New Issue May 7, 2018

PRELIMINARY SHORT FORM PROSPECTUS

STINGRAY DIGITAL GROUP INC.

$83,002,400

7,981,000 Subscription Receipts, each representing the right to receive one Subordinate Voting Share or one Variable Subordinate Voting Share (depending on whether the purchaser is a "Canadian" under the *Broadcasting Act* (Canada))

This short form prospectus (the "**Prospectus**") qualifies the distribution (the "**Offering**") of 7,981,000 subscription receipts (the "**Subscription Receipts**") of Stingray Digital Group Inc. ("**we**", "**us**", "**Stingray**" or the "**Corporation**") at a price of $10.40 per Subscription Receipt (the "**Offering Price**"). Each Subscription Receipt will entitle the holder thereof to receive, upon the satisfaction of the Escrow Release Condition (as defined herein) and without payment of additional consideration or further action, either one subordinate voting share (a "**Subordinate Voting Share**") or one variable subordinate voting share (a "**Variable Subordinate Voting Share**" and, together with the Subordinate Voting Shares, the "**Subordinate Shares**") of the Corporation, depending on whether the purchaser is a "Canadian" within the meaning of a direction (the "**CRTC Direction**") from the Governor in Council of Canada to the Canadian Radio-television and Telecommunications Commission pursuant to the authority contained in the *Broadcasting Act* (Canada). The Offering is being underwritten by National Bank Financial Inc. ("**NBF**"), BMO Nesbitt Burns Inc. ("**BMO Capital Markets**" and together with NBF, the "**Co-lead Underwriters**"), CIBC World Markets Inc., GMP Securities L.P., Desjardins Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc. (collectively, with the Co-lead Underwriters, the "**Underwriters**") pursuant to an underwriting agreement dated as of May 7, 2018 between the Corporation and the Underwriters (the "**Underwriting Agreement**").

On May 2, 2018, the Corporation and 10643432 Canada Inc. ("**Acquisitionco**"), a wholly-owned subsidiary of the Corporation, entered into a definitive arrangement agreement (the "**Arrangement Agreement**") with Newfoundland Capital Corporation Limited ("**NCC**") whereby, subject to the terms and conditions of the Arrangement Agreement, the Corporation and Acquisitionco have agreed to acquire pursuant to a plan of arrangement (the "**Arrangement**") under the *Canada Business Corporations Act* (the "**CBCA**") all of the (i) Class A subordinate voting shares of NCC (the "**Class A Shares**") and (ii) Class B common shares of NCC (the "**Common Shares**", and together with the Class A Shares, the "**NCC Shares**") issued and outstanding immediately prior to the closing of the Arrangement (the "**Effective Date**"). Assuming the Arrangement becomes effective, the shareholders of NCC will receive $14.75 for each NCC Share held payable as follows: (i) between 0.14294 and 0.15371 of a Subordinate Share based on the total number of NCC Shares outstanding on the Effective Date and a deemed value per Subordinate Share of $10.29; and (ii) between $13.17 and $13.28 in cash for each NCC Share held. The Effective Date is expected to occur in the fourth quarter of 2018, and no later than May 2, 2019 or as may be provided in the Arrangement Agreement. See "Details of the Arrangement". This Prospectus includes consolidated financial statements of NCC that have been audited by Ernst & Young LLP and for which the consent of Ernst & Young LLP has been obtained. This Prospectus also contains other disclosure regarding NCC that is based on information filed by NCC with securities commissions in Canada. The fact that information has been obtained by the Corporation from NCC does not relieve the Corporation of any liability it may be found to have in the event the disclosure in this Prospectus based on such information were to contain a misrepresentation under applicable securities laws. See “Risk Factors — Risks Related to the Arrangement”.

Purchasers of Subscription Receipts who are “Canadian” (within the meaning of the CRTC Direction) will, upon satisfaction of the Escrow Release Condition and without payment of additional consideration or further action, receive Subordinate Voting Shares and purchasers of Subscription Receipts who are not “Canadian” (as defined under the CRTC Direction) will, upon satisfaction of the Escrow Release Condition and without payment of additional consideration or further action, receive Variable Subordinate Voting Shares. See “Plan of Distribution”. Subject to certain exceptions in respect of the voting and conversion rights attached to the Subordinate Shares in order to comply with the legal requirements of the CRTC Direction, the Subordinate Shares and the multiple voting shares of the Corporation (the “**Multiple Voting Shares**” and, together with the Subordinate Shares, the “**Shares**”) are substantially identical with the exception of the multiple voting, conversion and subscription rights attached to the Multiple Voting Shares. Each Subordinate Share is entitled to one vote (subject to certain restrictions in the case of the Variable Subordinate Voting Shares) and each Multiple Voting Share is entitled to ten votes on all matters. The Multiple Voting Shares are convertible into Subordinate Voting Shares on a one-for-one basis at any time at the option of the holders thereof and automatically in certain circumstances. The holders of Subordinate Shares benefit from protection provisions that give them certain rights in the event of a take-over bid for the Multiple Voting Shares. See “Description of Share Capital – Summary of Rights, Privileges, Restrictions and Conditions of the Multiple Voting Shares, the Subordinate Voting Shares and the Variable Subordinate Voting Shares”. Upon satisfaction of the Escrow Release Condition and exchange of the Subscription Receipts and the Private Placement Subscription Receipts (as defined herein) for Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable) and exchange of the Pre-emptive Subscription Receipts (as defined herein) for Multiple Voting Shares (assuming no exercise of the Over-Allotment Option and the Private Placement Option, both as defined herein), the Corporation’s issued and outstanding Shares will consist of 51,844,579 Subordinate Shares and 17,747,135 Multiple Voting Shares. See “Description of Share Capital”.

