of the Company shall be secretary of the Committee (“**Secretary**”) unless the Chair designates an alternative secretary for any meeting or meetings.

3. AUDIT, ACCOUNTING, FINANCIAL REPORTING, PUBLIC DISCLOSURE AND INTERNAL FINANCIAL CONTROLS RESPONSIBILITIES

The Committee shall assist the Board in fulfilling its oversight responsibilities with respect to accounting and financial reporting processes, internal financial controls, financial risk management systems and internal and external audit functions.

Management of the Company is responsible for the design and implementation of accounting and reporting systems, supported by internal controls to safeguard assets from loss or unauthorized use and responsible for the accuracy of the financial records, and the preparation, presentation and integrity of the Company’s financial statements. The external auditor of the Company is responsible for planning and performing an audit to express an opinion on whether the financial statements present fairly, in all material respects, the financial position of the Company and the results of its operations and its cash flows in accordance with generally accepted accounting principles as applied in Canada.

The Committee shall have such responsibilities as set out in this section 3.

(A) *Managing, on behalf of the Shareholders of the Company, the Relationship between the Company and its External Auditors*

The Committee shall be responsible for managing, on behalf of the shareholders of the Company, the relationship between the Company and its external auditors, including:

- (i) appointing and replacing the external auditors, subject to shareholder approval;
- (ii) setting the compensation of the external auditors;
- (iii) overseeing the work of the external auditors;
- (iv) pre-approving all audit services and permitted non-audit services to be provided to the Company and its subsidiary entities by the external auditors (Appendix A);
- (v) having the external auditors report to the Committee in a timely manner with respect to all required matters;
- (vi) reviewing and approving the hiring policies of the Company with respect to present and former partners and employees of the current and former external auditors;

- (vii) overseeing the rotation of the audit partner having primary responsibility for the external audit of the Company, the audit partner responsible for reviewing the external audit and the external auditors at such intervals as may be required;
- (viii) overseeing any change in the external auditors, including the notice of change of auditors required under applicable laws; and
- (ix) reviewing and assessing the independence and objectivity of the external auditors.

(B) *Overseeing the External Audit*

The Committee shall be responsible for overseeing the external audit of the Company, including:

- (i) reviewing and approving the engagement letter and the audit plan, including financial risk areas identified by the external auditors and management, and facilitating coordination where more than one audit firm is involved;
- (ii) reviewing and assessing the accounting and reporting practices and principles used by the Company in preparing its financial statements, including:
 - (a) all significant accounting policies and practices used, including any changes from preceding years and any proposed changes for future years;
 - (b) all significant financial reporting issues, estimates and judgments made;
 - (c) all alternative treatments of financial information discussed by the external auditors and management, the results of such discussions and the treatments preferred by the external auditors;
 - (d) any material issues identified by the external auditors with respect to the adequacy of internal control structure and any special audit steps adopted in light of material deficiencies or weaknesses;
 - (e) the effect of regulatory and accounting initiatives and off-balance sheet transactions or structures on the financial statements;
 - (f) any errors or omissions in, and any required restatement of, the financial statements for preceding years;
 - (g) all significant tax issues;

- (h) the reporting of all material contingent liabilities; and
- (i) any material written communications between the external auditors and management;
- (iii) reviewing and assessing the results of the external audit and the external auditors' opinion on the financial statements, including:
 - (a) the scope and quality of the external audit work performed;
 - (b) the resources required to carry out the audit work performed;
 - (c) the quality of the internal financial personnel;
 - (d) the cooperation and any lack of cooperation received by the external auditors from employees of the Company; and
 - (e) the contents of the audit report;
- (iv) reviewing and discussing with the external auditors and management any management or internal control letters issued or proposed to be issued by the external auditors;
- (v) reviewing and discussing with the external auditors any problems or difficulties encountered by them in the course of their audit work and management's response (including any restrictions on the scope of activities or access to requested information and any significant disagreements with management); and
- (vi) reviewing with the external auditors and, when appropriate, with legal counsel and other advisors matters that may have a material impact on the financial statements, operations, assets or compliance policies of the Company and any material reports or enquiries received by the Company and its subsidiary entities from regulators or government agencies that may be relevant in respect of the external audit.

