NEWFOUNDLAND CAPITAL CORPORATION LIMITED

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2011

March 14, 2012

TABLE OF CONTENTS

NEWFOUNDLAND CAPITAL CORPORATION LIMITED

Documents Incorporated by Reference

- The audited consolidated financial statements of the Company for the years ended December 31, 2011 and 2010, reported on by Ernst & Young LLP, Chartered Accountants;
- The Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2011, and;
- The Information Circular dated March 14, 2012 for the Company's annual meeting of shareholders.

All of the above documents are available under the Company's profile 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 significant wholly-owned subsidiaries are Newcap Inc. and The Glynmill Inn Incorporated. Both are incorporated under the Canada Business Corporations Act.

General Development of the Business

NCC owns Newcap Inc. which operates under the name "Newcap Radio", one of Canada's leading radio broadcasters with 83 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 66 FM and 17 AM licences spanning the country, with concentrations in Alberta and Newfoundland and Labrador. The Company holds the second largest number of radio licences in Canada. It is headquartered in Dartmouth, Nova Scotia and employs approximately 800 radio professionals, nationwide.

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.

Recent Broadcast Licence Activity 2009 to present date

NCC has established a presence 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 June 2009 the CRTC approved the Company's applications to convert AM stations to FM in Wabush and Goose Bay. These conversions were launched in September 2010.
- In September 2010 the CRTC approved the Company's application for a repeater signal in Springdale, Newfoundland and Labrador. This was launched in the fall of 2011.
- In February 2011 the CRTC approved the Company's application for a repeater signal in North West River, Newfoundland and Labrador. This was launched in the summer of 2011.
- In November 2011 the CRTC approved the Company's application for a repeater signal in Lewisporte, Newfoundland and Labrador.

Prince Edward Island

- On January 19, 2009 the Company received CRTC approval for four new FM repeater licences. These will allow the Company to broadcast the two FM stations in Charlottetown to new communities in the same province. The repeater stations were launched in early 2010.
- In January 2012, the Company re-launched CKQK-FM as Hot 105.5 playing contemporary hit radio.

Nova Scotia

- In 2009, CFDR-AM in Halifax was exchanged for an AM station in Sudbury, Ontario, which was later converted to FM and launched later that year.

Ontario

- In August 2009, Hot 93.5 FM in Sudbury was launched.
- In December 2009, the Company disposed of its two FM radio stations in Thunder Bay for cash consideration of $4.5 million.
- In May 2010, the Company re-launched CHNO-FM as Rewind 103.9 playing Sudbury, Ontario's greatest hits.

Manitoba

- In November 2011, the Company disposed of its two radio stations in Winnipeg for cash consideration of $5.7 million.

Alberta

- In April 2009, the CRTC approved two AM to FM conversions for stations in St. Paul and High Prairie. The High Prairie conversion launched in October 2010 and the St. Paul conversion launched in January 2012.
- In June 2009, the Company re-launched CFUL FM in Calgary as a contemporary hits radio format, branded as AMP Radio using the new call letters CKMP FM.
- In February 2010, the CRTC approved the Company's application to convert the Westlock station from AM to FM. This conversion was launched in September 2011.
- In April 2010, the CRTC approved the Company's application to convert the AM station in Brooks, Alberta to FM. This conversion was launched in February 2011.
- In September 2010, the CRTC approved the Company's application to convert the Grande Cache station from AM to FM. This conversion was launched in June 2011.
- In February 2012, the CRTC approved the Company's application to convert the Stettler station from AM to FM. This conversion is expected to launch later this year.

British Columbia

- In February 2012, the CRTC approved the acquisition of CIGV-FM in Penticton, BC and CKKO-FM located in Kelowna, BC. These transactions were completed effective February 26, 2012.

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.

Other Material Events 2009 to present date

Pursuant to normal course issuers bids in place for 2010 and 2011 the Company repurchased a total of 2.8 million Class A Subordinate Voting Shares for approximately $18 million.

Description of the Industry

In the past decade, 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, between 2004 and 2008, issued over 175 commercial radio licences creating a highly competitive environment.

According to the CRTC, as at December 31, 2010, there were 686 private commercial radio licences outstanding. 79% of the total outstanding licences were FM stations and 21% were AM stations. 279 of the licences were held by five companies: Corus, Astral, Rogers, BCE and Newcap. These five major competitors accounted for $1.0 billion of revenue from the total $1.6 billion of radio revenue in Canada, or approximately 67%. 2010 radio revenue generated by the five major competitors increased by 2% from 2009. Among these five competitors, Newcap is the only pureplay radio company and was the only major broadcaster to consistently experience positive revenue growth from 2008 to 2010.

Notable transactions that have caused media intensification include the departure of CHUM Ltd., acquired by what is now part of Bell Media in June 2006 and the departure of Standard Radio, purchased by Astral Media in April 2007. In 2011, effective control of CTVglobemedia was transferred to BCE.

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. From 2006 to 2010, combined AM and FM revenues have increased by approximately 2% annually.

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.

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, newspapers, the Internet, yellow pages and outdoor.

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. The higher a station is rated, the more revenue it can attract from both local and national advertisers. Large markets are rated twice a year, small markets may not be rated at all, or depending on demand, once to twice per year. 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 its stations are garnering a sufficiently high threshold of a specific demographic to attract advertising dollars.

