Newfoundland Capital Corporation Limited
First Quarter 2017
Period Ended March 31 ***(unaudited)***

Dartmouth, N.S. – May 10, 2017, Newfoundland Capital Corporation Limited (the "Company") today announces its financial results for the first quarter ending March 31, 2017.

Highlights

- **Revenue** of $35.7 million was $1.1 million or 3% lower than last year. The decrease was primarily due to revenue declines in the Alberta markets due to continued economic uncertainty in that region and declines in Ottawa due to downward pressure on advertising rates.
- **Earnings before interest, taxes, depreciation and amortization ("EBITDA"[(1)])** of $7.0 million was $1.1 million or 14% lower than last year as a result of lower revenue.
- **Profit** for the period was $3.0 million, a decrease of $1.6 million or 35% compared to last year due to lower revenue and a higher provision for income taxes.

Significant events

- In April 2017, the Company announced it has entered into an agreement with Rogers Media to sell CISL-AM in Vancouver. The sale is subject to approval by the Canadian Radio-television and Telecommunications Commission ("CRTC").
- Today the Company announced it has entered into an agreement to purchase three radio stations in Kamloops, British Columbia. The acquisition is subject to approval by the CRTC.

"The first quarter was challenging as our Company experienced revenue declines consistent with the overall radio industry" commented Rob Steele, President and Chief Executive Officer. "We believe that our quality product and keen focus on cost control will allow us to overcome some of this shortfall during the remainder of the year."

Financial Highlights - First Quarter

		Three months ended March 31	
(thousands of Canadian dollars, except share information)		**2017**	2016
Revenue	$	**35,734**	36,879
EBITDA [(1)]		**7,041**	8,162
Profit		**2,956**	4,571
Earnings per share - basic		**0.12**	0.17
Earnings per share - diluted		**0.11**	0.16
Weighted average number of shares outstanding *(in thousands)*		**25,574**	26,630
		March 31 2017	December 31 2016
Share price, NCC.A (closing)	$	**9.84**	9.76
Total assets		**365,948**	372,663
Long-term debt, including current portion		**126,216**	129,455
Shareholders' equity		**154,259**	151,155

(1) *Refer to page 10 "Non-IFRS Accounting Measure"*

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of the Management's Discussion and Analysis ("MD&A") is to provide readers with additional complementary information regarding the financial condition and results of operations for Newfoundland Capital Corporation Limited (the "Company") and should be read in conjunction with the unaudited condensed interim consolidated financial statements ("interim financial statements") and related notes for the periods ended March 31, 2017 and 2016, as well as the annual audited consolidated financial statements and related notes prepared in accordance with International Financial Reporting Standards ("IFRS") and the MD&A contained in the Company's 2016 Annual Report. The Company's first quarter 2017 interim financial statements and the accompanying notes have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described therein. These interim financial statements include the accounts of the Company and other entities in which the Company controls in accordance with IFRS 10, "Consolidated Financial Statements" and are reported in Canadian dollars. These documents along with the Company's Annual Information Form, its Management Proxy Circular dated March 9, 2017 and other public information are filed electronically with various securities commissions in Canada through the System for Electronic Document Analysis and Retrieval and can be accessed at www.sedar.com. This information is also available on the Company's website at www.ncc.ca.

The Board of Directors, upon recommendation of the Audit and Governance Committee, approved the content of this MD&A on May 10, 2017. Disclosure contained in this document is current to this date, unless otherwise stated.

Management's Discussion and Analysis of financial condition and results of operations contains forward-looking statements and forward-looking information within the meaning of Canadian provincial securities laws. These forward-looking statements are based on current expectations. The use of terminology such as "expect", "intend", "anticipate", "believe", "may", "will", "should", "would", "plan" and other similar terminology relate to, but are not limited to, objectives, goals, plans, strategies, intentions, outlook and estimates. By their very nature, these statements involve inherent risks and uncertainties, many of which are beyond the Company's control, which could cause actual results to differ materially from those expressed in such forward-looking statements. As a result, there is no guarantee that any forward-looking statements will materialize and readers are cautioned not to place undue reliance on these statements. Assumptions, expectations and estimates made in the preparation of forward-looking statements and risks that could cause our actual results to differ materially from our current expectations are discussed in detail in the Risks, Uncertainties and Opportunities section of this MD&A. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CORPORATE PROFILE

Newfoundland Capital Corporation Limited owns and operates Newcap Radio, which is one of Canada's leading radio broadcasters with 95 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. It is Canada's largest pure-play radio company, employing approximately 800 of the best radio professionals across the country. The Company's portfolio of radio assets includes 80 FM and 15 AM licences which can be heard throughout Canada. Most of the stations are globally accessible via the internet and various mobile device applications, allowing listeners the flexibility to tune in to the stations at anytime from anywhere. The shares of the Company trade on the Toronto Stock Exchange under the symbols NCC.A and NCC.B.

STRATEGY AND OBJECTIVES

The Company's long-term strategy is to maximize returns on existing operations and add new licences through business and licence acquisitions and through the Canadian Radio-television and Telecommunications Commission ("CRTC") licence application process.

The Company's day-to-day operating objective is to grow its existing operations by increasing advertising revenue and remaining focused on controlling discretionary costs to continuously improve EBITDA margins. The Company will continue to explore acquisition and expansion opportunities that fit with the Company's objectives. The Company's commitment to its talented employees, its customers, its listeners and to the communities it serves remains critical to its success.

Corporate Developments

The following is a review of the key corporate developments which should be considered when reviewing the "Consolidated Financial Performance Review" section. The results of the launched stations have been included in the interim financial statements since their respective launch dates.

Recent Developments:

- May 2017 – the Company announced it had entered into an agreement to purchase three radio stations in Kamloops, British Columbia. The acquisition is subject to approval by the CRTC.
- April 2017 – the Company announced it had entered into an agreement to sell CISL-AM in Vancouver, British Columbia. The sale is subject to approval by the CRTC.
- January and February 2017 – rebranded all British Columbia, New Brunswick, and Nova Scotia country stations as New Country.
- January 2017 – launched a new FM licence in Hinton, Alberta.
- November 2016 – rebranded all Alberta country stations as "Real Country" except CFCW which will remain as its own brand as it is a well-known country brand in Alberta.
- May 2016 – launched a new FM licence in Clarenville, Newfoundland and Labrador.
- March 2016 – rebranded CKDQ in Drumheller to 910 CFCW, an extension of the Company's legendary CFCW brand, the voice of rural Alberta, which is a well-known country brand that is now available in nearly all of Alberta.
- February 2016 – rebranded CFXJ-FM in Toronto to 93.5 The Move, a rhythmic hot adult contemporary station targeting adults 25 to 44.
- February 2016 – rebranded CKUL-FM in Halifax to Mix 96.5, a hot adult contemporary station playing a variety of pop/rock hits from the 90s to now.