(C) *Responsibilities, Policies and Procedures for Reviewing Financial Statements, Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") Earnings, Financial Related Press Releases, Interim Financial Reports and Other Material Public Disclosure of Financial Information of the Company*

- (i) Overseeing the establishment of policies and procedures for the review of material public disclosure information that includes financial information extracted from the Company's financial statements; including periodically overseeing the assessment of the adequacy of such policies and procedures, the overseeing of the establishment and function of the Disclosure Committee of the

Company and its policies and procedures, and the Committee's liaising on a regular basis with the Disclosure Committee.

(ii) The Committee shall review and approve, as it sees fit, and where required recommend to the Board for approval, annual and interim financial statements, MD&As, Press Releases involving earnings or other financial information and other material public disclosure of financial information; with particular focus on:

- (a) the quality and appropriateness of accounting and reporting practices and principles and any changes thereto;
- (b) major estimates or judgments, including alternative treatments of financial information discussed by management and the external auditors, the results of such discussions and the treatments preferred by the external auditors;
- (c) material financial risks;
- (d) material transactions;
- (e) material adjustments;
- (f) compliance with loan agreements;
- (g) material off-balance sheet transactions and structures;
- (h) compliance with accounting standards;
- (i) compliance with legal and regulatory requirements; and
- (j) disagreements with management.

(D) *Overseeing Internal Financial Controls and Financial Risk Management Systems*

The Committee shall be responsible for overseeing the internal financial control structure and financial risk management systems of the Company, including:

- (i) reviewing with management, the external auditors and personnel performing certain internal audit functions the quality and adequacy of the internal control over financial reporting structure of the Company including any material deficiencies or weakness and the steps taken by management to rectify these deficiencies or weaknesses;
- (ii) reviewing with management, the external auditors and personnel performing certain internal audit functions the quality and adequacy of the financial risk management systems of the Company including the major financial risk exposures of the Company and the steps taken by management to monitor and control these exposures;

- (iii) reviewing with the Board, annually and more frequently if necessary, the Committee's financial risk management policies in conjunction with the Company's overall risk management policies, for which the Board as a whole is responsible, with management being involved in such review, in making recommendations on such policies and in being responsible for implementing them;
- (iv) approve management's processes with respect to identifying principal financial risks, evaluating the impact of financial risk and implementing appropriate systems to manage such risk along with other risks of the Company;
- (v) regularly review with the CEO the appropriateness and effectiveness of management's financial risk identification and evaluation of financial risk management strategies;
- (vi) reviewing with management, the external auditors and personnel performing certain internal audit functions the establishment of and compliance with the Code of Business Conduct and Ethics ("**Code**") of the Company;
- (vii) communicating the Committee's expectation of internal audit duties, including coordination between the external auditors and personnel performing certain internal audit functions and the resources available for the internal audit duties;
- (viii) considering the findings of any internal audit reports and management's response thereto; and
- (ix) reviewing with the CEO and the Chief Financial Officer of the Company ("**CFO**") the procedures undertaken by them in connection with the certifications required to be given by them in connection with annual and other filings required to be made by the Company under applicable securities laws.

(E) Whistleblowing

The Committee shall be responsible to oversee the setting of policies for handling complaints or whistleblowing as they may relate to financial reporting and processes, internal financial controls, financial risk management systems, external audit functions and the administration thereof. In particular, without limitation, the Chair with the Members of the Committee shall set policies for and oversee the establishment of procedures to facilitate the submission, on a confidential and anonymous basis, of complaints, reports and concerns by any person regarding:

- (i) such financial, accounting, internal accounting controls or auditing matters;

- (ii) actual or potential violations of laws, rules or regulations in respect thereof; and
- (iii) other suspected wrongdoing in respect thereof.

Such responsibilities and procedures shall be as prescribed by the Code and shall include a policy on how complaints and whistleblowing should be submitted on a confidential basis and on a confidential, investigative and reporting process.

(F) *Other Responsibilities*

The Committee shall:

- (i) in cooperation with the Board and management of the Company, develop a calendar of activities and a meeting schedule for each year;
- (ii) review the annual operating and capital budgets of the Company;
- (iii) review of the status of income tax returns and potentially material tax issues as reported to the Committee by management;
- (iv) annually and more frequently if appropriate, review the funding and administration of the employee benefit plans of the Company;
- (v) review with management and, when appropriate, the external auditors, legal counsel and/or other advisors any material reports or enquiries from or issues with regulatory or government agencies with respect to financial matters and management's response thereto.