In Canada's largest markets, the method of audience measurement has changed to the Portable People Meter method ("the meter method"). The meter method is considered a more accurate technique to capture listener share since individuals carry pager-like devices which automatically detect listening habits at all times during the day. The traditional diary method relies on paper diaries that individuals fill out manually based on their recollected radio listening habits. For the Company, two of its largest surveyed markets are measured using the meter method – Edmonton and Calgary, Alberta. The traditional diary method will continue to apply in markets where the meter method is not being used.

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 is a leading broadcaster in Newfoundland and Labrador, with a network of 28 radio licences across the province with both AM and FM stations broadcasting in a variety of formats. It also has eleven audio streams on the web and the largest number of cable sites across the province. Local cable television delivers VOCM as the background audio on their community channels. In Newfoundland and Labrador VOCM is available in 108 towns where reception would have been poor or impossible without this network.

- Since 1936 VOCM award winning news has been renowned in Newfoundland and Labrador. "VOCM Local News Now" has won numerous 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 VOCM counterpart in Western Newfoundland. Big Land FM provides coverage to Labrador. It has a local focus, with informative 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 (VOCM-FM) is a classic rock station. This station targets the 25 to 54 year old listener, skewed to males.
- CKIX-FM known as 99.1 Hits-FM in St. John's plays contemporary hit 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 and is an extension of the website www.thisisnewfoundlandlabrador.ca.
- CHVO-FM known as KIXX Country in Carbonear plays country music and primarily targets adults 25 to 54 and skews slightly female.

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 FM dial, plus one campus radio station and a commercial information radio station.

- CJMO-FM known as C103 is a classic rock radio station serving adults 25 to 54. It is a long-standing top station, on the air since 1987.

- CJXL-FM has been on the air since 2000 and is typically Moncton's second most listened to station with adults 25 to 54. Known as XL96 this station plays contemporary country music.

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 hits radio station, featuring the best music from the late 60's to the early 90's. It programs to an adult audience 25 to 54.

Nova Scotia

In the province of Nova Scotia, the Company owns and operates a total of four FM stations.

- In Kentville, K-Rock 89.3 (CIJK-FM) plays classic rock and is the #1 ranked station in the market.

- Sydney's the Giant 101.9 (CHRK-FM) plays contemporary hits and is also ranked #1 in its market.

Halifax

Newcap operates two commercial radio stations out of the ten in the Halifax market.

- CKUL-FM, or as our listeners know us, 96.5 KOOL-FM, plays Halifax's Greatest Hits of the '60s, '70s and '80s. KOOL FM is a community-minded station targeting adults in the key demo 25 to 54, ranking a strong third place and trending upward in the competitive Halifax market.

- CFRQ-FM, known as Q104, is a current and classic rock station that has continually been a market-leader. Q104 has been on the air for over 25 years and has consistently ranked #1 or #2 radio station, adults 25-54 in Halifax. Q104 was named Canada Music Week medium-market station of the year in 2010.

Prince Edward Island

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

Charlottetown

- CHTN-FM, known as Ocean 100 plays a classic hits format targeted to adults 25 to 54.
- CKQK-FM, HOT 105.5 is a contemporary hit radio station programmed to appeal to a young adult audience.
- Repeaters for both stations went on-air in early 2010 and they serve two new communities within the province.

Ontario

Ottawa

Ottawa is a thirty-one-station radio market with sixteen English language and six French language commercial stations, one multi-cultural station, one aboriginal 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 leading contemporary hit radio or "Top 40" radio station in the area. This station targets women and adults 18 to 49. Hot 89.9 has been very successful and is consistently #1 in all target demographics including women, men and adults 18-34, 18-44, 25-34, 25-44 and 25-54.
- CILV-FM or LiVE 88.5 was launched in December 2006 playing alternative rock targeting males and adults aged 18-49. LiVE 88.5 currently ranks #2 (behind only HOT 89.9) in Adults and Males 18-44, 25-34, and 24-44.

Sudbury

- Newcap's Sudbury radio station, Rewind 103.9 (CHNO-FM), is a classic hits station targeted to adults 35 to 64. It is currently ranked #2 in that demographic.
- In 2009, Newcap launched CIGM-FM, Hot 93.5 in Sudbury. Its format is contemporary hits and has made a strong impact on the market, recently placing #1 in all target demographics including women and adults 18-34, 18-44, 25-34, 25-44 and 25-54.

Alberta

Newcap owns and operates several radio licences across the province with both AM and FM stations broadcasting in a variety of formats.

Calgary

The Company owns and operates two FM radio stations in Calgary, one of Canada's most lucrative cities with respect to radio advertising.

- CFXL-FM, XL 103, plays classic hits from the 60's, 70's and 80's and has been one of Calgary's top rated radio stations.
- CKMP-FM, AMP Radio plays contemporary hits. AMP re-launched in the spring of 2009. To date, results have been impressive with steady listener growth since 2009.

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 twenty-one competing stations in the Edmonton area of which Newcap operates three. In the past few years, there have been four new station launches and several stations have been reformatted.

