

**CODE OF BUSINESS CONDUCT AND ETHICS**  
**2011**

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## 1. Introduction

The board of directors (“**Board**”) of Newfoundland Capital Corporation Limited (“**Company**”) has developed this Code of Business Conduct and Ethics (“**Code**”) for the purposes set out below. The Code applies to all directors, officers and employees (collectively “**Employees**”) of the Company and, where applicable, third parties engaged to represent the Company.

The Code is not a prescriptive set of rules. Rather, it is a practical set of policies and standards intended to guide and influence behaviour. As a result, the exercise of common sense and good judgment is required with respect to matters not specifically covered by the Code.

The Board will annually review and, if appropriate, make changes to the Code. All changes to the Code will be promptly disclosed to the shareholders of the Company.

## 2. Purposes

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 between personal and business relationships;
- full, fair, accurate, timely and understandable disclosure in all reports and documents 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.

### 3. Compliance

#### *(a) Violations*

All Employees must comply with the Code. Employees who violate the Code may be subject to disciplinary action, including dismissal.

Any waiver of the Code with respect to officers and directors of the Company may only be made by the Board and must promptly be disclosed to the shareholders of the Company.

No punishment or disciplinary or retaliatory action may be taken against an Employee for complying with the Code.

#### *(b) Accountability*

All Employees must be familiar with the Code and seek assistance from their manager, the President and Chief Executive Officer (“CEO”) or Corporate Secretary of the Company or either of their designates if they do not understand any part of the Code or what to do in any particular situation.

The officers of the Company are responsible to the Board for ensuring that Employees comply with the Code and must take reasonable steps to ensure that all Employees and, where applicable, third parties engaged to represent the Company are familiar and comply with the Code.

#### *(c) Reporting – Whistleblowing*

Employees must report in writing or by telephone any case of suspected fraud, theft, bribery or any suspected serious breach of the Code or other illegal activity involving the Company to one or more of the following individuals:

- The Chief Executive Officer;
- The Corporate Secretary;
- The Chair of the Audit and Governance Committee; or
- The Chairperson of the Board

The Company has adopted the procedures to facilitate the submission, on a confidential and anonymous basis, of complaints, reports and concerns by any person (“**Complainant**”) regarding (i) financial accounting, internal accounting controls or auditing matters, (ii) actual or potential violations of laws, rules or regulations, and (iii) any suspected wrongdoing, in connection with the Code. All concerns should be addressed to the appropriate individual, as set out in Appendix A.

Unless otherwise determined by the person to whom the Complainant reports, the Corporate Secretary is responsible for investigating all reports and taking appropriate action, including advising the CEO, the Chairperson of the Board or the chair of the Audit and Governance Committee of the Board.

In responding to a complaint, the Company will act fairly with respect to any individual named in the complaint, the seriousness of the issue raised, the credibility of the information or allegations in the complaint, and the prospects of an effective investigation.

The Company will not retaliate against any Complainant for reporting in good faith serious violations pursuant to this policy. “Good faith” means that a Complainant reasonably believes that the complaint is true and has not been made either for personal gain or for any ulterior motive.

The whistleblowing policy and related procedures provide protection from retaliation to Complainants with respect to matters that are, or could give rise to, serious violations, provided the complaint is made:

- i. in good faith, in a manner that is consistent with the Company’s values, particularly respect for others;
- ii. in the reasonable belief of the Complainant that the conduct or matter covered by the complaint constitutes, or has the potential to constitute, a serious violation; and
- iii. pursuant to the procedures outlined below.

No complaint that satisfies these conditions shall result in any retaliation or threat of retaliation against the Complainant. This means that the Company and its directors, officers, and Employees shall not penalize, discharge, demote, suspend, threaten, harass, transfer to an undesirable assignment or location, or otherwise discriminate (collectively, “**retaliate**” or “**retaliation**”) against any Complainant for calling attention to suspected illegal or unethical acts. Any act of retaliation shall itself be treated by the Company as a serious violation of the Company’s policy and could result in disciplinary action up to and including discharge. This protection extends to anyone providing information in relation to an investigation, including an internal investigation.