Upon closing of the Offering (the “**Offering Closing**”), the gross proceeds from the sale of the Subscription Receipts, less 50% of the Underwriters’ Fee (as defined herein), together with the gross proceeds from the sale of the Private Placement Subscription Receipts, less the 50% of the Capital Commitment Fee (as defined herein), and the gross proceeds from the sale of the Pre-emptive Subscription Receipts (together, the “**Escrowed Funds**”), and all interest thereon, will be held in separate accounts under the terms of the Subscription Receipt Agreement (as defined herein), the Private Placement Subscription Receipt Agreement (as defined herein) and the Pre-emptive Subscription Receipt Agreement (as defined herein), respectively, by AST Trust Company (Canada), as escrow agent (the “**Escrow Agent**”), and invested in short term obligations of, or guaranteed by, the Government of Canada, a province of Canada or a Canadian chartered bank with an S&P and Moody’s credit rating of A or A2, respectively, or higher (such obligations of, or guaranteed by, such a Canadian chartered bank, herein the “**Non-Governmental Investments**”), as directed in writing by the Corporation, the Private Placement Subscriber (as defined herein) or the purchasers of Pre-emptive Subscription Receipts, as applicable, pending the earlier of the satisfaction of the Escrow Release Condition (in the case of the Subscription Receipts, and the equivalent escrow release condition under the Private Placement Subscription Receipt Agreement in the case of the Private Placement Subscription Receipts and the equivalent escrow release condition under the Pre-emptive Subscription Receipt Agreement in the case of the Pre-emptive Subscription Receipts) and the occurrence of a Termination Event (as defined herein). The escrow release condition under the Private Placement Subscription Receipt Agreement and the Pre-emptive Subscription Receipt Agreement differs from the Escrow Release Condition. See “Description of the Subscription Receipts”.

While the Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts remain outstanding, holders thereof will be entitled to receive payments per Subscription Receipt, Private Placement Subscription Receipt and Pre-emptive Subscription Receipt, as the case may be, equal to the per Share cash dividends, if any, actually paid or payable to holders of Shares in respect of all record dates for dividends occurring from (and including) the date of the Offering Closing to, but excluding, the last day on which the Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts remain outstanding, to be paid to holders thereof concurrently with the payment of each such dividend on the Shares, paid first out of any remaining Earned Interest and then out of the Escrowed Funds (any such payment, a “**Dividend Equivalent Payment**”). The record date for each Dividend Equivalent Payment will be the same as the record date for the corresponding dividend declared on the Shares. Any Dividend Equivalent Payment will be made net of any applicable withholding taxes.

In the event that a Termination Event occurs after a dividend has been declared on the Shares but before the record date for such dividend, holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts will receive a *pro rata* Dividend Equivalent Payment in respect of such dividend declared on the Shares based on the ratio of the time between (i) the date of the prior Dividend Equivalent Payment (or, if none, the date of the Offering Closing) and the Termination Date (as defined herein) to (ii) the date of the prior Dividend Equivalent Payment (or, if none, the prior payment date for dividends on the Shares) and the dividend payment date for the dividend so declared. If a Termination Event occurs on a record date for a dividend or following a record date for a dividend but on or prior to the payment date for such dividend, holders will be entitled to receive the full Dividend Equivalent Payment.

Following the Effective Date, the former holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts will be entitled, as holders of Shares, to receive any dividends if, as and when declared by the Board of Directors (as defined herein) from time to time, and to vote and to all other rights available to holders of Shares. See "Description of Share Capital – Summary of Rights, Privileges, Restrictions and Conditions of the Multiple Voting Shares, the Subordinate Voting Shares and the Variable Subordinate Voting Shares - Dividends".

The declaration and payment of dividends on Shares by Stingray are at the sole discretion of its Board of Directors. Currently, dividends on Shares are payable on a quarterly basis. The next dividend is payable on June 15, 2018 to holders of record on May 31, 2018.

Provided that the Escrow Release Condition is satisfied prior to the occurrence of a Termination Event, the remaining Escrowed Funds (together with any remaining Earned Interest), less any amounts required to satisfy unpaid Dividend Equivalent Payments and the remainder of the Underwriters' Fee (the "**50% Underwriters' Fee**") and of the Capital Commitment Fee, will be released by the Escrow Agent to or as directed by Stingray and, assuming the closing of the Arrangement, will be used, directly or indirectly, to finance a portion of the NCC Consideration at the Effective Date and to pay fees and expenses incurred in connection with the Arrangement. See "Use of Proceeds" and "Financing the Arrangement".

If (i) the Escrow Release Condition is not satisfied or waived on or before the earlier of 5:00 p.m. (Montréal time) on May 2, 2019 (the "**Deadline**"), (ii) Stingray delivers notice to the Underwriters or announces to the public by way of news release that it no longer intends to complete the Arrangement, or (iii) the Arrangement Agreement is terminated in accordance with its terms prior to the Deadline for any reason (each of (i), (ii) and (iii) being a "**Termination Event**" and the date on which a Termination Event occurs being the "**Termination Date**"), the Escrow Agent will deliver to each holder of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts, commencing on the second (2nd) business day following the Termination Date, an amount equal to (x) the aggregate subscription price for such holder's Subscription Receipts, Private Placement Subscription Receipts or Pre-emptive Subscription Receipts, as the case may be, plus (y) any unpaid Dividend Equivalent Payments owing to such holder (the "**Termination Payment**"). The Termination Payment will be paid from the balance of the Escrowed Funds, together with any remaining Earned Interest, on the Termination Date provided that if the balance of the Escrowed Funds, together with any remaining Earned Interest, is insufficient to cover the full amount of the Termination Payment, Stingray will be required, under the Subscription Receipt Agreement, the Private Placement Subscription Receipt Agreement and the Pre-emptive Subscription Receipt Agreement, to pay to holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts the difference, if any, between the amount of Escrowed Funds, together with any remaining Earned Interest, on the Termination Date and the Termination Payment due to holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts. If any amount of Earned Interest on the Escrowed Funds remains unused after the full payment of the Termination Payment, it shall be paid by the Escrow Agent to or as directed by Stingray. See "Description of the Subscription Receipts".