Consolidated Financial Performance Review

Consolidated Financial Results of Operations

(thousands of Canadian dollars, except percentages and per share data)		Three months ended March 31 **2017**	2016	**% Change**
Revenue	$	**35,734**	36,879	(3%)
Operating expenses		**(28,693)**	(28,717)	-
EBITDA [(1)]		**7,041**	8,162	(14%)
Depreciation and amortization		**(1,127)**	(1,182)	(5%)
Accretion of other liabilities		**(68)**	(86)	(21%)
Interest expense		**(1,168)**	(1,216)	(4%)
Other income		**16**	234	(93%)
Profit before provision for income taxes		**4,694**	5,912	(21%)
Provision for income taxes		**(1,738)**	(1,341)	30%
Profit	$	**2,956**	4,571	(35%)
Earnings per share				
- Basic	$	**0.12**	0.17	
- Diluted		**0.11**	0.16	

(1) *EBITDA - Earnings before interest, taxes, depreciation and amortization - refer to page 10 "Non-IFRS Accounting Measure"*

Analysis of Consolidated Financial Results

A detailed analysis of the variations in revenue, operating expenses and EBITDA are included in the section entitled *Financial Review by Segment.*

Revenue
In the quarter, consolidated revenue of $35.7 million was $1.1 million or 3% lower than last year due to lower revenue in the Broadcasting segment, particularly the Company's Alberta and Ottawa operations.

Operating expenses
Consolidated operating expenses of $28.7 million were consistent with the first quarter last year as lower costs in the broadcasting segment were offset by higher costs in the corporate and other segment.

EBITDA
Consolidated EBITDA in the quarter of $7.0 million was $1.1 million or 14% lower than last year. The decrease was primarily due to the lower revenue.

Accretion of other liabilities
Accretion of other liabilities arises from discounting Canadian Content Development ("CCD") commitments to reflect the fair value of the obligations. Accretion expense was lower than last year because of the payment of CCD commitments during 2016 which reduced the balance on which accretion was recorded.

Interest expense
Interest expense in the first quarter was $1.2 million, less than $0.1 million or 4% lower than the prior year. This variance relates primarily to fluctuations in the valuation of the Company's interest rate swap payable.

Other income
Other income consists of items that are not indicative of the Company's core operating results and should therefore not be used in the evaluation of the consolidated Company's performance. These include items such as realized and unrealized gains and losses on marketable securities, acquisition-related costs and impairment charges. Other income was less than $0.1 million in the quarter. In 2016, the Company recognized $0.2 million of other income which was a result of unrealized gains on marketable securities.

Provision for income taxes
The effective income tax rate was 37% in the quarter, higher than the statutory income tax rate of 31% as the Company recognized a deferred tax liability on an investment in a subsidiary which was held for disposal at the end of the quarter. This was partially offset by the subsidiary rate differential that arises from consolidated entities that are taxed in different jurisdictions with lower tax rates.

Profit
First quarter profit of $3.0 million was $1.6 million or 35% lower than the prior year primarily due to lower revenue and a higher provision for income taxes.

FINANCIAL REVIEW BY SEGMENT

Consolidated financial figures include the results of operations of the Company's two separately reported segments – Broadcasting and Corporate and Other. The Company provides information about segment revenue and segment EBITDA because these financial measures are used by its key decision makers in making operating decisions and evaluating performance. For additional information about the Company's segmented information, see note 11 of the Company's interim financial statements.

Broadcasting Segment

The broadcasting segment derives its revenue from the sale of broadcast advertising from its licences across the country. Advertising revenue can vary based on market and economic conditions, the audience share of a radio station, the quality of programming and the effectiveness of a company's team of sales professionals. Cash-generating units ("CGUs") within the broadcasting segment are managed and evaluated based on their revenue and EBITDA. The following summarizes the key operating results ofdd the broadcasting segment.

Broadcasting Financial Results of Operations

		Three months ended March 31		
(thousands of Canadian dollars, except percentages)		**2017**	2016	**% Changes**
Revenue	**$**	**34,894**	35,910	(3%)
Operating expenses		**(25,338)**	(25,787)	(2%)
EBITDA [(1)]	**$**	**9,556**	10,123	(6%)
EBITDA margin		**27%**	28%	(1%)

[(1)] *Refer to page 10 "Non-IFRS Accounting Measure"*

Revenue

Broadcasting revenue in the quarter of $34.9 million was $1.0 million or 3% lower than last year, consistent with the decline experienced by the radio industry overall. The Company's decline was primarily as a result of declines in Alberta due to the challenging economy in that region and declines in Ottawa where the Company has experienced downward pressure on advertising rates. These declines have been partially offset by growth in the Toronto market.

Operating expenses

For the quarter, broadcasting operating expenses were $25.3 million, $0.4 million or 2% lower than last year. The decrease in operating expenses was because of lower variable costs as a result of lower revenue and reductions in certain copyright fee tariffs.

EBITDA

First quarter broadcasting EBITDA of $9.6 million was $0.6 million or 6% lower than 2016 as a result of the lower revenue.

Corporate and Other Segment

The Corporate and Other segment derives its revenue from hotel operations as well as office space rental and related services revenue. Corporate and Other expenses are related to head office functions and hotel operations.

Corporate and Other Financial Results of Operations

		Three months ended March 31		
(thousands of Canadian dollars, except percentages)		**2017**	2016	**% Change**
Revenue	**$**	**840**	969	(13%)
Operating expenses		**(3,355)**	(2,930)	15%
EBITDA [(1)]	**$**	**(2,515)**	(1,961)	(28%)

[(1)] *Refer to page 10 "Non-IFRS Accounting Measure"*

Revenue

Revenue in the first quarter of $0.8 million was $0.1 million or 13% lower than last year due to lower revenue from the hotel operation.

Operating expenses

Operating expenses of $3.4 million were $0.4 million or 15% higher than the first quarter last year primarily attributable to the Company recognizing a $0.2 million non-cash stock-based compensation expense related to the extension of the expiry date of certain executive stock options. As these options were fully vested, the entire amount was expensed in the quarter when approved by the Toronto Stock Exchange. The extension of additional executive stock options is subject to shareholder approval at the Company's Annual General Meeting. If approved, approximately $0.4 million additional non-cash stock-based compensation expense will be recognized in the second quarter of 2017.