The Company will treat all complaints by Complainants as confidential and privileged to the fullest extent permitted by law. A Complainant is encouraged to put his/her name to any complaint he/she makes, but it may also be made anonymously. It is unacceptable to file a report knowing it is false.

***(d) Assistance***

Employees who do not understand any part of the Code or what to do in any particular situation should seek assistance from their manager, the CEO or the Corporate Secretary or his or her designate.

The coordinates for contacting the CEO or the Corporate Secretary or his or her designate will be provided to all Employees.

#### 4. Policies and Standards

##### *(a) Compliance with Laws*

Employees must understand and comply with both the letter and the spirit of all laws, regulations and rules applicable to the Company and their own work. Ignorance does not excuse the obligation to comply.

##### *(b) Relationships with Governmental Authorities*

The Company seeks to have open, honest and constructive relationships with all governments and governmental, regulatory and other similar bodies having jurisdiction or authority over the Company and its business and operations (“**Governmental Authorities**”).

All information provided by Employees to Governmental Authorities must be full, fair, accurate, timely and understandable.

##### *(c) Political Activities*

The Company is impartial with respect to party politics.

##### *(d) Financial Inducements*

Employees must not make payments or give gifts or other favours to third parties to induce or influence them to give business opportunities to, or make business decisions in favour of, the Company. Bribes, “kick-backs”, secret commissions and similar irregular payments are prohibited.

##### *(e) Gifts and Benefits*

The Company maintains relationships with customers, suppliers, and other persons with whom the Company conducts business whereby, as a gesture of goodwill and appreciation, it is common industry practice to accept, offer or exchange business-related gifts. This practice of accepting, offering or exchanging gifts, entertainment, donations or any other kind of benefit may be construed as attempts to influence decisions. Employees must exercise care and good judgment in accepting, offering or exchanging business-related gifts.

The following should be contemplated when determining whether it is appropriate to accept, offer or exchange business-related gifts:

- Would it be considered customary to accept, offer or exchange the gift, entertainment, donation or benefit according to generally accepted business practices?
- Would the acceptance, offering or exchange create an obligation, or would it create an expectation of obligation?

- Would the acceptance, offering or exchange be construed as a bribe, a “kick-back” or other irregular payment?
- Does the acceptance, offering or exchange influence, or reasonably appear to influence, your or the recipient’s business decision?
- Are any laws or regulations being violated by the acceptance, offering or exchange?
- Does the acceptance, offering or exchange occur frequently?

Employees should seek direction from their General Manager, or the CEO or the Corporate Secretary or his or her designate when determining if accepting, offering or exchanging a business-related gift is appropriate under the circumstances. Employees who accept gifts must report the gift to their General Manager, or the CEO or the Corporate Secretary or his or her designate. The monetary value of the gift, local customs and legal requirements will be considered when determining whether the gift should be retained by the Employee, given to the Company or returned. A gift that is given to the Company will normally be donated to a charity or made available to all Employees in the applicable work unit.

The following items must not be accepted, offered or exchanged as gifts under any circumstances, regardless of value:

- cash or personal cheques,
- drugs or other controlled substances,
- product or service discounts that are not available to all Employees,
- personal use of accommodation or transportation, and
- payments or loans to be used toward the purchase of personal property (other than borrowing that is available to all Employees of the Company as part of a Company-wide policy).

No Employee may request a gift of any kind, in whole or in part, from a supplier, customer or other person with whom the Company conducts business or from a competitor of the Company.

***(f) Conflicts of Interest***

Employees must avoid all situations where their personal interests may conflict with their duties to the Company.

No Employee may enter into contra agreement for personal use.

The following factors should be considered in evaluating any particular situation:

- any potential positive or negative impact on the Employee’s job performance or responsibilities;
- whether the Employee has access to confidential information;
- any potential positive or negative impact on the business or operations of the Company;
- any potential positive or negative impact on the relationships between the Company and its customers, suppliers or service providers;
- any potential positive impact on a competitor’s position;
- any potential financial or other benefit (direct or indirect) to the Employee or customer, supplier or other person with whom the Company conducts business; and
- whether the matter would appear improper to an outside observer.