For purposes of this Prospectus, "**Earned Interest**" means any interest or other income actually earned on the investment or reinvestment of the balance of the Escrowed Funds from and including the date on which the Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts are issued (for greater clarity, in respect of the proceeds of the Subscription Receipts or Private Placement Subscription Receipts issued upon exercise of the Over-Allotment Option or the Private Placement Option, from and including the date on which such Subscription Receipts or Private Placement Subscription Receipts are issued) to, but excluding, the earlier to occur of the satisfaction of the Escrow Release Condition and the Termination Date. "Earned Interest" will be held by the Escrow Agent, as escrow agent and bailee on behalf of the holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts in accordance with the terms of the Subscription Receipt Agreement, the Private Placement Subscription Receipt Agreement and the Pre-emptive Subscription Receipt Agreement.

There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell the Subscription Receipts purchased under this Prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts and the extent of issuer regulation. See "Risk Factors".

The outstanding Subordinate Voting Shares and Variable Subordinate Voting Shares are listed on the Toronto Stock Exchange (the "**TSX**") under the trading symbols "RAY.A" and "RAY.B", respectively. On May 1, 2018, the last trading day before the announcement of the Offering, the closing price of the Subordinate Voting Shares and the Variable Subordinate Voting Shares on the TSX was $10.88 and $10.85, respectively. The Corporation has applied to have the Subscription Receipts and the Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable) issuable pursuant to the terms of the Subscription Receipts listed on the TSX. The Corporation has also applied to have (i) the Subordinate Voting Shares issuable upon exchange of the Private Placement Subscription Receipts and (ii) the Subordinate Voting Shares issuable upon the conversion of the Multiple Voting Shares which are issuable upon exchange of the Pre-emptive Subscription Receipts, listed on the TSX. Listing is subject to the approval of the TSX in accordance with its original listing requirements.

Price: $10.40 per Subscription Receipt

	Price to the Public(1)	Underwriters' Fee(2)	Net Proceeds to the Corporation(3)(4)(5)
Per Subscription Receipt	$10.40	$0.416	$9.984
Total(4)(5)	$83,002,400	$3,320,096	$79,682,304

(1) The price of the Subscription Receipts was established by arm's length negotiation between the Corporation and the Underwriters, with reference to the prevailing market price of the Subordinate Shares.

(2) The Corporation has agreed to pay the Underwriters an aggregate cash fee equal to 4% of the gross proceeds of the Offering (the "**Underwriters' Fee**"), being $0.416 per Subscription Receipt. The Underwriters' Fee is payable as to 50% upon the Offering Closing and 50% upon satisfaction of the Escrow Release Condition. If a Termination Event occurs, the Underwriters' Fee for the Subscription Receipts will be reduced to the amount payable upon the Offering Closing. See "Plan of Distribution".

(3) Exclusive of the expenses of this Offering, which are estimated to be $965,000.

(4) The Corporation has granted the Underwriters a one-time unassignable Over-Allotment Option, exercisable in whole or in part at any time and from time to time not later than the earlier of (i) the 30th day following the date of the Offering Closing and (ii) the occurrence of a Termination Event, to purchase up to an additional 1,197,150 Subscription Receipts on the same terms and conditions of the Offering, to cover over-allocations, if any. If the Over-Allotment Option is exercised in full, the "Price to the Public", the "Underwriters' Fee" and the "Net Proceeds to the Corporation" will be $95,452,760, $3,818,110 and $91,634,650, respectively. This Prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Subscription Receipts, as the case may be, offered upon the exercise of the Over-Allotment Option. A purchaser who acquires Subscription Receipts forming part of the over-allocation position acquires such Subscription Receipts under this Prospectus regardless of whether the over-allocation position is filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

(5) The aggregate net proceeds of the Offering, the Concurrent Private Placement (as defined herein) and the Pre-emptive Rights Exercise (as defined herein) to the Corporation (excluding any Earned Interest and not factoring any Dividend Equivalent Payments) will be $132,226,406, after deducting the Underwriters' Fee of $3,320,096 (of which 50% is payable upon satisfaction of the Escrow Release Condition), the estimated expenses of the Offering of $965,000 and the Capital Commitment Fee of $1,599,978 (of which 50% is payable upon satisfaction of the Escrow Release Condition). If the Over-Allotment Option and the Private Placement Option are exercised in full, the aggregate net proceeds of the Offering, the Concurrent Private Placement and the Pre-emptive Rights Exercise to the Corporation (excluding any Earned Interest and not factoring any Dividend Equivalent Payments) will be $149,938,671, after deducting the Underwriters' Fee of $3,818,110 (of which 50% is payable upon satisfaction of the Escrow Release Condition), the estimated expenses of the Offering of $965,000 and the Capital Commitment Fee of $1,839,974 (of which 50% is payable upon satisfaction of the Escrow Release Condition).