EBITDA

EBITDA was $0.6 million or 28% lower than the same period last year primarily due to higher operating expenses.

SELECTED QUARTERLY FINANCIAL INFORMATION

The Company's revenue and operating results vary, depending on the quarter. The first quarter is a period of lower retail spending and as a result, advertising revenue is lower. The fourth quarter tends to be a period of higher retail spending. During the first quarter of 2017 and throughout 2016 and 2015, the Company's quarterly results were consistent with the expected seasonality.

(thousands of Canadian dollars, except per share data)	**2017**	2016			2015			
	1st	4th	3rd	2nd	1st	4th	3rd	2nd
Revenue	**$ 35,734**	46,972	41,455	44,225	36,879	45,493	41,006	42,598
Profit(1)	**2,956**	10,375	7,738	8,300	4,571	7,916	6,683	5,790
Earnings per share(1)								
- Basic	**0.12**	0.41	0.30	0.31	0.17	0.30	0.25	0.21
- Diluted	**0.11**	0.39	0.29	0.30	0.16	0.28	0.24	0.20

(1) Profit and earnings per share for the second quarter of 2016 and the second and fourth quarters of 2015 have been restated as a result of the retrospective application of a change in accounting policy related to the measurement of deferred income taxes on indefinite life intangible assets. The impact of these changes was as follows: 2nd quarter 2016 - $105,000 decrease in profit, $0.01 decrease in basic earnings per share; 2nd quarter 2015 - $244,000 decrease in profit, $0.01 decrease in basic and diluted earnings per share; 4th quarter 2015 - $100,000 decrease in profit. For further details, refer to note 3 to the annual financial statements for the year ended December 31, 2016.

Selected cash flow information – three months ended March 31, 2017

In the quarter, cash flows from operating activities of $7.2 million were used primarily to repay debt of $3.2 million, pay dividends of $2.6 million, and purchase property and equipment totaling $1.3 million.

Selected cash flow information – three months ended March 31, 2016

In the quarter, cash flows from operating activities of $7.3 million were used to repay debt of $6.1 million, purchase property and equipment totaling $0.8 million and pay down CCD commitments of $0.4 million.

Capital expenditures

Capital expenditures during the first quarter of $1.3 million primarily related to the launch of a new FM licence, as well as continued investment in asset and equipment related to the broadcasting segment. Capital expenditures for 2017 are expected to approximate $6.0 million. The major planned expenditures include improvements to studios, broadcasting equipment and transmitters and the possible acquisition of real property. The Company continuously upgrades its broadcasting equipment to improve operating efficiencies.

FINANCIAL CONDITION

Total assets

Assets of $365.9 million as at March 31, 2017 were $6.7 million lower than December 31, 2016 due to the collection of trade receivables during the first quarter of 2017. The decline in trade receivables is consistent with the Company's expected seasonal trends as the first quarter is typically a period of lower revenue and therefore additions to trade receivables do not keep pace with a high volume of collections.

Liabilities, shareholders' equity and capital structure

As at March 31, 2017, the Company had $2.1 million of current bank indebtedness (December 31, 2016 - $2.0 million) and $126.2 million of long-term debt, of which $11.3 million was current (December 31, 2016 - $129.5 million of which $11.3 million was current). The capital structure consisted of 42% equity ($154.3 million) and 58% liabilities ($211.7 million) at quarter end (December 31, 2016 - 41% equity or $151.2 million and 59% liabilities or $221.5 million).

LIQUIDITY

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company's growth is financed through a combination of the cash flows from operations and borrowings under the existing credit facility. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. Management deems its liquidity risk to be low and this is explained in the paragraphs that follow.

Credit facilities and covenants

The Company has two syndicated credit facilities. The first one is a $90.0 million revolving credit facility. This type of facility provides flexibility with no scheduled repayment terms. The Company also has a $90.0 million non-revolving credit facility that was drawn on March 31, 2014 to finance the Toronto and Vancouver business acquisitions. The non-revolving facility is being amortized over eight years and is repayable in quarterly instalments of $2.8 million.

The Company is subject to covenants on its credit facilities. The Company's bank covenants include certain maximum or minimum ratios such as total debt to EBITDA ratio and fixed charge coverage ratio. Other covenants include seeking prior approval for acquisitions or disposals in excess of a quantitative threshold. The Company was in compliance with the covenants throughout the quarter and at quarter-end.

Cash flow from operations and funds available from the Company's $90.0 million revolving credit facility have been the primary funding sources of working capital, capital expenditures, CCD payments, dividend payments, debt repayments, and other contractually required payments through the past several years.

Positive cash balances
The Company does not maintain any significant positive cash balances; instead it uses its cash balances to reduce debt and minimize interest expense. The fact that the Company does not have positive cash positions on its consolidated statements of financial position does not pose an increase to its liquidity risk because the Company generates cash from operations and included in the $90 million revolving credit facility is $5.0 million available to fund any current obligations, $2.1 million of which the Company had drawn at March 31, 2017. The Company can access this remaining available amount of $2.9 million as well as the additional $17.5 million undrawn amount on its revolving credit facility to fund obligations.

Working capital requirements
As at March 31, 2017, the Company had a working capital surplus of $4.0 million. The cash from current receivables will be sufficient to cover the Company's current obligations to its suppliers and employees and in combination with ongoing cash from operations and the availability of cash from the undrawn portion of its credit facility, the Company will be able to meet all other current cash requirements as they arise. If cash inflows from customers are not sufficient to cover current obligations, because of timing issues, the Company has access to the undrawn amount of its credit facilities.

Future cash requirements
Other than for operations, the Company's cash requirements are mostly for interest payments, repayment of debt, capital expenditures, CCD payments, and other contractual obligations. Management anticipates that its cash flows from operations will provide sufficient funds to meet its cash requirements.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Since the publication of the 2016 Annual MD&A (dated March 9, 2017), the only substantive changes in the Company's commitments and contractual obligations are that the Company entered into a purchase and sale agreement to acquire three radio stations in Kamloops, British Columbia and entered into an agreement to sell CISL-AM in Vancouver. Both transactions are subject to CRTC approval and will result in a net increase in long-term debt and other liabilities of $1.7 million, which includes the Company's obligation to fund CCD payments over a seven year period.

SHARE CAPITAL

Outstanding share data
The weighted average number of shares outstanding for the three months ended March 31, 2017 was 25,574,000 (three months ended March 31, 2016 – 26,630,000). As at May 10, 2017, there are 21,802,337 Class A Subordinate Voting Shares ("Class A Shares") and 3,769,322 Class B Common Shares ("Class B Shares") outstanding.