- CIRK-FM is Edmonton's classic rock station known as K-97. On May 4, 2009, the station celebrated 30 years as a classic rock station. K-97 serves the adult 25 to 54 demographic, leaning towards men 35 to 54.
- 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.
- CKRA-FM is branded as Capital FM, playing the greatest hits of the 60's, 70's and 80's, and ranks among Edmonton's top radio stations.
- W1440 in Wetaskiwin plays hits of the 50's, 60's and 70's. It is an oldies format that targets the baby boomer generation in Wetaskiwin and the surrounding area. W1440's signal reaches Edmonton south to Calgary.
- Newcap operates CFCW-FM, CAM-FM, in Camrose. This station is a classic hits station targeting adults aged 25 to 54 and serving a trade area of approximately 100,000.

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 an audience of 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 adults ages 25 to 54.

- Key 83 (CKKY) of Wainwright serves the entire regional area including Wainwright and surrounding trading areas with a population of over 160,000. Its country music format attracts a demographic of adults 35 to 64.
- 93.7 Wayne-FM (CKWY-FM) in Wainwright was launched in January 2005 and plays a variety of classic hits from the 70's to today, targeting adults 25 to 54. Wayne-FM covers the Wainwright and surrounding trading areas with a population of over 160,000.
- 1310 CHLW in St. Paul is a heritage radio station that has served the Lakeland region since the fall of 1974. It has a country format and serves the targeted female demographic of 25 to 54. This station was converted and re-launched on the FM band in 2012 as The Spur, 97.7 FM.
- 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 contemporary 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 FM, is the heritage station in Lloydminster and it plays country music attracting the demographic of adults 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 seven radio stations with two repeaters in Grande Cache and Jasper. These stations broadcast to a potential audience of over 150,000. 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-FM in Athabasca, CKWB-FM in Westlock and CKVH-FM in High Prairie. All are classic hits/today's hits stations (exception is CKWB-FM) appealing to a 25 to 49 year old demographic slightly weighted towards females.
- CKVH in High Prairie was converted and re-launched on the FM band in 2010.
- CKWB-FM converted from CFOK AM, and changed format to country, in September 2011.
- CFXW-FM, The RIG 96.7 is Whitecourt's rock station and targets adults 25 to 49 years and slightly weighted towards males.

Fort McMurray

- CHFT-FM, K-Rock 100.5, plays classic rock.

Red Deer

- CKGY-FM, known as KG Country is a legendary Country music station serving central Alberta since 1973 and is a consistent market leader.
- CIZZ-FM (Z-99) provides a rock format and targets adults 25 to 54. It is the #1 ranked station in Red Deer and was nominated by the Red Deer Chamber of Commerce as business of the year in 2010 & 2011.

Alberta South

- 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 across Alberta.
- Q-105.7 FM in Brooks flipped from AM to FM in 2011 and Q14 in Stettler will be converted to FM during 2012. Both stations are well focused, community-serving country music stations.
- 101.1 The One (CIXF-FM) in Brooks was recently reformatted and plays 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 Chuckwagon Races following the CPCA circuit right through the Finals at the world famous Calgary Stampede . 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 19 on page 56 of the audited consolidated financial statements, which are 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, 2011 and 2010 is segmented in the following table:

	Years ended December 31	
	2011	**2010**
	(thousands of dollars)	
Revenue		
Broadcasting	$122,462	112,445
Corporate and other	4,144	3,596
	$126,606	116,041

Revenue in the Corporate and Other segment 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. Additional information respecting related party transactions can be found in note 21 on page 57 of the audited consolidated financial statements, which are incorporated by reference as part of this Annual Information Form.

Principal Products and Services

Details of the Company's radio broadcast licences and their markets are presented in Appendix A, and are 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 800 people in 2011.

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 of the Company can be found in the Management's Discussion and Analysis, 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 licencee 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 licencee 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 replaced the old system, Canadian Talent Development ("CTD") which was based on the size of the market in which it operates. The new CCD policy replaced the existing CTD regulations and came into effect September 1, 2007.

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 their 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, 2011 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 14, 2012, the partners and employees of Ernst & Young LLP collectively do not own beneficially, directly or indirectly, any class of the Company's outstanding shares. The Independent Auditors' Report can be found on page 23 of the audited consolidated financial statements, 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.

With regards to environmental risks, the Company does not operate in an industry that has significant environmental risks. The Company is not aware of any issues within its operations that could cause an environmental problem. Management is aware of and compliant with all federal, provincial and municipal laws governing its operations and due to the nature of its operations, considers environmental risk to be low. However; the Company takes its environmental responsibilities very seriously and considers the impact of its current and future investment in property and equipment, ensuring that it meets all environmental standards. 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, Uncertainties and Opportunities" section on pages 19 and 20 of the MD&A. Certain risks faced by the Company are a result of regulatory decisions and 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 Company's Management's Discussion and Analysis which 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. Effective on November 25, 2009, the Class A Subordinate Voting Shares and Class B Common Shares were split on a three-for-one basis. Accordingly, the comparative number of shares and the dividends per share have been retroactively adjusted to reflect the three-for-one split. The history of dividends declared is as follows:

	2011	2010	2009
Class A Subordinate Voting Shares	$ 0.15	0.12	0.10
Class B Common Shares	0.15	0.12	0.10

In accordance with the Company's credit facility, the amount of dividends that can be paid is based on certain ratios that permit payment of dividends with any excess discretionary cash flow produced by the Company on an annual basis.