The following table sets forth the number of Subscription Receipts that may be offered by the Corporation pursuant to the Over-Allotment Option:

Underwriters' Position	Maximum Size or Number of Securities Held	Exercise Period	Exercise Price
Over-Allotment Option	Option to purchase up to 1,197,150 Subscription Receipts	Commencing on the date of the Offering Closing and ending not later than the earlier of (i) the 30th day following the Offering Closing, and (ii) the occurrence of a Termination Event	$10.40 per Subscription Receipt

The Corporation has entered into a subscription agreement (the "**Subscription Agreement**") with CDP Investissements inc. (the "**Private Placement Subscriber**"), a wholly-owned subsidiary of Caisse de dépôt et placement du Québec, pursuant to which the Corporation has agreed, among other things, to complete a private placement with the Private Placement Subscriber concurrently with the completion of the Offering (the "**Concurrent Private Placement**"). Pursuant to the Subscription Agreement, the Private Placement Subscriber has agreed to purchase an aggregate of 3,846,100 subscription receipts of Stingray (the "**Private Placement Subscription Receipts**") at a price of $10.40 per Private Placement Subscription Receipt for aggregate gross proceeds to the Corporation of $39,999,440. The Private Placement Subscriber will be entitled to a capital commitment fee equal to 4% of the aggregate subscription price for the Private Placement Subscription Receipts purchased by the Private Placement Subscriber payable as to 50% upon the closing of the Concurrent Private Placement and 50% upon satisfaction of the escrow release condition under the Private Placement Subscription Receipt Agreement (the "**Capital Commitment Fee**"). Pursuant to the Subscription Agreement, the Corporation has granted the Private Placement Subscriber an option (the "**Private Placement Option**"), exercisable at the same time as the exercise of the Over-Allotment Option by the Underwriters, to purchase up to an additional 576,915 Private Placement Subscription Receipts on the same terms and conditions of the Concurrent Private Placement. No commission or other fee will be paid to the Underwriters or any other underwriter or agent in connection with the Concurrent Private Placement. This Prospectus does not qualify the distribution of the Private Placement Subscription Receipts. The Private Placement Subscription Receipts and the underlying Subordinate Voting Shares issuable pursuant to the Private Placement Subscription Receipts will be subject to a statutory four-month hold period from the closing of the Concurrent Private Placement. Completion of the Concurrent Private Placement is subject to a number of conditions, including the approval of the TSX, the concurrent closing of the Pre-emptive Rights Exercise for a minimum of $15 million and the concurrent closing of the Offering. Closing of the Concurrent Private Placement will be concurrent to the closing of the Offering and the closing of the Pre-emptive Rights Exercise. See “Financing the Arrangement – Concurrent Private Placement”.

Completion of the Offering is conditional upon the concurrent closing of the Concurrent Private Placement. However, the Co-lead Underwriters, on behalf of the Underwriters, have the ability to waive such condition if the Concurrent Private Placement does not close, in which case, the Offering could close without the concurrent closing of the Concurrent Private Placement.

As a result of the Offering and the Concurrent Private Placement, the holders of Multiple Voting Shares will be issued Rights to Subscribe (as defined herein) for that number of subscription receipts of Stingray (the “**Pre-emptive Subscription Receipts**”) exchangeable into Multiple Voting Shares, which carry, in the aggregate, a number of voting rights sufficient to fully maintain the total voting rights (on a fully-diluted basis) associated with the then outstanding Multiple Voting Shares. See “Description of Share Capital – Summary of Rights, Privileges, Restrictions and Conditions of the Multiple Voting Shares, the Subordinate Voting Shares and the Variable Subordinate Voting Shares – Subscription Rights”. Each Pre-emptive Subscription Receipt entitles the holder thereof to receive, upon the satisfaction of the Escrow Release Condition and without payment of additional consideration or further action, one Multiple Voting Share for each Pre-emptive Subscription Receipt held. Certain members of the Boyko Group (as defined herein) have indicated to Stingray their intention of exercising 1,452,850 Subscription Rights for the purchase of the corresponding number of Pre-emptive Subscription Receipts (the “**Pre-emptive Rights Exercise**”) at a price of $10.40 per Pre-emptive Subscription Receipt for aggregate proceeds to the Corporation of $15,109,640. No commission or other fee will be paid to the Underwriters or any other underwriter or agent in connection with the Pre-emptive Rights Exercise. This Prospectus does not qualify the distribution of the Pre-emptive Subscription Receipts. The Pre-emptive Subscription Receipts and the underlying Multiple Voting Shares issuable pursuant to the Pre-emptive Subscription Receipts will be subject to a statutory four-month hold period from the closing of the Pre-emptive Rights Exercise. Closing of the Pre-emptive Rights Exercise will be concurrent to the closing of the Offering and the closing of the Concurrent Private Placement. See “Financing the Arrangement – Pre-emptive Rights Exercise”.

The Underwriters, as principals, conditionally offer the Subscription Receipts qualified under this Prospectus, subject to prior sale, if, as and when issued by the Corporation and delivered to and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution” and subject to approval of certain legal matters on behalf of the Corporation by Davies Ward Phillips & Vineberg LLP and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP.

An investment in the Subscription Receipts is speculative and involves a degree of risk. Purchasers should carefully consider the risk factors described in this Prospectus and in the documents incorporated by reference herein in connection with making an investment in the Subscription Receipts. See “Risk Factors” and “Forward Looking Information”.

Subject to applicable laws, in connection with the Offering, the Underwriters may over-allocate or effect transactions intended to stabilize or maintain the market price of the Subscription Receipts at levels other than those that might otherwise prevail on the open market. See “Plan of Distribution”. **After the Underwriters have made reasonable efforts to sell the Subscription Receipts at the offering price referred to above, the Underwriters may offer the Subscription Receipts offered under this Prospectus to the public at prices lower than the offering price referred to above. Any such reduction will not affect the proceeds received by the Corporation. See “Plan of Distribution”.**

Subscriptions for Subscription Receipts will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. The Subscription Receipts will be registered and deposited directly with CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee pursuant to the book-based system administered by CDS, and will be held by, or on behalf of, CDS, as depositary of the Subscription Receipts for the participants of CDS, on a non-certificated basis and no certificates evidencing Subscription Receipts will be issued to purchasers thereof. Purchasers of Subscription Receipts will receive only a customer confirmation or statement from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Subscription Receipts is purchased. The Offering Closing is expected to occur on May 23, 2018, or such later date as the Corporation and the Underwriters may agree, but in any event not later than June 8, 2018. See “Description of the Subscription Receipts” and “Plan of Distribution”.