The following are examples of situations in which a possible conflict of interest may arise:

- employment by or service to (e.g., as a consultant, officer or director) a competitor, customer, supplier or person with whom the Company conducts business;
- having, directly or indirectly, a significant financial interest in any entity that does business, seeks to do business or competes with the Company;
- accepting gifts, favours, loans (other than borrowing that is available to all Employees of the Company as part of a Company-wide policy) or preferential treatment from any person that does business, seeks to do business or competes with the Company unless consistent with the policy described under “Gifts and Benefits” above;
- conducting business on behalf of the Company with immediate family members or an entity in which an Employee or his/her immediate family members or friends have a significant financial interest; and
- taking personal advantage of opportunities that are presented to or discovered by an Employee as a result of his/her position with the Company or through the use of the property or information of the Company.

If there is any doubt with respect to a particular situation, Employees should seek assistance from their manager or from the CEO or the Corporate Secretary or his or her designate. In the event of a conflict the Employee must discuss the conflict with the CEO who may refer that matter to a full decision of the Board.

**(g) Personal Information**

Employees who collect personal information from other Employees or third parties on behalf of the Company must do so in a lawful, ethical and non-intrusive manner and must inform the individual involved in advance of the purpose for which information is being collected. Employees must take appropriate steps to ensure that all personal information collected by them is accurate and is retained for no longer than necessary.

Employees must maintain the confidentiality of all personal information held by the Company. Employees must not disclose such personal information to other Employees unless it is reasonably required by them to perform their jobs. Employees must not disclose such personal information to third parties unless required by applicable law or regulation (and then only to the extent required) or unless the informed consent of the relevant individual has been obtained.

**(h) Confidential Information**

All information that has been developed or acquired by the Company, including without limitation technical, financial and business information, and not generally disclosed (“**Confidential Information**”) is the property of and confidential to the Company and must be protected against theft, loss or misuse.

Employees must not disclose Confidential Information to other Employees unless it is reasonably required by them to perform their jobs. Employees must not reveal Confidential Information to third parties (other than approved auditors, lawyers and other professional advisors, financial advisors and banks or other financial institutions) without authorization by the CEO or the Corporate Secretary or his or her designate. Such disclosure should be limited only to those who “need-to-know” and be made pursuant to a confidentiality agreement restricting the recipient from disclosing or using the information in an unauthorized manner. The Company has specifically designated certain Company officials as those entitled to make communications, on behalf of Newfoundland Capital Corporation Limited, to the media, security analysts and other investors.

Employees must use Confidential Information only for authorized purposes on behalf of the Company and not for their own personal gain or benefit. Employees having knowledge of material Confidential Information about the Company are prohibited from trading in securities of the Company until the information has been publicly disclosed. Employees must not “tip” others of any Confidential Information before it has been publicly disclosed. All Employees of the Company, who are deemed to be insiders, must file a report at [sedi.ca](http://sedi.ca) for all transactions in securities of the Company.

The Company will disclose, in an accurate, fair and timely fashion, all material information in accordance with applicable securities laws and policies and stock exchange rules. The Company has implemented best practices in its disclosure controls and policies when it comes to making accurate and timely disclosure of all material information. All Employees are responsible for reporting all material information in a

timely manner to the CEO or the Corporate Secretary or his or her designate. All Employees that are involved in the Company's disclosure process are required to understand and comply with the disclosure controls and procedures.

For more detailed information, please refer to the Company's Policy on Corporate Disclosure, Confidentiality and Insider Trading.

**(i) Information Systems**

The computers and other information systems (e.g., voice mail, electronic mail, the Internet, facsimile) of the Company ("**Information Systems**") are valuable assets of the Company.

Employees must comply with the following policies when conducting business on the Information Systems:

- Employees must protect and maintain the confidentiality of all information communicated or stored using the Information Systems, including using passwords and properly secured communication methods.
- Employees may use the Information Systems for modest personal use if such use is unrelated to outside business activities, does not interfere with the business or operations of the Company and is not performed during working hours.
- Employees must not illegally copy information system software in the course of their employment.
- All electronic or automated messages created, distributed or stored on the Information Systems are the property of the Company. The Company may access these messages from time to time for any reason including to investigate breaches of security or company procedures or to respond to external requests for information that the Company is required to provide legally.
- Offensive material (e.g., pornography, hate literature) is prohibited.
- Sensitive transactions (e.g., take-over bids, acquisitions) must not be conducted electronically unless an appropriate level of security is implemented to protect confidential information.