(G) *Matters for which the Committee is not Responsible*

For greater certainty, the Committee is not responsible for those matters which are the responsibility of management or the external auditors, including, without limitation:

- (i) planning and conducting the external audit;
- (ii) determining that the Company's financial statements and disclosures are complete and accurate, are in accordance with generally accepted accounting principles, fairly present in all material respects the financial condition, results of operations and cash flows of the Company and are in accordance with applicable rules and regulations;
- (iii) determining the adequacy of the internal control over financial reporting structure and the financial and other risk management systems of the Company; and
- (iv) compliance with the Code.

4. NOMINATING AND COMPENSATION RESPONSIBILITIES

The Committee shall assist the Board in fulfilling its oversight responsibilities in respect of the following matters:

- (a) the composition of the Board;
- (b) the recruitment and assessment of the performance of the CEO and senior management;
- (c) the compensation of the CEO, other senior management and the Directors;
- (d) executive compensation disclosure; and
- (e) oversight of the compensation structure and benefit plans and programs.

The Committee shall have such responsibilities as set out below in this section 4.

Composition of the Board

The Committee shall:

- (a) at least annually, assess the size and composition of the Board and Board committees in order to satisfy the Board that the competencies and skills required to enable the Board and Board committees to properly discharge their responsibilities are represented;
- (b) at least annually, assess the effectiveness of the Board and Board committees, competencies and skills of the Directors and report the results of that assessment to the Board;
- (c) oversee the process of identifying and recruiting new candidates for election or appointment of Directors, including assessing the competencies and skills of identified individuals and reporting the results of that assessment to the Board; and
- (d) at least annually, recommend candidates for election or appointment as Directors based on its conclusions with respect to the appropriate size, composition and skills required for the Board and its committees.

Recruitment and Assessment of the CEO

The Committee shall:

- (e) when required, oversee the process of identifying and recruiting new candidates for appointment as CEO, including assessing the competencies and skills of identified individuals and reporting the results of that assessment to the Board; and
- (f) at least annually, assess the performance of the CEO in light of the goals and objectives set by the Board and the Company.

Compensation of the CEO, Other Officers and Directors

The Committee shall:

- (g) make recommendations to the Board with respect to the compensation and benefits of the CEO;
- (h) make recommendations to the Board with respect to the compensation and benefits of the other senior management;
- (i) review and approve the terms of the employment agreements and severance arrangements of the CEO and other senior management;
- (j) review and approve the statement of executive compensation required to be included in the management proxy circular of the Company;
- (k) review and approve any other executive compensation disclosure before it is publicly disclosed by the Company; and
- (l) review the compensation of the directors for service on the Board and Board committees periodically and make recommendations to the Board with respect thereto.

Compensation, Benefit Plans and Programs

The Committee shall periodically review and assess the Company's compensation structure and benefit plans and programs and make recommendations to the Board with respect thereto.

5. CORPORATE GOVERNANCE RESPONSIBILITIES

The Committee shall assist the Board in fulfilling its oversight responsibilities with respect to corporate governance standards and practices and the composition and operation of the Board and Board committees.

The Committee shall have such responsibilities as set out below in this section 5.

(A) Corporate Governance

The Committee shall:

- (a) identify corporate governance standards and practices applicable to the Company and make recommendations to the Board;
- (b) periodically review the articles and By-Laws of the Company, the Corporate Governance Policy, the Code of Business Conduct and Ethics, the Policy on Corporate Disclosure, Confidentiality and Insider Trading, and the charter of the Board, the charters of any Board committees, position descriptions for the Chairperson of the Board and Board committee chairs; and make recommendations to the Board thereon;

- (c) review corporate governance-related shareholder proposals and make recommendations to the Board;
- (d) review and approve the disclosure with respect to corporate governance practices required to be included in the regulatory filings and the annual management information circular and annual report of the Company; and
- (e) review and approve any other corporate governance practices disclosure before it is publicly disclosed by the Company.