Dividends
Dividends of $0.10 per share ($2.6 million in total) declared in the fourth quarter of 2016 were paid in January 2017. No dividends were paid in the first quarter of 2016 because dividends declared in the fourth quarter of 2015 were paid December 2015.

Share repurchases
The Company has approval under a Normal Course Issuer Bid ("NCIB") to repurchase up to 1,145,715 Class A shares and 75,386 Class B shares. This bid expires June 5, 2017. During the first quarter of 2017, 3,400 shares were repurchased (2016 - nil) for cash consideration of less than $0.1 million. As at March 31, 2017, the

Company can repurchase an additional 17,415 Class A shares and 75,386 Class B shares in accordance with this NCIB.

SHARE-BASED COMPENSATION PLANS

Executive stock option plan
A total of 1,990,000 executive stock options are outstanding pursuant to the Company's executive stock option plan. During the first quarter of 2017, the Company received approval from the Toronto Stock Exchange for a five-year extension of 1,850,000 executive stock options, of which 1,675,000 are conditional upon shareholder approval for consideration at the Company's Annual General Meeting on May 10, 2017. During the first quarter, 30,000 options were granted (2016 - nil) and 20,000 options were exercised (2016 - 20,000). Compensation expense related to the stock option plan in the quarter was $0.2 million (2016 – less than $0.1 million), which included $0.2 million related to the extension of executive stock options that do not require shareholder approval.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

For more detailed disclosures about derivative financial instruments and financial risk management, refer to note 9 of the Company's interim financial statements.

Interest rate risk management
The Company is exposed to interest rate risk on the long-term debt issued at floating rates under its credit facilities. The Company has in place an interest rate swap agreement with a Canadian chartered bank to hedge its exposure to fluctuating interest rates on its long-term debt. The swap has a notional amount of $45.0 million and expires in May 2017.

The swap agreement involves the exchange of the three-month bankers' acceptance floating interest rate for a fixed interest rate. The difference between the fixed and floating rates is settled quarterly with the bank and is recorded as an increase or decrease to interest expense. A 0.5% change in the projected floating interest rates during the remaining term of the hedge agreement would have impacted the fair value of the interest rate swap by less than $0.1 million which would have flowed through profit.

As at March 31, 2017, the aggregate fair value payable of the swap agreement was $0.1 million (December 31, 2016 - $0.3 million).

Market risk management
As at March 31, 2017, the Company does not hold any marketable securities but did hold marketable securities during the prior year. Marketable securities prices can fluctuate and are affected by numerous factors beyond the Company's control. In order to minimize the risk associated with changes in the share price of any one particular investment, the Company only invested a limited amount of funds in marketable securities.

Credit risk management
Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument in which the Company is entitled to receive payment fails to perform.

The Company is subject to normal credit risk with respect to its receivables. A large customer base and geographic dispersion minimize the concentration of credit risk. Credit exposure is managed through credit approval and monitoring procedures. The Company does not require collateral or other security from clients for trade receivables; however, the Company does perform credit checks on customers prior to extending credit. Based on the results of credit checks, the Company may require upfront deposits or full payments on account prior to providing service. The Company reviews its receivables for possible indicators of impairment on a regular basis and as such, it maintains a provision for potential credit losses. The Company is of the opinion that the provision for potential losses adequately reflects the credit risk associated with its receivables. Amounts would be written off directly against accounts receivable and against the allowance only if and when it was clear the amount would not be collected due to customer insolvency. Historically, the significance and incidence of amounts written off directly against receivables have been low. The Company believes its provision for potential credit losses is adequate at this time given the current economic circumstances.

Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument in which the Company is entitled to receive payment fails to perform. Counterparty risk is managed by only dealing with Canadian chartered banks having high credit ratings.

Capital management
The Company defines its capital as shareholders' equity. The Company's objective when managing capital is to pursue its strategy of growth through acquisitions and through organic operations so that it can continue to provide adequate returns for shareholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or repurchase shares. The Directors and senior management of the Company are of the opinion that from time to time the purchase of its shares at the prevailing market price would be a worthwhile investment and in the best interests of the Company and its shareholders. Material transactions and those considered to be outside the ordinary course of business, such as acquisitions and other major investments or disposals, are reviewed and approved by the Board of Directors.

FUTURE ACCOUNTING STANDARDS

Future accounting standards

Standards issued but not yet effective until after December 31, 2016, are consistent with those disclosed in the Company's 2016 Annual MD&A dated March 9, 2017.

CRITICAL ACCOUNTING ESTIMATES

There has been no substantive change in the Company's critical accounting estimates since the publication of the 2016 Annual MD&A dated March 9, 2017.

OFF-BALANCE SHEET ARRANGEMENTS

The Company's off-balance sheet arrangements consist of operating leases. Other than these, which are considered in the ordinary course of business, the Company does not have any other off-balance sheet arrangements and does not expect to enter into any other such arrangement other than in the ordinary course of business.

RELATED PARTY TRANSACTIONS

These interim financial statements include the financial statements of the following wholly-owned subsidiaries: Newcap Inc., the Glynmill Inn Incorporated, 8504580 Canada Inc., 8384827 Canada Inc., 8384860 Canada Inc., 8384886 Canada Inc. and 8384878 Canada Inc. All intra-group balances and transactions have been eliminated in full.

In addition to transactions between the parent and subsidiaries, the Company has entered into transactions and agreements with certain other related parties. Transactions with these parties are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, having normal trade terms. Related party transactions are reviewed by the Company's Audit and Governance Committee which is comprised entirely of independent directors.

Related party transactions during the quarter were consistent in nature to those described in the 2016 Annual MD&A dated March 9, 2017.

RISKS, UNCERTAINTIES AND OPPORTUNITIES

There has been no substantive change in the Company's risks, uncertainties and opportunities since the publication of the 2016 Annual MD&A dated March 9, 2017.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no changes in the Company's internal controls over financial reporting that occurred in the three months ending March 31, 2017 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

OUTLOOK

The Company faced a challenging first quarter in 2017 which saw revenues decline 3% compared to the same period last year, consistent with the Canadian radio industry. The Company continued to benefit from its national presence as declines were partially offset by gains in other markets, particularly Toronto where it continues to maintain a top-ranked station and grow revenue.

In recent years, the Company has continued to strive for operational efficiencies. Initiatives such as centralized creative and production services and branding synergies resulted in cost savings that can be invested in the Company's products and employees going forward. The Company expects that this approach will allow it to continue to deliver top-quality programming with essential local community and listener engagement while striving to maintain consistent EBITDA margins year over year.