**(j) Financial Books and Records**

All financial and other transactions involving or affecting the Company must be properly authorized and approved and fully and accurately recorded in the financial books and records of the Company in accordance with applicable laws and regulations, the controls and procedures of the Company, generally accepted accounting principles and the highest standards of integrity.

Employees responsible for establishing and managing the financial reporting systems of the Company ("**Finance Employees**") must ensure that:

- all business transactions are properly authorized;
- all records fairly and accurately reflect the transactions or occurrences to which they relate;
- all records fairly and accurately reflect in reasonable detail the assets, liabilities, revenues and expenditures of the Company;
- the accounting records do not contain any false or intentionally misleading entries;
- no transactions are intentionally misclassified as to accounts, departments or accounting periods; and
- all transactions are supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period.

Officers responsible for establishing and managing the financial reporting systems of the Company must establish and maintain procedures to:

- educate Finance Employees about, and monitor their compliance with, applicable laws and regulations;
- identify any possible violations of applicable laws and regulations and report them to the chair of the audit committee;
- encourage and reward professional integrity;
- eliminate any pressure to achieve specific financial results by altering records and other entries, misapplying accounting principles or entering into transactions that are designed to circumvent accounting controls or otherwise disguise the true nature of the transaction; and
- encourage Finance Employees to report deviations from accounting practices and procedures.

Employees must not conceal information relating to the Company from management or the auditors or legal advisors of the Company.

Employees must protect the financial books and records of the Company from destruction or tampering.

Questions relating to the financial books and records of the Company should be referred to the Chief Financial Officer of the Company.

***(k) Equality in Employment***

The Company does not permit discrimination, intimidation or harassment of, or by, Employees on the basis of race, gender, marital status, national origin or religious beliefs or on the basis of any other personal characteristics protected by law. Employees are

entitled to freedom from sexual and all other forms of personal harassment. They are also entitled to have their dignity honoured and their rights protected.

Discrimination is not permitted anywhere in the Company or in any part of the employment relationship, including recruitment, promotion, training, opportunities, salary, benefits and terminations. Employees must promote and maintain an environment that encourages personal respect and mutual trust. Differences between individuals, such as race, gender, religion and physical limitations, must be respected.

In addition to all forms of harassment prohibited by legislation, the Company will not tolerate any form of personal harassment (such as threatening behaviour, bullying, taunting or ostracizing co-workers, etc.) which may occur as a result of an employee's position in the Company or because of an association with a group outside the Company, or perhaps because someone simply dislikes the individual. Personal harassment may also arise out of someone abusing their position of authority or power.

The Company is committed to equal opportunity for all Employees. All employment and promotion opportunities will be based on the principle of merit.

***l. Community Involvement, Responsibility to the Environment and Safe Workplace***

The Company is committed to supporting local programs and initiatives that benefit the communities in which the Company operates. Employees are encouraged to participate in activities that benefit local programs and to be actively involved with local charitable organizations.

The Company supports programs that are aligned with the conservation of the environment and therefore, reasonable efforts are to be made by all Employees to reduce, re-use and recycle supplies and materials whenever possible.

The Company is committed to maintaining a safe workplace. As such, Employees will immediately report to their supervisor any accident, injury, unsafe practice and condition that may occur.

***m. Work Performance***

Employees are expected to carry out their job responsibilities to the best of their ability, to be accountable for the results of their work, to reasonably accept supervisory direction, promotion, teamwork and to maintain the required level of quality and quantity of work.

At all times, Employees will conduct themselves professionally and respectfully when dealing with co-workers, suppliers, customers and the public at large.

5. **Acknowledgement**

Each Employee shall file annually a signed certificate, affirming that the Employee has read, understood and complied with this Code, as follows:

I ACKNOWLEDGE that I have read, considered and understand the Code of Business Conduct and Ethics of the Company and I agree to conduct myself in accordance with the Code as it applies to me.

I undertake to affirm in writing or via electronic signature, at least annually during the term of my employment, that I have read, understood and complied with the most recent version of the Code of Business Conduct and Ethics.

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Print name, position and location of employment

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Signature

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Date