Potential purchasers are advised to consult their own legal counsel and other professional advisors in order to assess income tax, legal and other aspects of this investment.

Each of NBF, BMO Capital Markets, CIBC World Markets Inc. and TD Securities Inc. is a subsidiary of a Canadian chartered bank that has made credit facilities available to the Corporation. Accordingly, in connection with the Offering and pursuant to applicable securities legislation, the Corporation may be considered a “connected issuer” of each of NBF, BMO Capital Markets, CIBC World Markets Inc. and TD Securities Inc. See “Relationship between the Corporation and Certain Underwriters”.

Our head office and registered office is located at 730 Wellington Street, Montréal, Québec, H3C 1T4.

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GENERAL MATTERS

As used in this Prospectus, unless the context indicates or requires otherwise, the terms “Stingray”, “Corporation”, “we”, “us” and “our” mean Stingray Digital Group Inc., our subsidiaries and predecessors.

Prospective investors should rely only on the information contained in or incorporated by reference in Prospectus. Neither the Corporation nor the Underwriters have authorized any person to provide information that differs from the information contained herein. If anyone provides prospective investors with additional or different or inconsistent information, including information or statements in media articles about the Corporation and the Arrangement, prospective investors should not rely on it.

The Subscription Receipts being offered for sale under this Prospectus may only be sold in those jurisdictions in which offers and sales of such securities are permitted. This Prospectus is not an offer to sell or a solicitation of an offer to buy the Subscription Receipts in any jurisdiction where it is unlawful. The information contained in this Prospectus is accurate only as of the date of this Prospectus, regardless of the time of delivery of this Prospectus or of any sale of the Subscription Receipts.

All references in this Prospectus to “management” are to the persons who are executive officers of the Corporation. All statements in this Prospectus made by or on behalf of management are made in such persons’ capacities as executive officers of the Corporation and not in their personal capacities.

In this Prospectus, all references to “$” are to the lawful currency of Canada and all dollar amounts herein are in Canadian dollars, unless otherwise indicated.

In this Prospectus and in the documents incorporated by reference herein, Pay-TV subscriber data is compiled by Stingray through information furnished by each of our Pay-TV provider customers on a monthly basis and the number of individuals having access to our services is estimated using data provided by Vision Critical through quarterly surveys commissioned by Stingray.

Capitalized terms used in this Prospectus are defined in the “Glossary of Terms”.

MARKET AND INDUSTRY DATA

We have obtained the market and industry data presented in this Prospectus and in the documents incorporated by reference herein from a combination of third-party sources and the estimates of management. Although we believe that these third-party sources and our management estimates are reliable, the accuracy and completeness of such data have not been verified by any independent sources. Market and industry data, including estimates and projections relating to size of market and market share, is inherently imprecise and cannot be verified due to limitations on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations inherent in any market research or other survey. Management’s estimates are based on internal research, its knowledge of the relevant market and industry and extrapolations from third-party sources. While we are not aware of any misstatements regarding the market and industry data presented in this Prospectus, such data involve risks and uncertainties and are subject to change based on various factors, including those factors discussed under “Forward-Looking Information” and “Risk Factors” in this Prospectus and in the documents incorporated by reference herein.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporation's Corporate Secretary at 730 Wellington Street, Montréal, Québec, H3C 1T4, telephone 514-664-1244. These documents may also be obtained over the Internet under our profile at the Canadian Securities Administrators' website ("**SEDAR**") at www.sedar.com.

Certain information in this Prospectus pertaining to NCC, including, but not limited to, information pertaining to NCC under the headings "NCC", "Rationale for the Arrangement" and "Details of the Arrangement" has been filed with securities commissions or similar authorities in Canada, all or parts of which are expressly incorporated by reference into this Prospectus. While the Corporation and the Underwriters have no reason to believe the information taken from the public disclosure record is misleading, untrue or incomplete, they cannot assure the accuracy or completeness of such information nor can they compel NCC to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to the Corporation or the Underwriters.

The following documents, filed with the securities commissions or similar authorities in each of the provinces and territories of Canada are specifically incorporated by reference into and form an integral part of this Prospectus:

- the annual information form of the Corporation dated June 8, 2017 for the fiscal year ended March 31, 2017 (the "**2017 AIF**");
- the audited consolidated financial statements of the Corporation, for the years ended March 31, 2017 and 2016, together with the notes thereto and the independent auditors' report thereon;
- management's discussion and analysis of the Corporation for the fiscal year ended March 31, 2017 (the "**2017 MD&A**");
- the unaudited interim consolidated financial statements of the Corporation, for the nine-month period ended December 31, 2017, together with the notes thereto (the "**Interim Financial Statements**");
- management's discussion and analysis of the Corporation for the nine-month period ended December 31, 2017 (the "**December 31, 2017 MD&A**");
- the management information circular of the Corporation dated June 19, 2017 distributed in connection with the Corporation's annual meeting of shareholders held on August 2, 2017;
- the material change report dated May 4, 2017 with respect to the appointment of Valéry Zamuner as Senior Vice-President, Mergers, Acquisitions & Strategic Initiatives;
- the material change report dated October 6, 2017 with respect to an offering of up to 5,000,200 Subordinate Shares at a price of $9.20 per share;
- the "template version" (as such term is defined in National Instrument 41-101 – *General Prospectus Requirements*) of: (i) the term sheet for the Offering dated May 2, 2018 (the "**Term Sheet**"); and (ii) the investor presentation for the Offering dated May 2, 2018, as amended May 4, 2018 (the "**Investor Presentation**", and together with the Term Sheet, the "**Marketing Materials**"); and
- the material change report dated May 4, 2018 with respect to the Arrangement, Offering and Concurrent Private Placement.

