

NEWFOUNDLAND CAPITAL CORPORATION LIMITED

Corporate Governance Policy

1. GENERAL

Newfoundland Capital Corporation Limited (“**Company**”) recognizes the importance of corporate governance for the effective management of the Company and is committed to leadership in corporate governance. The Company’s approach to significant issues of corporate governance is designed to ensure that the Company is focussed on its responsibilities to its shareholders and ensuring that business is managed in a manner that enhances shareholder value.

Corporate governance is the system by which companies are managed and directed. The governance structure of a company reflects the distribution of rights and responsibilities among the board of directors (“**Board**”), management and the shareholders of the Company.

The objective of this statement of corporate governance policies (“**Statement**”) is to clearly articulate the Company’s governance policies and the application and required practice of such policies among the Board and senior management. This Statement sets out the principal corporate governance applications and practices of the Company. The documents referred to in this Statement may be viewed on the Company’s website.

These corporate governance mandates have been developed taking into account Canadian regulatory requirements and the listing requirements of the Toronto Stock Exchange (“**TSX**”).

2. BOARD OF DIRECTORS

Role and Responsibilities

- (a) The Board takes an active role in setting policies for the Company and overseeing the management of the Company’s business and affairs. Board members (“**Directors**”) are elected by the Company’s shareholders each year at the annual general meeting of shareholders.
- (b) In discharging their responsibilities, the Directors owe the following fiduciary duty and duty of care to the Company:
 - (i) *fiduciary duty*: they must act honestly and in good faith with a view of the best interests of the Company and be loyal to the Company; and
 - (ii) *a duty of care*: they must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

- (c) The Board has specifically recognized its responsibilities for:
- (i) satisfying itself, to the extent reasonable and feasible, as to the integrity of the President and Chief Executive Officer (“CEO”) and other senior management of the Company and that the CEO and senior management create a culture of integrity throughout the Company;
 - (ii) reviewing the Company’s annual business plan and overall business strategies;
 - (iii) adopting a strategic planning process and approving at least annually a strategic plan which addresses, among other things, the opportunities and risks of the business of the Company;
 - (iv) overseeing the integrity of the internal control and management information systems of the Company;
 - (v) overseeing the identification of principal risks associated with the Company’s business and overseeing the implementation of appropriate systems to manage these risks;
 - (vi) succession planning (including appointing, training and monitoring senior management);
 - (vii) adopting a disclosure policy for the Company; and
 - (viii) developing, maintaining and evaluating the Company’s approach to corporate governance.
- (d) The Board has adopted a policy to maintain a Board charter that, among other things, sets out the responsibilities of the Board.

Composition

The Board shall be composed of Directors with a mix of competencies and skills necessary to enable the Board and all Board committees to properly discharge their responsibilities, and in doing so, to maintain a majority of *independent* Directors. The mix shall include competencies and skills in the following areas: the radio industry, related acquisitions and dispositions, financing and regulatory and government relations.

Independence

- (a) The Company assesses annually the independence of its Directors based on the criteria in current legislation and guidelines. The disclosure that the Board will provide to shareholders of the Company on the independent composition of the Board will be updated annually.
- (b) A Director shall be viewed as *independent* if he or she has no direct or indirect material relationship with the Company. A material relationship is one which could in the view of the majority of the Company’s Board (which must include

each Director already established as not having a material relationship) be reasonably expected to interfere with the exercise of a Director's independent judgement.

Generally, a Director shall be considered to be *independent* if he or she satisfies all the criteria set out in the securities legislation or guidelines. In certain circumstances, a Director may also be considered to be *independent* even though he or she does not satisfy one or more of the criteria set out in the legislation or guidelines if the Board feels that the Director acts independently in substance.

- (c) A majority of the nominees proposed to the shareholders of the Company by its management from time to time for election as Directors shall be *independent*, and the Board shall use its best efforts to maintain such a majority of *independent* Directors.
- (d) The Company shall include the following disclosure in its annual disclosure materials:
 - (i) the independence and non-independence of Directors will be identified and the basis of the assessment of independence will be stated;
 - (ii) an explanation of any assessment of independence for a Director who does not meet all the criteria set out in the securities legislation or guidelines; and
 - (iii) a description of all material relationships of each Director with a member of the Company, including relationships (whether or not falling within the criteria set out in the securities legislation or guidelines) which the Board believes do not affect independence.

Chairperson of the Board

The Chairperson provides leadership to the Board in discharging its responsibilities. The Chairperson's responsibilities include:

- (a) facilitating the delivery of accurate, timely and clear information to the Board to enable the Board to successfully carry out its responsibilities;
- (b) overseeing the preparation for and management of meetings of shareholders of the Company;
- (c) representing the Board to shareholders; and
- (d) regular and timely counselling of senior officers on macro matters of strategy and risk.