The Company continues to seek out acquisitions which will provide a healthy return on investment for its shareholders and is looking forward to the expansion of its British Columbia operations through the purchase of three radio stations in Kamloops which is expected to close later this year.

Non-IFRS Accounting Measure

*[(1)]**EBITDA** is calculated as revenue less operating expenses (which include direct cost of sales and general and administrative expenses) as reported in the Company's interim consolidated income statements. EBITDA may be calculated and presented by operating segment or for the consolidated results of the Company. The Company believes this is an important measure because the Company's key decision makers use this measure internally to evaluate the performance of management. The Company's key decision makers also believe certain investors use it as a measure of the Company's financial performance and for valuation purposes.*

EBITDA is therefore calculated before (i) non-cash expenses such as depreciation and amortization as well as accretion of other liabilities, (ii) interest expense and (iii) items not indicative of the Company's core operating results, and not used in the evaluation of the operating segments or the consolidated Company's performance such as: acquisition-related costs, impairment charges and other income. A calculation of this measure is as follows:

		Three months ended March 31	
(thousands of Canadian dollars)		***2017***	*2016*
Profit	***$***	***2,956***	*4,571*
Provision for income taxes		***1,738***	*1,341*
Other income		***(16)***	*(234)*
Interest expense		***1,168***	*1,216*
Depreciation and amortization		***1,127***	*1,182*
Accretion of other liabilities		***68***	*86*
EBITDA	***$***	***7,041***	*8,162*

EBITDA is not defined by IFRS and it is not standardized for public issuers. This measure may not be comparable to similar measures presented by other public enterprises.

Newfoundland Capital Corporation Limited
Notice of Disclosure of Non-Auditor Review of Interim Financial Statements for the three months ended March 31, 2017 and 2016

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, the interim financial statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor if an auditor has not performed a review of the interim financial statements.

The accompanying unaudited condensed interim consolidated financial statements ("interim financial statements") of the Company for the three months ended March 31, 2017 and 2016 have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and are the responsibility of the Company's management.

The Company's independent auditors, Ernst & Young LLP, have not performed a review of these interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Dated this 10th day of May, 2017

Interim Consolidated Statements of Financial Position

(unaudited)

(thousands of Canadian dollars)	*Notes*		**March 31 2017**	December 31 2016
Assets				
Current assets				
Receivables	*9*	$	**33,029**	41,846
Prepaid expenses			**1,557**	1,647
Income taxes recoverable			**1,207**	-
Current assets held for disposal	*4*		**9**	-
Total current assets			**35,802**	43,493
Non-current assets				
Property and equipment			**43,343**	44,291
Other assets			**1,954**	1,889
Broadcast licences			**258,270**	262,064
Goodwill			**18,603**	19,055
Deferred income tax assets			**2,824**	1,871
Non-current assets held for disposal	*4*		**5,152**	-
Total non-current assets			**330,146**	329,170
Total assets	*5*	$	**365,948**	372,663
Liabilities and Shareholders' Equity				
Current liabilities				
Bank indebtedness		$	**2,095**	1,986
Accounts payable and accrued liabilities	*9(b)*		**18,451**	22,092
Dividends payable			**-**	2,557
Income taxes payable			**-**	2,078
Current portion of long-term debt	*5*		**11,250**	11,250
Total current liabilities			**31,796**	39,963
Non-current liabilities				
Long-term debt	*5*		**114,966**	118,205
Other liabilities			**13,084**	13,240
Deferred income tax liabilities			**50,812**	50,100
Non-current liabilities held for disposal	*4*		**1,031**	-
Total non-current liabilities			**179,893**	181,545
Total liabilities			**211,689**	221,508
Shareholders' equity			**154,259**	151,155
Total liabilities and shareholders' equity		$	**365,948**	372,663

See accompanying notes to the interim financial statements

Interim Consolidated Income Statements
(unaudited)

(thousands of Canadian dollars, except per share data)	*Notes*		Three months ended March 31 **2017**	2016
Revenue		$	**35,734**	36,879
Operating expenses			**(28,693)**	(28,717)
Depreciation and amortization			**(1,127)**	(1,182)
Accretion of other liabilities			**(68)**	(86)
Interest expense			**(1,168)**	(1,216)
Other income	*9(a)*		**16**	234
Profit before provision for income taxes			**4,694**	5,912
Provision for income taxes				
Current			**(950)**	(1,286)
Deferred			**(788)**	(55)
			(1,738)	(1,341)
Profit		$	**2,956**	4,571
Earnings per share				
- Basic		$	**0.12**	0.17
- Diluted			**0.11**	0.16
Weighted average number of shares oustanding (thousands)				
- Basic			**25,574**	26,630
- Diluted			**26,772**	27,865

See accompanying notes to the interim financial statements

Interim Consolidated Statements of Comprehensive Income
(unaudited)

(thousands of Canadian dollars)	*Notes*		Three months ended March 31 **2017**	2016
Profit		$	**2,956**	4,571
Other comprehensive loss				
Cash flow hedges:				
Net movement on interest rate swaps	*9(b)*		**-**	(45)
Income tax recovery			**-**	13
Amounts reclassified to profit			**-**	(32)
Comprehensive income		$	**2,956**	4,539

See accompanying notes to the interim financial statements

Interim Consolidated Statements of Changes in Shareholders' Equity

(unaudited)

(thousands of Canadian dollars)	Issued share capital (note 6)	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
Balance at January 1, 2017	**$ 33,023**	**2,326**	**(27)**	**115,833**	**151,155**
Profit and comprehensive income	**-**	**-**	**-**	**2,956**	**2,956**
Repurchase of share capital	**(5)**			**(27)**	**(32)**
Exercise of executive stock options	**19**	**(19)**	**-**	**-**	**-**
Executive stock option compensation expense	**-**	**180**	**-**	**-**	**180**
Balance at March 31, 2017	**$ 33,037**	**2,487**	**(27)**	**118,762**	**154,259**

See accompanying notes to the interim financial statements

(thousands of Canadian dollars)	Issued share capital (note 6)	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
Balance at January 1, 2016 as previously stated	$ 34,488	2,483	(143)	109,163	145,991
Retrospective change in accounting policy *(note 2 (c))*	-	-	-	(9,817)	(9,817)
Balance as at January 1, 2016 restated	34,488	2,483	(143)	99,346	136,174
Profit	-	-	-	4,571	4,571
Other comprehensive loss	-	-	(32)	-	(32)
Total comprehensive income (loss)	-	-	(32)	4,571	4,539
Exercise of executive stock options	19	(19)	-	-	-
Executive stock option compensation expense	-	27	-	-	27
Balance at March 31, 2016	$ 34,507	2,491	(175)	103,917	140,740