The following documents of NCC, which have been filed with the securities commissions or similar authorities in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, and Newfoundland and Labrador by NCC under its SEDAR profile are specifically incorporated by reference into and form an integral part of this Prospectus:

- the audited consolidated financial statements of NCC, for the years ended December 31, 2017 and 2016, together with the notes thereto and the independent auditors' report thereon (the "**NCC Financial Statements**").

Any documents of the foregoing type, and all other documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, which may be filed by the Corporation with a securities commission or similar regulatory authority in Canada after the date of this Prospectus and before completion or withdrawal of the Offering will be deemed to be incorporated by reference into this Prospectus.

Notwithstanding anything herein to the contrary, any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of

this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which is also incorporated or deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall thereafter neither constitute, nor be deemed to constitute, a part of this Prospectus, except as so modified or superseded.

MARKETING MATERIALS

The Marketing Materials and any other "template version" of any "marketing materials" (as such terms are defined in National Instrument 41-101—*General Prospectus Requirements*) do not form part of this Prospectus to the extent that their contents have been modified or superseded by a statement contained in this Prospectus. Any "template version" of any "marketing materials" pertaining to the Offering that is filed by us with any securities regulatory authority in Canada after the date of this Prospectus and before the termination of the distribution under the Offering is deemed to be incorporated by reference in this Prospectus.

FORWARD-LOOKING INFORMATION

This Prospectus contains forward-looking information within the meaning of applicable Canadian securities laws, including regarding the Arrangement. This forward-looking information includes, but is not limited to, statements with respect to management's expectations regarding the future growth, results of operations, performance and business prospects of the Corporation, statements with respect to the expected timing and completion of the Acquisition, and statements with respect to the anticipated benefits of the Arrangement and Stingray's ability to successfully integrate NCC's business, which include, without limitation, cost saving synergies, future revenues, economic performance, accretion to net income per share, accretion to adjusted free cash flow, leverage post-Arrangement, management strategy and growth prospect following the Arrangement. This Prospectus also contains forward-looking information with respect to the Offering, the Concurrent Private Placement, the Pre-emptive Rights Exercise and the indebtedness to be incurred under New Credit Facilities (as defined herein) as well as the aggregate purchase price payable in connection with the Arrangement. This forward-looking information relates to, among other things, our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimations and intentions, and may also include other statements that are predictive in nature, or that depend upon or refer to future events or conditions. Statements with the words "could", "expect", "may", "will", "anticipate", "assume", "intend", "plan", "believes", "estimates", "guidance", "foresee", "continue" and similar expressions are intended to identify statements containing forward looking information, although not all forward-looking statements include such words. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events.

Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include, but are not limited to the following risk factors described in greater detail under "Risk Factors" in this Prospectus and in the documents incorporated by reference herein: the use of the net proceeds from the Offering, the Concurrent Private Placement and the Pre-emptive Rights Exercise; the timing and completion of the Offering, Concurrent Private Placement, the Pre-emptive Rights Exercise and the Arrangement; increases in royalties or restricted access to music rights; our dependence on Pay-TV providers; the rapidly evolving audio and video entertainment industry; competition from other content providers; the expansion of our operations into international markets; our rapid growth and our growth strategy; our acquisitions, business combinations and joint ventures; our dependence on key personnel; exchange rate fluctuations; economic and political instability in emerging countries; royalty calculation methods; rapid technological and industry changes; unavailability of additional funding; failure to generate cash revenues; reliance on our credit facilities; costly and protracted litigation in defence of copyrighted content; our inability to protect our proprietary technology; our reliance on third party hardware, software and related services; our inability to maintain our corporate culture; unfavourable economic conditions; our exposure to foreign privacy and data security laws; unauthorized and pirated music and video content; natural catastrophic events and interruption by man-made problems; additional income tax liabilities; maintaining our reputation; litigation and other claims; credit risk; liquidity risk; failure to comply with CRTC requirements; failure to maintain or renew our CRTC licences; the increase in broadcasting licence fees payable by us; unfavourable changes in government regulation affecting our industry; the absence of an existing market for the Subscription Receipts; the fluctuation of the prices of the Subscription Receipts and of the underlying Subordinate Shares issuable pursuant to the terms of the Subscription Receipts; the expenses we will incur as a result of the Offering; the significant ownership in the Corporation by the Principal Shareholders; the future sales of Subordinate Shares by the Principal Shareholders, directors, officers and senior management; the dilution in the net tangible book value of the Subordinate Shares; actual cash flow results differing from expectations; arrival of competing pay-audio licenced undertakings; securities or industry analysts' research or reports impacting the price of the Subscription Receipts and of the underlying Subordinate Shares issuable pursuant to the terms of the Subscription Receipts; the possible failure to successfully integrate NCC with the Corporation's business; failure to close the Arrangement; loss of certain key personnel of NCC; failure to obtain the necessary financing to complete the Arrangement; failure to obtain the necessary regulatory approvals to complete the Arrangement; increased indebtedness; the assumption of unknown liabilities associated with the Arrangement; the assumption of pension and other employee benefit obligations from NCC; the information provided by NCC not being accurate or complete; and changes in the terms of the Arrangement.