Description of Capital Structure

As at March 14, 2012, there are 26,558,435 Class A Subordinate Voting Shares ("Class A shares") and 3,771,702 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.

Constraints related to ownership of the Company's securities are discussed in *Regulatory Environment,* above.

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		
		High	Low	Volume	High	Low	Volume
2011							
January	$	6.90	6.59	76,685	—	—	—
February		6.91	6.25	3,424,821	—	—	—
March		7.50	6.26	2,302,183	—	—	—
April		7.76	7.10	169,484	—	—	—
May		8.10	7.68	95,923	—	—	—
June		8.79	7.95	1,013	—	—	—
July		8.69	7.85	757,504	—	—	—
August		8.74	7.65	81,251	—	—	—
September		7.75	6.95	267,482	—	—	—
October		8.67	7.61	44,537	—	—	—
November		8.50	7.91	89,031	—	—	—
December		8.10	7.45	100,007	9.00	9.00	350
Annual Summary	$	8.79	6.25	8,422,067	10.00	5.00	350
2010							
Annual Summary	$	8.00	6.25	3,049,083	10.00	5.00	6,445

Directors and Officers

Information regarding the directors and officers is contained on pages 9 to 20 and page 25 of the Information Circular, which 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:

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

Directors and officers of the Company as a group beneficially own, directly or indirectly, 97.1% of the Class B Common Shares and 64.3% 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 exceptions. David J. Murray was Vice-President Operations prior to his appointment to Chief Operating Officer in 2006. David I. Matheson was counsel to the law firm of McMillan LLP of Toronto until his retirement in early 2009. He currently conducts a corporate and international legal practice and is the managing director of the Matheson Global Advisory Group.

The Company does not have an executive committee. Information on the Audit and Governance Committee of the Company is described below and in Appendix B which forms part of this document.

Audit and Governance Committee Disclosure

Audit and Governance Committee Charter

The Audit and Governance Committee Charter is attached as Appendix B.

Composition of the Audit and Governance Committee

The Audit and Governance Committee is composed of four 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 C. MacDonald, President of Micco Companies, is a well-known entrepreneur whose business interests are diversified across many industries including automotive leasing, retail, food and beverage, fitness, commercial and residential custom tile sales and residential land development. Mr. MacDonald has held senior leadership and management roles of several organizations and as such has had to manage and oversee sound business and financial practices aligned with the best interests of various stakeholders. He has extensive experience in reviewing and interpreting financial statements and financial information. He continuously evaluates his current business holdings and potential business acquisitions for expansion while continually striving to improve operational success. In 2005 Saint Mary's University presented Mr. MacDonald with an Honorary Doctor of Commerce. Mr. MacDonald has won numerous business and personal awards including the 2008 Nova Scotia Humanitarian of the Year, 2005 Nova Scotia Philanthropist of the Year, 2004 Newfoundland Philanthropist of the Year, Ernst and Young Entrepreneur 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.

Allen F. MacPhee is a very successful and well-known businessman who has run very successful automobile dealerships, one of which became the largest General Motors dealership in Atlantic Canada and one of the top ten in Canada. Mr. MacPhee has had extensive experience as a senior manager and leader and has been successful in the effective management of business and financial practices aligned with stakeholder interests. He has experience in reviewing and interpreting financial statements and financial information. He is currently the Chairman of the Canadian Automobile Dealers Association. In 2009, Al MacPhee was inducted into the Junior Achievement

Business Hall of Fame of Nova Scotia and in 2010 was honoured as one of Atlantic Canada's Top 50 CEO's. He has extensive knowledge in reviewing and analyzing financial statements and financial information. Al also is very intimate with all aspects of the businesses he has run – operational, financial and human resources matters. Al served two consecutive terms on the Board of Governors of the Cape Breton University located in Sydney, Nova Scotia.

David I. Matheson, Q.C. conducts a corporate and international advisory practice through the services of the Matheson Global Advisory Group as its managing director after having been a corporate partner at McMillan LLP for many years. The Group is a national and international business connecting organization. He has a Bachelor of Commerce degree, with a major in accounting, and a Law degree from Dalhousie University. 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 served as a director and as a chairman and member of numerous audit and governance committees for public companies. 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.

Donald J. Warr, FCA is partner with the chartered accounting firm Blackwood & Warr in Newfoundland and Labrador. 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 and Labrador 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.