See accompanying notes to the interim financial statements

Interim Consolidated Statements of Cash Flows

(unaudited)

(thousands of Canadian dollars)	*Notes*		Three months ended March 31 **2017**	2016
Operating activities				
Profit before provision for income taxes		**$**	**4,694**	5,912
Items not involving cash				
Depreciation, amortization and accretion of other liabilities			**1,195**	1,268
Interest expense			**1,168**	1,216
Share-based compensation expense	*7*		**180**	27
Unrealized gains on marketable securities	*9(a)*		**-**	(238)
Other			**(122)**	30
			7,115	8,215
Net change in non-cash working capital balances related to operations			**5,544**	3,820
Cash generated from operations			**12,659**	12,035
Interest paid			**(1,230)**	(1,308)
Income taxes paid			**(4,233)**	(3,405)
Net cash flow from operating activities			**7,196**	7,322
Financing activities				
Change in bank indebtedness			**109**	(320)
Long-term debt repayments			**(3,313)**	(5,812)
Dividends paid			**(2,557)**	-
Repurchase of share capital			**(32)**	-
Net cash flow used in financing activities			**(5,793)**	(6,132)
Investing activities				
Property and equipment additions			**(1,288)**	(840)
Canadian Content Development commitment payments			**(50)**	(356)
Other			**(65)**	6
Net cash flow used in investing activities			**(1,403)**	(1,190)
Cash, beginning and end of year		**$**	**-**	-

See accompanying notes to the interim financial statements

1. REPORTING ENTITY

Newfoundland Capital Corporation Limited (the "Company") is incorporated in Nova Scotia, Canada. The address of the Company's registered office of business is 8 Basinview Drive, Dartmouth, Nova Scotia, B3B 1G4. The Company's primary activity is radio broadcasting. These unaudited condensed interim consolidated financial statements ("interim financial statements") comprise the financial statements of the Company and its subsidiaries. The Company's revenue is derived primarily from the sale of advertising airtime which is subject to seasonal fluctuations. The first quarter of the year is generally a period of lower retail spending. As a result, revenue and profit are generally lower than the other quarters.

These interim financial statements were authorized for issue in accordance with a resolution of the Board of Directors on May 10, 2017.

2. BASIS OF PREPARATION

a) Statement of compliance

These interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 - *Interim Financial Reporting*. Accordingly, certain information and note disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. The same accounting policies and methods of computation were followed in the preparation of these interim financial statements as were followed in the preparation of the annual financial statements for the year ended December 31, 2016. Accordingly, these interim financial statements should be read together with the annual financial statements for the year ended December 31, 2016 prepared in accordance with IFRS.

These interim financial statements have been prepared in accordance with those IFRS standards and IFRS Interpretations Committee ("IFRIC") interpretations issued and effective or issued and early adopted as at the date of these statements. All amounts are expressed in Canadian dollars, rounded to the nearest thousand (unless otherwise specified). The functional currency of the Company and each of its subsidiaries is the Canadian dollar.

b) Critical accounting estimates

There has been no substantive change in the Company's critical accounting estimates and assumptions since the publication of the annual financial statements for the year ended December 31, 2016.

c) Change in accounting policy and retrospective restatement

In November 2016, IFRIC published a summary of its meeting discussion regarding the expected manner of recovery of an intangible asset with an indefinite useful life for the purposes of measuring deferred tax in accordance with International Accounting Standard ("IAS") 12, *Income Taxes*. The IFRIC noted that an intangible asset with an indefinite useful life is not a non-depreciable asset. This is because a non-depreciable asset has an unlimited (infinite) life, and that indefinite does not mean infinite. Consequently, the fact that an entity does not amortize an intangible asset with an indefinite useful life does not necessarily mean that the entity will recover the carrying amount of that asset only through sale, and not through use. Prior to this meeting, the Company's accounting policy for deferred income taxes assumed that its intangible assets with indefinite lives (broadcast licences) would be recovered through sale. As such, the Company was required to retrospectively change its accounting policy for the accounting of deferred income tax on intangible assets with indefinite useful lives to be determined on the basis of the full difference between the carrying amount and the tax base of these assets, assuming in accordance with the IFRIC recommendations that the intangible assets will be recovered through use unless there is a specific plan to sell these assets.

The impact of this change of accounting policy on the interim financial statements was a decrease of $9,817,000 in equity as at January 1, 2016 on the Interim Consolidated Statements of Changes in Shareholders' Equity.

3. FUTURE ACCOUNTING STANDARDS

Standards issued but not yet effective until after December 31, 2017 are consistent with those disclosed in the Company's annual financial statements for the year ended December 31, 2016.

4. ASSETS HELD FOR DISPOSAL

In April 2017, the Company announced that it has entered into an agreement to sell CISL-AM in Vancouver, British Columbia. The assets and liabilities held for disposal have been segregated on the interim statement of financial position. This transaction is subject to approval by the CRTC.

The major classes of assets and liabilities held for disposal are as follows:

(thousands of Canadian dollars)		**March 31 2017**
Current assets		
Prepaid expenses	**$**	**9**
Non-current assets		
Property and equipment		**899**
Broadcast licence		**3,801**
Goodwill		**452**
Total assets held for disposal		**5,161**
Non-current liabilities:		
Deferred income tax liabilities		**1,031**
Net assets held for disposal	**$**	**4,130**

5. LONG-TERM DEBT

(thousands of Canadian dollars)		**March 31 2017**	December 31 2016
Revolving term credit facility of $90 million, renewable, expires in May 2018	**$**	**67,500**	68,000
Non-revolving term credit facility of $90 million, repayable in quarterly instalments, expires in May 2018		**59,062**	61,875
		126,562	129,875
Less: current portion of non-revolving credit facility		**(11,250)**	(11,250)
Less: debt transaction costs, net of accumulated amortization of $1,053 (2016 - $979)		**(346)**	(420)
	$	**114,966**	118,205

The $90 million revolving term credit facility has no set terms of repayment. The undrawn amount, net of bank indebtedness is $20,405,000. This amount may be used to fund future operations, capital requirements and investing activities, subject to the debt covenants which are disclosed in note 9. The $90,000,000 non-revolving term credit facility is being amortized over eight years and is repayable in quarterly instalments of $2,813,000.

The Company has provided a general assignment of book debts and a first ranking fixed charge demand debenture over all freehold and leasehold real property and all equipment and a security interest and floating charge over all other property as collateral for the bank indebtedness and the credit facilities.