In addition, if any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Prospectus. Such assumptions include, but are not limited to, the following: our ability to generate sufficient revenue while controlling our costs and expenses; our ability to manage our growth effectively; the absence of material adverse changes in our industry or the global economy; trends in our industry and markets; the absence of any changes in law, administrative policy or regulatory requirements applicable to our business, including any change to our licences with the CRTC; minimal changes to the distribution of the pay audio services by Pay-TV providers in light of recent CRTC policy decisions; our ability to manage risks related to international expansion; our ability to maintain good business relationships with our clients, agents and partners; our ability to expand our sales and distribution infrastructure and our marketing; our ability to develop products and technologies that keep pace with the continuing changes in technology, evolving industry standards, new product introductions by competitors and changing client preferences and requirements; our ability to protect our technology and intellectual property rights; our ability to manage and integrate acquisitions; our ability to retain key personnel; and our ability to raise sufficient debt or equity financing to support our business growth. In relation to the Arrangement, the Corporation makes the following material assumptions, without limitation: availability of capital resources, strength of market conditions, customer demand and satisfactory of customary closing conditions, including CRTC and competition approval. If these assumptions are inaccurate, the Corporation's or the combined entity's actual results could differ materially from those expressed or implied in such forward-looking statements. Accordingly, prospective purchasers are cautioned not to place undue reliance on such statements.

All of the forward-looking information in this Prospectus is qualified by these cautionary statements. Statements containing forward-looking information included in this Prospectus are made only as of the date hereof and in a document incorporated by reference in this Prospectus are made only as of the date of such document. The Corporation expressly disclaims any obligation to update or alter statements containing any forward-looking information, or the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law.

Before making any investment decision in respect of the Subscription Receipts and for a detailed discussion of the risks and uncertainties associated with the Corporation's business, its operations and its financial targets, performance and condition and the material factors and assumptions underlying the forward-looking information herein and therein, fully review the disclosure incorporated by reference in this Prospectus and the risks referenced under "Risk Factors" in this Prospectus and in the documents incorporated by reference herein.

CAUTION REGARDING UNAUDITED *PRO FORMA* CONDENSED CONSOLIDATED FINANCIAL INFORMATION

This Prospectus contains unaudited *pro forma* consolidated financial information of the Corporation, consisting of the unaudited *pro forma* condensed consolidated statements of financial position as at December 31, 2017, and the unaudited *pro forma* condensed consolidated statements of earnings (loss) and comprehensive income (loss) for the nine-month period ended December 31, 2017 and twelve-month period ended March 31, 2017. Such unaudited *pro forma* consolidated financial information has been prepared using certain of the Corporation's consolidated financial statements as well as the NCC Financial Statements as more particularly described in the notes to such unaudited *pro forma* consolidated financial information. In preparing such unaudited *pro forma* consolidated financial information, the Corporation has had limited access to the books and records of NCC and is not in a position to independently assess or verify the information provided by NCC, including the NCC Financial Statements that were used to prepare the unaudited *pro forma* consolidated financial information. Such information is not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Actual results may differ from those presented in the unaudited *pro forma* consolidated financial information. In preparing such information, no adjustments have been made to reflect operating synergies, revenue opportunities and cost savings that could result from the operations of the combined company. The unaudited *pro forma* consolidated financial information excludes acquisition costs. Since such information has been developed to retroactively show the effect of transactions that have or are expected to occur at a later date (even though this was accomplished by following generally accepted practice using reasonable assumptions), there are limitations inherent in the very nature of pro forma information. The information contained in the unaudited *pro forma* consolidated financial information is therefore subject to the limitations and the disclaimers set forth in the notes to such information. Undue reliance should not be placed on such information. See the notes to the unaudited *pro forma* condensed consolidated financial statements of the Corporation and "Risk Factors".

IFRS AND NON-IFRS FINANCIAL MEASURES

The annual consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and are stated in Canadian dollars.

This Prospectus may contain some of the following non-IFRS financial measures: Adjusted EBITDA, Adjusted Net income and Adjusted Net income per share, Adjusted free cash flow, Net debt and Adjusted EBITDA to Net debt. The Corporation believes that Adjusted EBITDA and Adjusted EBITDA margin are important measures when analyzing its operating profitability without being influenced by financing decisions, non-cash items and income taxes strategies. Comparison with peers is also easier as companies rarely have the same capital and financing structure. The Corporation believes that Adjusted Net income and Adjusted Net income per share are important measures as it demonstrates its core bottom-line profitability. The Corporation believes that Adjusted free cash flow is an important measure when assessing the amount of cash generated after accounting for capital expenditures and non-core charges. It demonstrates cash available to make business acquisitions, pay dividends and reduce debt. The Corporation believes that Net debt including and excluding contingent considerations and Net debt to Adjusted EBITDA are important measures when analyzing the significance of debt on the Corporation's statement of financial position. Each of these non-IFRS financial measures is not an earnings or cash flow measure recognized by IFRS and does not have a standardized meaning prescribed by IFRS. Our method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, our definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that non-IFRS financial measures should not be construed as an alternative to net income determined in accordance with IFRS as indicators of our performance or to cash flows from operating and investing activities as measures of liquidity and cash flows.

Please refer to the Corporation's Management Discussion and Analysis for the year ended December 31, 2017 and for the nine-month period ended December 31, 2017 incorporated by reference in the Prospectus and available on SEDAR at www.sedar.com for the definitions of all non-IFRS financial measures and additional IFRS measures and, when applicable, a clear quantitative reconciliation from the non-IFRS financial measures to the most directly comparable measure calculated in accordance with IFRS.