(B) *Board and Committee Composition*

The Committee shall:

- (a) at least annually, assess the size and composition of the Board and its committees, including the competencies and skills required to enable the Board and Board committees to properly discharge their responsibilities and report the results of that assessment to the Board;
- (b) at least annually, assess the effectiveness of the Board and its committees and assess the competencies and skills of the directors and report the results of that assessment to the Board; and
- (c) at least annually, assess the *independence and financial literacy* of the Directors and report the results of that assessment to the Board.

(C) *Board and Committee Conduct*

The Committee shall:

- (a) periodically assess the effectiveness of the relationship between the Board, the CEO and other senior management and report the results of such assessment to the Board;
- (b) at least annually, review with the Chairperson of the Board, the CEO and the Lead Director, if any, the succession planning for senior management and report the results of that review to the Board;
- (c) review the operation of the Board and Board committees periodically, including the frequency and location of meetings, the agenda for and reports and other information provided at meetings and the conduct of meetings, and make recommendations to the Board;
- (d) review the position descriptions of the Chairperson, the CEO and the Lead Director, if any, and make recommendations to the Board; and
- (e) monitor the orientation and advancement of the Directors.

6. AUTHORITY

- (A) The Committee is authorized to carry out its responsibilities as set out in this Charter and to make recommendations to the Board arising therefrom.
- (B) The Committee may delegate to the Chair the authority, within specified limits, to authorize in advance all engagements of the external auditors to provide pre-approved services to the Company and its subsidiary entities. The Chair shall report all engagements authorized by him/her to the Committee at its next meeting.
- (C) The Committee shall have direct and unrestricted access to the external auditors, officers and employees and information and records of the Company.
- (D) The Committee is authorized to retain, and to set and pay the compensation of, independent legal counsel and other advisors if it considers this appropriate.
- (E) The Committee is authorized to invite officers and employees of the Company and outsiders with relevant experience and expertise to attend or participate in its meetings and proceedings if it considers this appropriate.
- (F) The external auditors shall have direct and unrestricted access to the Committee and shall report directly to the Committee.
- (G) The Company shall pay directly or reimburse the Committee for the expenses incurred by the Committee in carrying out its responsibilities.

7. MEETINGS AND PROCEEDINGS

- (A) The Committee shall meet at least five times each year and not less frequently than once each calendar quarter.
- (B) Any Member or the Corporate Secretary may call a meeting of the Committee. The external auditors of the Company or the CFO may ask a Member to call a meeting of the Committee in respect of matters involving audit, accounting, financial reporting and internal financial controls.
- (C) The Chair is responsible for the agenda of each meeting of the Committee, including input from the officers and employees of the Company, other Members and other directors of the Company as appropriate. Meetings will include presentations by management or professional advisors and consultants when appropriate and allow sufficient time to permit a full and open discussion of agenda items.
- (D) Unless waived by all Members, a notice of each meeting of the Committee confirming the date, time, place and agenda of the meeting, together with any supporting materials, shall be forwarded to each Member at least three days before the date of the meeting.

- (E) The quorum for each meeting of the Committee is two Members. Any matter to be voted upon shall be decided by a majority of the votes cast for a resolution. In the absence of the Chair, the other Members may appoint one of their number as chair of a meeting. The chair of a meeting shall not have a second or casting vote.
- (F) The Chair or his delegate shall report to the Board following each meeting of the Committee.
- (G) The Secretary shall keep minutes of all meetings of the Committee, including all resolutions passed by the Committee. Minutes of meetings shall be distributed to the Members and the other directors of the Company after preliminary approval thereof by the Chair.
- (H) An individual who is not a Member may be invited to attend a meeting of the Committee for all or part of the meeting. A standing invitation shall be given to the Chairperson of the Board, the CEO and the CFO, and the engagement partners at the external auditors.
- (I) The Committee shall meet regularly alone and also in separate private sessions with each of the external auditors, internal audit personnel and management of the Company to facilitate full communication.

8. ASSESSMENT OF THE COMMITTEE AND CHARTER REVIEW

- (A) At least annually, the Committee and the Board shall assess the effectiveness of the Committee with a view to having the Committee perform in accordance with best practices that are reasonably applicable to the Committee.
- (B) The Committee and the Board shall annually review and update this Charter as required.