6. SHARE CAPITAL

Outstanding share capital

Outstanding share capital was 25,571,659 at March 31, 2017 (December 31, 2016 – 25,570,731).

Share repurchases

The Company has approval under a Normal Course Issuer Bid ("NCIB") to repurchase up to 1,145,715 Class A shares and 75,386 Class B shares. This bid expires June 5, 2017. During the first quarter of 2017, 3,400 shares were repurchased (2016 - nil) for cash consideration of $32,000. As at March 31, 2017, the Company can repurchase an additional 17,415 Class A shares and 75,386 Class B shares in accordance with this NCIB.

Exercise of stock options

Pursuant to the Company's executive stock option plan, disclosed in note 7, 20,000 options were exercised during the first quarter using the cashless exercise option resulting in 4,328 shares issued from treasury (2016 – 20,000 options exercised with 5,066 shares issued from treasury). Share capital was increased and contributed surplus was decreased by $19,000 (2016 - $19,000) as a result of the options being exercised.

7. Share-Based Compensation Plans

The following is a summary of the Company's compensation expense related to share-based compensation plans:

Executive stock options

A total of 1,990,000 executive stock options are outstanding pursuant to the Company's executive stock option plan. The options generally vest as follows: twenty-five percent on the date of grant and twenty-five percent on each of the three succeeding anniversary dates. Option holders may elect to exercise their options on a cashless basis in which case capital shares are issued from treasury based on a formula that takes into account the market value of the Company's Class A shares and the option's strike price.

During the first quarter of 2017, the Company received approval from the Toronto Stock Exchange for a five-year extension of 1,850,000 executive stock options, of which 1,675,000 are conditional upon shareholder approval for consideration at the Company's Annual General Meeting on May 10, 2017. During the first quarter, 30,000 options were granted (2016 - nil) and 20,000 options were exercised (2016 - 20,000). Compensation expense related to the stock option plan in the quarter was $180,000 (2016 – $27,000), which included $151,000 related to the extension of executive stock options that do not require shareholder approval.

8. EMPLOYEE BENEFIT PLANS

		Three months ended March 31	
(thousands of Canadian dollars)		**2017**	2016
Defined contribution plan expense	$	**466**	458
Defined benefit plan expense		**89**	97

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Estimated fair value of financial instruments

The fair value of long-term debt approximates the carrying value because the interest charges under the terms of the long-term debt are based on the 3-month Canadian bankers' acceptance rates. The premium to bankers' acceptance rates is based on certain financial ratios and is consistent with market value. The fair values of financial instruments in other liabilities approximate their carrying values as they are recorded at the net present value of their future cash flows, using an appropriate discount rate.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

Estimated fair value of financial instruments *(continued)*

The following table outlines the hierarchy of inputs used in the calculation of fair value for each financial instrument:

(thousands of Canadian dollars)			**Level 1**	**Level 2**	**Level 3**
Description		**Total**	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs
Items accounted for as hedges					
Interest rate swap payable	$	**127**	-	127	-
Other liabilities at amorized cost, with fair values disclosed					
Long-term debt, excluding unamortized credit facility fees		**126,562**	-	126,562	-
Other liabilities		**5,767**	-	5,767	-

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities
Level 2: other techniques for which all inputs that have a significant effect on the recorded value are observable, either directly or indirectly
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The following sections discuss the Company's risk management objectives and procedures as they relate to credit risk, market risk, liquidity risk and capital risk.

Credit risk

The Company is subject to normal credit risk with respect to its receivables. A large customer base and geographic dispersion minimize the concentration of credit risk. Credit exposure is managed through credit approval and monitoring procedures. The Company does not require collateral or other security from clients for trade receivables; however, the Company does perform credit checks on customers prior to extending credit. Based on the results of credit checks, the Company may require upfront deposits or full payments on account prior to providing service. The maximum credit exposure approximated $33,935,000 as at March 31, 2017 (December 31, 2016 - $42,914,000), which included accounts receivable. The Company reviews its receivables for possible indicators of impairment on a regular basis and as such, it maintains a provision for potential credit losses which totaled $906,000 as at March 31, 2017 (December 31, 2016 - $1,068,000). The Company is of the opinion that the provision for potential losses adequately reflects the credit risk associated with its receivables.

Approximately 78% of trade receivables are outstanding for less than 90 days. Amounts would be written off directly against accounts receivable and against the allowance only if and when it was clear the amount would not be collected due to customer insolvency. Historically, the significance and incidence of amounts written off directly against receivables have been low. The total amount written off in the first quarter was $74,000 which represents a very small portion of accounts receivable and revenue. The Company believes its provision for potential credit losses is adequate at this time given the current economic circumstances.

Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument in which the Company is entitled to receive payment fails to perform. With regard to the Company's derivative instruments, the counterparty risk is managed by only dealing with Canadian chartered banks having high credit ratings.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, which includes quoted share prices in active markets and interest rates.

a) *Managing risk associated with fluctuations in quoted share prices of marketable securities*

As at March 31, 2017 the Company does not hold any marketable securities but did hold marketable securities during the prior year. Marketable securities prices can fluctuate and are affected by numerous factors beyond the Company's control. In order to minimize the risk associated with changes in the share price of any one particular investment, the Company only invested a limited amount of funds in marketable securities.

For the quarter ended March 31, 2017, no marketable securities were held and therefore no amount was recorded in other income as a result of changes in the fair value of marketable securities (2016 - unrealized gain of $238,000).

b) *Interest rate risk management*

The Company is exposed to interest rate risk on the long-term debt issued at floating rates under its credit facilities. A 0.5% change in the annual floating interest rates would have a $75,000 impact on profit for the quarter.

The Company has in place an interest rate swap agreement with a Canadian chartered bank to hedge its exposure to fluctuating interest rates on its long-term debt. The swap has a notional amount of $45,000,000 and expires in May 2017. The swap agreement involves the exchange of the three-month bankers' acceptance floating interest rate for a fixed interest rate. The difference between the fixed and floating rates is settled quarterly with the bank and recorded as an increase or decrease to interest expense. Changes in fair value of the swap are recorded in profit.

At quarter end, the aggregate fair value of the swap agreement was a $127,000 liability, of which all of it was classified as a current liability (December 31, 2016 - $268,000; all of which was classified as current).