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:

	2011	2010
Audit fees	$ 192,400	185,000
Audit-related fees	147,163	144,840
Tax and other fees	2,050	14,225
Total	$ 341,613	344,065

"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. In 2011 and 2010 a significant amount of work was required for the Company's transition to International Financial Reporting 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@canstockta.com
or write to: Newfoundland Capital Corporation Limited
c/o The Canadian Stock Transfer Company,
P.O. Box 700, Station B, Montreal, QC H3B 3K3

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 audited consolidated financial statements 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

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									
Athabasca	Leased	2002	CKBA-FM	94.1 MHz	The River	Classic Hits/Today's Hits	9,000w	Leased	2015
Blairmore	Leased	2002	CJPR-FM	94.9 MHz	Mountain Radio	Country	760w	Leased	2016
		2008	CJPV-FM®	92.7 MHz	Mountain Radio	Country	Pincher Creek 6,000w	Leased	2016
		2002	CJEV®	1340 kHz	Cat Country (Mountain Radio)	Country	Elkford, BC 50w	Leased	2016
Bonnyville	Leased	2006	CJEG-FM	101.3 MHz	Kool-FM	Contemporary Hit Radio	27,000w	Leased	2012
Brooks	Leased	2002	CIBQ-FM	105.7 MHz	Q 105.7	Country	14,000w	Leased	2016
		2003	CIXF-FM	101.1 MHz	101.1 The One	Hot AC	8,600w	Leased	2017
Calgary	Leased	2006	CKMP-FM	90.3 MHz	AMP 90.3 FM	CHR/Top 40	100,000w	Leased	2013
	Leased	2002	CFXL-FM	103.1 MHz	XL103.1-FM	Classic Hits	100,000w	Leased	2014
Camrose	Owned	1989	CFCW	790 kHz	CFCW	Country	50,000w	Owned	2017
		2003	CFCW-FM	98.1 MHz	CAM-FM	Classic Hits	50,000w	Owned	2014
Cold Lake	Leased	2002	CJXK-FM	95.3 MHz	K-Rock/Lakeland	Classic Rock	100,000w	Leased	2014
Drumheller	Leased	2002	CKDQ	910 kHz	Q91	Country	Strathmore 50,000w	Owned	2017
Edmonton	Leased	1989	CKRA-FM	96.3 MHz	Capital FM	Greatest Hits	Looma 100,000w	Owned	2017
	Leased	1999	CIRK-FM	97.3 MHz	K-97	Classic Rock	Looma 100,000w	Owned	2014
Edson	Leased	2002	CFXE-FM	94.3 MHz	The Eagle CFXE	Classic Hits/Today's Hits	20,000w	Leased	2013
		2002	CFXP-FM®	95.5 MHz	The Eagle CFXP	Classic Hits/Today's Hits	Whistlers Mountain 95w	Leased	2013
		2002	CFXG-FM®	93.3 MHz	The Eagle CFXG	Classic Hits/Today's Hits	Grande Cache 190w	Leased	2013
Fort McMurray	Leased	2006	CHFT-FM	100.5 MHz	K-Rock 100.5	Classic Rock	50,000w	Leased	2013
High Prairie	Leased	2002	CKVH-FM	93.5 MHz	Prairie FM	Greatest Hits	25,000	Leased	2015
Hinton	Leased	2002	CFXH-FM	97.5 MHz	The Eagle CFXH	Classic Hits/Today's Hits	Athabasca Outlook 1,200w	Leased	2017
Lac La Biche	Leased	2006	CILB-FM	103.5 MHz	Big Dog	Classic Hits	1,900w	Leased	2012

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)*									
Lloydminster	Owned	2005	CKSA-FM	95.9 MHz	LLOYD FM	Country	County of Vermillion River 100,000w	Owned	2016
		2005	CILR-FM	98.9 MHz	CILR	Tourist Information	50 w	Owned	2013
		2005	CKSA-DT	Channel 2 CKSA-TV Channel 5 (Shaw Cable) Channel 238 (Bell Expressvu) Channel 322 (Star Choice)		CBC Network Affiliate	County of Vermillion River 8,100w	Owned	2013
		2005	CKSA-TV2	Channel 9 CKSA-TV			Bonnyville 41,500w video 8,300w audio	Owned	2013
		2005	CITL-DT	Channel 4 Newcap Television Channel 3 (Shaw Cable) Channel 237 (Bell Expressvu) Channel 319 (Star Choice)		CTV Network Sub-affiliate	County of Vermillion River 9,100w	Owned	2013
Red Deer	Leased	2005	CIZZ-FM	98.9 MHz	Z-99	Classic Rock	Lacombe 100,000w	Leased	2017
		2005	CKGY-FM	95.5 MHz	KG Country	Country	Lacombe 100,000w	Leased	2014
Slave Lake	Leased	2002	CHSL-FM	92.7 MHz	92.7 Lake-FM	Classic Hits/Today's Hits	Martin Mountain 5,700w	Leased	2012
St. Paul	Leased	2002	CHSP-FM	97.7MHz	The Spur	Country	45,000w	Owned	2015
Stettler	Leased	2002[3]	CKSQ	1400 kHz	Q14	Country	1,000w	Leased	2017
Wainwright	Leased	2002	CKKY	830 kHz	Key 83	Country	10,000w	Leased	2017
		2004	CKWY-FM	93.7 MHz	Wayne-FM	Classic Hits	100,000w	Leased	2014
Westlock	Leased	2002	CKWB-FM	97.9 MHz	The Range	Country	Eastburg 48,000w	Leased	2016
Wetaskiwin	Leased	2002	CKJR	1440 kHz	W 1440	Classic Hits	10,000w	Leased	2017
Whitecourt	Leased	2005	CFXW-FM	96.7 MHz	The Rig 96.7	Rock	9,000w	Leased	2012
BRITISH COLUMBIA									
Kelowna	Leased	2012[1]	CKKO-FM	96.3 MHz	K96.3	Classic Rock	7,100w	Leased	2014
Penticton	Leased	2012[1]	CIGV-FM	100.7 MHz	100.7 Giant-FM	Country	Okanagan Mountain 14,400w	Leased	2016
		2012[1]	CIGV-FM1®	98.9 MHz	100.7 Giant-FM	Country	Keremeos, 15w	Leased	2016
		2012[1]	CIGV-FM2®	98.1 MHz	100.7 Giant-FM	Country	Princeton, 13w	Leased	2016