Lead Director

A lead director (“**Lead Director**”), if any, must be *independent*. A Lead Director works with the Chairperson of the Board to establish Board agendas that will assist the Board in successfully carrying out its responsibilities, and may serve as the principal interface between the Board and the Chairperson of the Board and provides leadership in the event the Chair is unavailable. The Board shall periodically assess the necessity, if any, of appointing a Director as Lead Director.

Corporate Secretary

The appointment and removal of the Corporate Secretary is a matter for the Board. The Corporate Secretary is responsible to the Board for facilitating compliance with Board procedures. All Directors have access to the Corporate Secretary’s advice and services.

Orientation and Training

New Directors have orientation sessions with senior management and have an opportunity to visit key assets and learn about the industry.

The Company provides continuing education opportunities for all Directors so that they can maintain or enhance their knowledge and understanding of the business of the Company.

Performance Assessment

The Board regularly assesses its own effectiveness and the effectiveness and contribution of each Board committee and Director.

Nomination

The Audit and Governance Committee recommends candidates for election as Directors. The Board approves the final choice of candidates.

Remuneration

Information with respect to the remuneration of Directors is contained in the Company’s annual management information circular.

3. **BOARD COMMITTEES**

The Board relies on its committees it may form to assist in carrying out certain responsibilities. It has established an audit committee (“**Audit and Governance Committee**”) as a permanent committee, which has, in addition to its audit and related responsibilities, responsibilities for nominating, compensation and corporate governance.

Each Board committee shall have a charter setting out its composition, responsibilities and authority.

Members of management may attend Board committee meetings at the invitation of a Board committee.

A summary of the composition and mandate of the Audit and Governance Committee is set out below in this section 3.

Audit and Governance Committee

The Audit and Governance Committee shall consist of a minimum of three Directors, all of whom shall be *independent* (as required by regulations and as determined by the Board where permitted) and *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).

The role of the Audit and Governance Committee is 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 CEO and senior management, and the compensation of the CEO, other senior management and the Directors of the Company;
- (c) executive compensation disclosure and oversight of the compensation structure and benefit plans and programs of the Company;
- (d) corporate governance standards and practices;
- (e) strategic and risk management; and
- (f) additional duties set out in the charter of The Audit and Governance Committee or otherwise delegated to The Audit and Governance Committee by the Board.

4. CEO

The CEO is responsible for the management of the day-to-day business and affairs of the Company.

5. OTHER GOVERNANCE POLICIES

The Company has adopted a Code of Business Conduct and Ethics (“**Code**”) and a Policy on Corporate Disclosure, Confidentiality and Insider Trading.

The Code and the Policy on Corporate Disclosure, Confidentiality and Insider Trading are summarized below.

Code of Business Conduct and Ethics

The purposes of the Code are to deter wrongdoing and to promote:

- honest and ethical conduct, including ethical handling of actual or apparent conflicts of interest
- full, fair, accurate, timely and understandable disclosure in all reports filed, and other public communications made, by the Company;
- compliance with all applicable laws, regulations and rules;
- protection and proper use of corporate assets and opportunities;
- confidentiality with respect to corporate and personal information;
- fair dealing with security holders, customers, suppliers and competitors;
- accountability for adherence to the Code; and
- prompt internal reporting of violations of the Code.

The Code applies to all Directors, officers and employees of the Company and members of their immediate families; and, where applicable, third parties engaged to represent the Company.

Policy on Corporate Disclosure, Confidentiality and Insider Trading

The Policy with respect to Corporate Disclosure Confidentiality and Insider Trading sets out the policies and procedures of the Company with respect to confidentiality and disclosure, and describes the legal prohibitions on insider trading and tipping and the requirements for insider reporting.

The disclosure policy is structured so as communications to the investing public about the Company are:

- timely, factual and accurate; and
- broadly disseminated in accordance with all applicable legal and regulatory requirements

This disclosure policy extends to all employees of the Company, all Directors and service providers of the Company which have access to material information, and those authorized to speak on their behalf. It covers disclosures in documents filed with the securities regulators and written statements made in the Company's annual and quarterly reports, news releases, letters to shareholders, presentations by senior management, advertisements, brochures and information contained on the Company's Web site and other electronic communications. It extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls. The Corporate Secretary has a principal responsibility in respect of disclosure and the Board regularly sets and reviews the disclosure policy and oversees compliance thereunder.