A 0.5% change in the projected floating interest rates during the remaining term of the hedge agreement would have impacted the fair value of the interest rate swap by approximately $40,000 which would have flowed through profit.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company's growth is financed through a combination of the cash flows from operations and borrowings under the existing credit facilities. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. Other than for operations, the Company's cash requirements are mostly for interest payments, repayment of debt, capital expenditures, Canadian Content Development ("CCD") payments, and other contractual obligations that are disclosed below.

9. Financial Instruments and Financial Risk Management *(continued)*

Liquidity risk *(continued)*
The Company's liabilities have contractual maturities which are summarized below:

Obligation *(thousands of Canadian dollars)*		**12 months**	**2018-2021**	**Thereafter**
Long-term debt, excluding debt transaction costs *(note 5)*	$	11,250	115,312	-
Bank indebtedness		2,095	-	-
Accounts payable and accrued liabilities, net of current portion of undiscounted CCD commitments		16,644	-	-
CCD commitments, undiscounted		1,807	4,375	12
	$	31,796	119,687	12

Assuming the long-term debt is renewed in 2018, which is consistent with past practice, the payments would be $45,000,000 for the period 2018 to 2021 and $70,312,000 thereafter.

Capital risk
The Company defines its capital as shareholders' equity. The Company's objective when managing capital is to pursue its strategy of growth through acquisitions and through organic operations so that it can continue to provide adequate returns for shareholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or repurchase shares. The Directors and senior management of the Company are of the opinion that from time to time the purchase of its shares at the prevailing market price would be a worthwhile investment and in the best interests of the Company and its shareholders. Material transactions and those considered to be outside the ordinary course of business, such as acquisitions and other major investments or disposals, are reviewed and approved by the Board of Directors.

To comply with Federal Government directions, the Broadcasting Act and regulations governing radio stations (the "Regulations"), the Company has imposed restrictions respecting the issuance, transfer and, if applicable, voting of the Company's shares. Restrictions include limitations over foreign ownership of the issued and outstanding voting shares. Pursuant to such restrictions, the Company can prohibit the issuance of shares or refuse to register the transfer of shares or, if applicable, prohibit the voting of shares in circumstances that would or could adversely affect the ability of the Company, pursuant to the provisions of the Regulations, to obtain, maintain, renew or amend any licence required to carry on any business of the Company, including a licence to carry on a broadcasting undertaking, or to comply with such provisions or with those of any such licence.

The Company is subject to covenants on its credit facilities. The Company's bank covenants include certain maximum or minimum ratios such as total debt to EBITDA ratio and fixed charge coverage ratio. Other covenants include seeking prior approval for acquisitions or disposals in excess of a quantitative threshold.

Financial projections are updated and reviewed regularly to reasonably ensure that financial debt covenants will not be breached in future periods. The Company monitors the covenants and foreign ownership status of the issued and outstanding voting shares and presents this information to the Board of Directors quarterly. The Company was in compliance with all the above throughout the quarter and as at March 31, 2017.

10. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

In March, the Company entered into a purchase and sale agreement to acquire three radio stations in Kamloops, British Columbia and entered into an agreement to sell CISL-AM in Vancouver. Both transactions are subject to CRTC approval and will result in a net increase in long-term debt and other liabilities of $1,690,000, which includes the Company's obligation to fund CCD payments over a seven year period.

11. OPERATING SEGMENT INFORMATION

The Company has two reportable segments – Broadcasting and Corporate and Other. The Broadcasting segment consists of the operations of the Company's radio and television licences. This segment derives its revenue from the sale of broadcast advertising and is a strategic business unit that offers different services and is managed separately. Corporate and Other consists of a hotel and the head office functions. Its revenue relates to hotel operations as well as office space rental and related services revenue. The Company evaluates performance based on earnings before interest, taxes, depreciation and amortization, accretion of other liabilities, and other income.

Included within the Broadcasting segment are distinct operating segments that have been aggregated as they operate within the same regulatory environment and use similar processes to provide advertising services to customers. Operating segments are evaluated by the Company based on specific geographic locations within Canada. The Company considered the economic characteristics of the various operating segments, including earnings before interest, taxes, depreciation and amortization, accretion of other liabilities and other income in determining that these segments are appropriate to aggregate.

11. OPERATING SEGMENT INFORMATION *(continued)*

(thousands of Canadian dollars)		Broadcasting	Corporate and Other	Total
		Three months ended March 31, 2017		
Revenue	**$**	**34,894**	**840**	**35,734**
Operating expenses		**(25,338)**	**(3,355)**	**(28,693)**
Segment profit (loss)		**9,556**	**(2,515)**	**7,041**
Depreciation, amortization and accretion of other liabilities		**(1,061)**	**(134)**	**(1,195)**
Interest expense		**-**	**(1,168)**	**(1,168)**
Other income		**12**	**4**	**16**
Profit (loss) before provision for income taxes	**$**	**8,507**	**(3,813)**	**4,694**
Other disclosures				
Capital expenditures	**$**	**(1,194)**	**(94)**	**(1,288)**
		Three months ended March 31, 2016		
Revenue	$	35,910	969	36,879
Operating expenses		(25,787)	(2,930)	(28,717)
Segment profit (loss)		10,123	(1,961)	8,162
Depreciation, amortization and accretion of other liabilities		(1,151)	(117)	(1,268)
Interest expense		-	(1,216)	(1,216)
Other income		-	234	234
Profit (loss) before provision for income taxes	$	8,972	(3,060)	5,912
Other disclosures				
Capital expenditures	$	(570)	(270)	(840)
		As at March 31, 2017		
Total assets	**$**	**348,747**	**17,201**	**365,948**
Total liabilities		**(22,000)**	**(189,689)**	**(211,689)**
Other disclosures				
Broadcast licences		**258,270**	**-**	**258,270**
Goodwill		**18,603**	**-**	**18,603**
		As at December 31, 2016		
Total assets	$	357,900	14,763	372,663
Total liabilities		(23,385)	(198,123)	(221,508)
Other disclosures				
Broadcast licences		262,064	-	262,064
Goodwill		19,055	-	19,055

Transfer agent and registrar
The transfer agent and registrar for the shares of the Company is the CST 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@canstockta.com
or write to: Newfoundland Capital Corporation Limited
c/o CST Trust Company
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Investor relations contact
Institutional and individual investors seeking financial information about the Company are invited to contact Scott G. M. Weatherby, Chief Financial Officer and Corporate Secretary (902) 468-7557
E-mail: investorrelations@ncc.ca
web: www.ncc.ca

Stock exchange listing and symbols
The Company's Class A Subordinate Voting Shares and Class B Common Shares are listed on the Toronto Stock Exchange under the symbols NCC.A and NCC.B.

Newfoundland Capital Corporation

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