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									
Ottawa	Leased	2001	CIHT-FM	89.9 MHz	Hot 89.9	Contemporary Hit Radio	Chelsea, Quebec 27,000w	Leased	2012
		2005	CILV-FM	88.5 MHz	Live 88.5-FM	Alternative Rock	Chelsea, Quebec 12,000w	Leased	2012
Sudbury	Leased	2001	CHNO-FM	103.9 MHz	Rewind 103.9-FM	Classic Hits	100,000w	Leased	2015
	Leased	2009	CIGM-FM	93.5 MHz	Hot 93.5	Contemporary Hit Radio	100,000w	Leased	2012
ATLANTIC CANADA									
Fredericton, NB	Leased	2004	CFRK-FM	92.3 MHz	FRED-FM	Classic Hits	93,000w	Leased	2012
Moncton, NB	Owned	1997	CJMO-FM	103.1 MHz	C103	Classic Rock	46,800w	Owned	2012
		2000	CJXL-FM	96.9 MHz	XL96	Country	100,000w	Owned	2012
Halifax, NS	Leased	1986	CFRQ-FM	104.3 MHz	Q104	Rock	100,000w	Leased	2012
	Leased	2001	CKUL-FM	96.5 MHz	96.5 KOOL-FM	Classic Hits	100,000w	Leased	2012
Kentville, NS	Leased	2007	CIJK-FM	89.3 MHz	K-Rock 89.3	Classic Rock	Arlington 30,000w	Leased	2013
Sydney, NS	Leased	2007	CHRK-FM	101.9 MHz	The Giant 101.9	Contemporary Hit Radio	Coxheath 58,000w	Leased	2013
Charlottetown, PEI	Leased	1985	CHTN-FM	100.3 MHz	Ocean 100	Classic Hits	88,000w	Leased	2012
		2009	CHTN-FM1®	99.9 MHz	Ocean 100	Classic Hits	Elmira 3,400w	Leased	2012
		2009	CHTN-FM2®	89.9 MHz	Ocean 100	Classic Hits	St. Edward 5,000w	Leased	2012
	Leased	2006	CKQK-FM	105.5 MHz	Hot 105.5	Contemporary Hit Radio	88,000w	Leased	2012
		2009	CKQK-FM1®	103.7 MHz	Hot 105.5	Contemporary Hit Radio	Elmira 3,400w	Leased	2012
		2009	CKQK-FM2®	91.1 MHz	Hot 105.5	Contemporary Hit Radio	St. Edward 5,000w	Leased	2012

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)*									
Carbonear, NL	Owned	2000	CHVO-FM	103.9 MHz	KIXX Country	Country	30,000w	Leased	2013
Clarenville, NL	Owned	2000	CKVO	710 kHz	CKVO	News/Talk/Country	10,000w	Owned	2016
Corner Brook, NL	Owned	1989	CKXX-FM	103.9 MHz	K-Rock	Classic Rock	40,000w	Leased	2016
		1989	CKXX-FM1®	95.9 MHz	K-Rock	Classic Rock	Stephenville 234w	Owned	2016
		2001	CFCB	570 kHz	CFCB	News/Talk/Country	1,000w	Owned	2016
		2001	CFDL-FM®	97.9 MHz	CFCB	News/Talk/Country	Deer Lake 16w	Leased	2016
		2001	CFNW®	790 kHz	CFCB	News/Talk/Country	Port au Choix 1,000w	Leased	2016
		2001	CFNN-FM®	97.9 MHz	CFCB	News/Talk/Country	St. Anthony 126w	Leased	2016
Gander, NL	Leased/ Owned	1989	CKXD-FM	98.7MHz	K-Rock	Classic Rock	6,000w	Leased	2012
		2000	CKGA	650 kHz	VOCM Radio Network	News/Talk/Country	5,000w	Leased	2016
Goose Bay, NL	Leased	2001	CFLN-FM	97.9 MHz	Big Land FM	News/Talk/Country/ Classic Rock Hybrid	1,000w	Owned	2015
		2001	CFLC-FM®	97.9 MHz	Big Land FM	News/Talk/Country/ Classic Rock Hybrid	Churchill Falls 8.22w	Leased	2015
		2001	CFLW-FM®	94.7 MHz	Big Land FM	News/Talk/Country/ Classic Rock Hybrid	Wabush 1,000w	Leased	2015
		2011[1]	CFLN-FM1®	95.9 MHz	Big Land FM	News/Talk/Country	North West River 50w	Leased	2015
Grand Falls-Windsor, NL	Owned	1989	CKXG-FM	102.3 MHz	K-Rock	Classic Rock	Botwood 24,000w	Leased	2012
		1989	CKXG-FM1®	101.3 MHz	K-Rock	Classic Rock	Lewisporte 50w	Owned	2012
		2000	CKIM®	1240 kHz	VOCM Radio Network	News/Talk/Country	Baie Verte 1,000w	Leased	2016
		2000	CKCM	620 kHz	VOCM Radio Network	News/Talk/Country	10,000w	Owned	2016
		2010[1]	CKCM-FM1	89.3 MHz	VOCM Radio Network	News/Talk/Country	Springdale 50w	Leased	2016
Marystown, NL	Owned	2000	CHCM	740 kHz	CHCM	News/Talk/Country	10,000w	Owned	2016

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)*									
St. John's, NL	Owned	1989	CJYQ	930 kHz	Radio Newfoundland	Nfld. Music	50,000w	Leased	2017
		1989	CKIX-FM	99.1 MHz	HITS-FM	Contemporary Hit Radio	100,000w	Owned	2016
		2000	VOCM	590 kHz	590 VOCM	News/Talk/Country	20,000w	Owned	2016
		2000	VOCM-FM	97.5MHz	K-Rock	Classic Rock	100,000w	Owned	2016
		2000	VOCM-FM1®	100.7 MHz	K-Rock	Classic Rock	Clarenville 4,100w	Leased	2016
Stephenville, NL	Leased	2001	CFSX	870 kHz	CFCB	News/Talk/Country	500w	Owned	2016
		2001	CFGN®	1230 kHz	CFCB	News/Talk/Country	Port aux Basques 250w	Owned	2016
		2001	CFCV-FM®	97.7 MHz	CFCB	News/Talk/Country	St. Andrew’s 73w	Leased	2016

® *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) *The Company has received approval to switch this station to FM.*

APPENDIX B

NEWFOUNDLAND CAPITAL CORPORATION LIMITED

AUDIT AND GOVERNANCE COMMITTEE CHARTER

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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, including assessing any risks associated with the compensation policies and procedures;

(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);

(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);

(iii) all of whom have the skills and experience necessary to make decisions on the suitability of the Company's compensation policies and practices; and

(iv) all of whom are able to work collectively yet promote healthy skepticism among themselves and other Board Members.

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;

(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 defining the Policy on the Provision of Services by External Auditors, as currently defined in Schedule A;

(ii) 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;

(iii) 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;

(iv) 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;

(v) 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;

(vi) 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

(vii) 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, short-term and long-term, including assessing any risks associated with the compensation policies and procedures. This is accomplished by:

  (i) periodically conducting meetings with management, including the Chairman of the Board and the CEO, to fully understand management compensation and incentives;

  (ii) considering the appropriateness of the compensation and incentive structure and whether it contributes to increased fraud risk; and

  (iii) determining whether adequate and appropriate focus is being paid to the compensation of officers and directors.

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:

(a) 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

(b) 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:

(a) make recommendations to the Board with respect to the compensation and benefits of the CEO;

(b) make recommendations to the Board with respect to the compensation and benefits of the other senior management;

(c) review and approve the terms of the employment agreements and severance arrangements of the CEO and other senior management;

(d) review and approve the statement of executive compensation required to be included in the management proxy circular of the Company;

(e) review and approve any other executive compensation disclosure before it is publicly disclosed by the Company; and

(f) 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, including assessing any risks associated with the compensation policies and procedures, 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. Strategic and Risk Management

The Committee shall review and challenge, where appropriate, the Company's risk profile and strategy and ensure that risk management processes are in place, especially those affecting financial reporting and reputational risk. This will be accomplished as follows:

(a) understand the Company's framework for risk assessment and management's related policies and procedures, and understand how the Company documents and responds to risks;

(b) understand the Company's ability to identify emerging risks and anticipate risk events;

(c) review the Company's major financial risk areas and understand the adequacy of controls and monitoring procedures;

(d) review whether the risk disclosures in the Company's publicly filed reports (which includes but is not limited to the Company's financial statements, Management's Discussion & Analysis, the Information Circular) are appropriate and understandable;

(e) understand whether Information Technology security processes are updated as appropriate and are in line with the strategy of the Company, and understand the Company's disaster recovery plan; and

(f) empower key executives responsible for risk management to immediately inform the Committee members of extraordinary risk issues and developments that require the Committee's immediate attention.

C. 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.

D. 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.

Schedule A to Audit and Governance Committee Charter

NEWFOUNDLAND CAPITAL CORPORATION LIMITED

Policy on Provision of Services by External Auditors

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1. GENERAL

The Audit and Governance Committee ***("Committee")*** of Newfoundland Capital Corporation Limited ***("Company")*** has developed this Policy after consideration of the rules with respect to the engagement of the external auditors of the Company to provide audit and permitted non-audit services to the Company.

2. PURPOSE

The purpose of this Policy is:

(i) to describe the services that the external auditors may not provide to the Company;

(ii) to describe the audit and permitted non-audit services that have been pre-approved by the Committee as services that the external auditors may provide to the Company; and

(iii) to describe the authorization process for all engagements of the external auditors to provide services to the Company.

3. PROHIBITED SERVICES

The external auditors may not provide services to the Company that impair or have the potential to impair the independence and objectivity of the external auditors in relation to the external audit function ***("prohibited services")***.

Generally, prohibited services include services where the external auditors participate in activities that are normally undertaken by management of the Company, are remunerated through a "success fee" structure, act in an advocacy role for the Company or may be required to audit their own work.

The following are examples of prohibited services:

(i) record or book-keeping or preparing or providing other services in relation to accounting records and financial statements;

(ii) designing and implementing financial information systems or financial controls;

(iii) providing valuation services, appraisals or fairness opinions;

(iv) providing internal audit services;

(v) seconding employees to the Company where the secondee acts as a Company officer or employee or performs any decision-making, supervisory or ongoing monitoring function;

(vi) providing human resources and recruitment services;

(vii) providing actuarial services;

(viii) providing management functions;

(ix) providing legal services;

(x) providing broker-dealer, investment advisor or investment banking services; and

(xi) providing expert services unrelated to the external audit (eg, advocacy in litigation proceedings, other than tax matters).

4. PRE-APPROVED SERVICES

The following audit and permitted non-audit services have been pre-approved by the Committee as services that the external auditors may provide to the Company ***("pre-approved services")*** subject to the authorization process described below.

All services not specifically listed below are not pre-approved services and must be approved by the Committee before the external auditors are engaged to provide those services to the Company.

The following are pre-approved services:

Audit services – services that constitute the agreed scope of the external audit or interim reviews of the Company, including:

(i) statutory audits, financial audits or interim reviews; and

(ii) attestation of management reports on disclosure controls and procedures and internal control over financial reporting.

Audit related services – services that are outside the agreed scope of, but are consistent with, the external audit or interim reviews of the Company, including work that is a logical extension of or reasonably related to the performance of the external audit or interim reviews, is of an assurance or compliance nature and is work that the auditors must or are best placed to undertake. Items of such work are:

(iii) services associated with prospectuses, registration statements and other documents filed with regulatory authorities or issued in connection with securities offerings (eg, comfort letters, consents) and assistance in responding to comment letters;

(iv) services associated with interim financial reports and other public disclosure of financial information;

(v) consultations with management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by regulatory or standard setting bodies;

(vi) financial statement audits of employee benefit plans;

(vii) due diligence services pertaining to potential business acquisitions/dispositions and other major transactions and events (excluding valuation services, appraisals or fairness opinions);

(viii) agreed-upon or expanded audit procedures related to accounting or billing records required to respond to or comply with financial, accounting or regulatory reporting matters;

(ix) advice and assistance in connection with disclosure controls and procedures and internal control over financial reporting;

(x) attest services not required by statute or regulation (eg, debt covenant certificates);

(xi) statutory, subsidiary or equity investee audits incremental to the external audit;

(xii) closing balance sheets audits pertaining to dispositions; and

(xiii) assistance in complying with legal, regulatory or stock exchange listing requirements.

Tax services – tax services that do not compromise the independence and objectivity of the external auditors in relation to the external audit. Items of such work are:

(xiv) tax compliance and advice (excluding strategic tax planning and structuring);

(xv) review of income and other tax returns;

(xvi) assistance with tax audits and appearances regulatory agencies and stock exchanges;

(xvii) specialist tax services for acquisition and disposition due diligence activities – provided under the instruction and direction of management;

(xviii) tax advice and assistance regarding statutory, regulatory or administrative developments; and

(xix) employee tax assistance and compliance.

Other services – other services of an advisory nature that do not compromise the independence and objectivity of the external auditors in relation to the external audit. Items of such work are:

(xx) risk management advisory services (eg, assessment and testing of security infrastructure controls);

(xxi) specific risk management and internal audit specialist services provided under the instruction and direction of management;

(xxii) treasury advisory services (eg, review of cheque-clearing and float-management practices and recommendations regarding potential areas of improvement);

(xxiii) pension advisory services (eg, consulting on pension matters such as company contributions (but excluding actuarial services); and

(xxiv) review and assessment of environment, health and safety policies and procedures.

5. AUTHORIZATION PROCESS

Except as provided in section 5(2) and (3), the Committee must authorize in advance all engagements of the external auditors to provide pre-approved services to the Company.

The Committee has authorized the Chair of the Committee to authorize in advance all engagements of the external auditors to provide pre-approved services to the Company up to a maximum of $30,000 for all engagements in each calendar year. The Chair of the Committee must report all engagements authorized by him/her to the Committee at its next meeting.

The Committee has authorized the Chief Financial Officer of the Company ***("CFO")*** to authorize in advance all engagements of the external auditors to provide pre-approved services to the Company up to a maximum of $15,000 for all engagements in each calendar year. The CFO must report all engagements authorized by him/her to the Committee at its next meeting.

Services that are not pre-approved services must be authorized by the Committee before the external auditors are engaged regardless of the dollar value of the services.

Exceptions can be made to this Policy where the exceptions are in the interests of the Company and appropriate arrangements are established with respect to the independence and objectivity of the external auditors in relation to the external audit. Any exception must be authorized by the Committee and must be reported to the board of directors of the Company.

Newfoundland Capital Corporation