ELIGIBILITY FOR INVESTMENT

In the opinion of Davies Ward Phillips & Vineberg LLP, counsel to the Corporation, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters (collectively, "**Counsel**"), based on the current provisions of the Tax Act in force as of the date hereof, the Subscription Receipts and the Subordinate Shares issuable pursuant to the terms of the Subscription Receipts (collectively, the "**Offered Securities**") will each be a qualified investment under the Tax Act at the time of their acquisition by a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a deferred profit sharing plan, a registered education savings plan ("**RESP**"), a registered disability savings plan ("**RDSP**"), or a tax free savings account ("**TFSA**"), each as defined in the Tax Act (each a "**Deferred Plan**") provided that, at the time of the acquisition by the relevant Deferred Plan, (i) in the case of Subscription Receipts, either the Subscription Receipts are listed on a "designated stock exchange" as defined in the Tax Act (which includes the TSX) at that time, or the following three conditions are satisfied: (a) the Subordinate Shares are listed on a designated stock exchange at the time of the acquisition by the relevant Deferred Plan, and they remain so listed until the time at which the Subordinate Shares are issued pursuant to the Subscription Receipt Agreement, (b) neither the Corporation nor any person with whom the Corporation does not deal at arm's length for purposes of the Tax Act is an annuitant, a beneficiary, an employer, a subscriber under or a holder of, the particular Deferred Plan and (c) the Escrowed Funds are invested in qualified investments for the Deferred Plans, and (ii) in the case of Subordinate Shares, the Subordinate Shares are listed on a designated stock exchange at that time or the Corporation is a "public corporation" as defined in the Tax Act.

Notwithstanding that the Offered Securities may be a qualified investment for the Deferred Plans, the holder of a TFSA or a RDSP, annuitant of a RRSP or RRIF, or the subscriber of an RESP, as the case may be, may be subject to a penalty tax if such Offered Securities are a "prohibited investment" within the meaning of the Tax Act. The Offered Securities will generally not be a "prohibited investment" for a trust governed by a TFSA, RRSP, RDSP, RESP or RRIF unless the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber of an RESP, as applicable, (i) does not deal at arm's length with the Corporation for purposes of the Tax Act or (ii) has a "significant interest" in the Corporation as defined in the prohibited investment rules in the Tax Act. In addition, the Subordinate Shares will not be a "prohibited investment" if the Subordinate Shares are "excluded property" as defined in the Tax Act for purposes of the prohibited investment rules.

Prospective purchasers who intend to hold the Offered Securities in their Deferred Plans should consult their own tax advisors regarding their particular circumstances.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus. Please refer to the “Glossary of Terms” beginning on page 60 of this Prospectus for a list of defined terms used herein.

STINGRAY DIGITAL GROUP INC.

Stingray is a leading B2B multi-platform music and in-store media solutions provider operating on a global scale. We broadcast high quality music and video content on a number of platforms including digital cable TV, satellite TV, Internet Protocol television (“**IPTV**”), the Internet, mobile devices and game consoles. We reach an estimated 400 million subscribers (or households) and deploy our broadcast music, short and long-form television channels, karaoke products, and commercial music across 156 countries as well as over 78,000 commercial establishments across Canada, Australia and Mexico, including business offices, retail stores, restaurants, hotels and other commercial establishments. Stingray is headquartered in Montréal, Canada, and employs over 400 professionals and support staff across the world, including in the United States, the United Kingdom, the Netherlands, Israel, Australia, and Singapore.

Stingray delivers a first-class experience to entertainment content providers and commercial clients worldwide, which is driven by our customizable capabilities and wide array of multiplatform music products, all of which are fully curated by experts across the globe. Stingray’s distribution model is focused on providing high quality music content through a multitude of platforms, in exchange for a payment on a recurring and contractual basis. Revenue from our music broadcasting and television channels business is principally generated either on a payment per subscriber basis or a video-on-demand (VOD) basis. Our business model is based on a non-interactive, linear business model resulting in what management believes to be a more advantageous rights structure compared to other service providers operating on an interactive and B2C business model, such as Apple Music and Spotify. Revenue from our Commercial Music business is generated on a monthly subscription fee per location.

THE ARRANGEMENT

On May 2, 2018, the Corporation and Acquisitionco, a wholly-owned subsidiary of the Corporation, entered into the Arrangement Agreement with NCC whereby the Corporation and Acquisitionco will acquire all of the NCC Shares issued and outstanding immediately prior to the Effective Date. See “Details of the Arrangement”.

NEWFOUNDLAND CAPITAL CORPORATION LIMITED

NCC 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, NCC, through wholly-owned subsidiaries, invested in a variety of businesses. At the end of 1996, NCC embarked on a program of strategic divestitures in order to enhance shareholder value by focusing on its core communications properties, particularly in its broadcasting division. By 2002, NCC had sold all of its non-broadcasting assets with the exception of a hotel operation in Corner Brook, Newfoundland and Labrador and some minor non-broadcasting real estate holdings.

NCC operates in the radio broadcasting industry and broadcasts in a variety of formats based on knowledge of each market’s needs. NCC owns Newcap Inc. which operates under the name “Newcap Radio”, one of Canada’s leading radio broadcasters with 101 licences across Canada. NCC reaches millions of listeners each week through a variety of formats and is a recognized industry leader in radio programming, sales and networking. NCC has 82 FM and 19 AM licences spanning the country, with concentrations in Alberta (30 radio stations) and in Newfoundland and Labrador (12 radio stations). NCC holds the second largest number of commercial radio licences in Canada. It is headquartered in Dartmouth, Nova Scotia and employs approximately 800 radio professionals, nationwide.

RATIONALE FOR THE ARRANGEMENT

The Corporation believes the Arrangement represents a unique and strategic acquisition opportunity, as NCC operates one of Canada’s leading radio broadcasters, “Newcap Radio”, which holds 101 terrestrial radio licences across seven provinces. Stingray believes that “Newcap Radio”, as well as NCC’s other radio broadcasting industry assets, will complement Stingray’s current position as a leading B2B multi-platform music and in-store media solutions provider, expanding its high quality music and video content platforms, currently consisting of digital cable TV, satellite TV, IPTV, the Internet, mobile devices and game consoles, to include radio broadcasting. In addition, with 72 NCC radio stations available through online and mobile applications, the Arrangement will allow Stingray to further strengthen its high quality online and mobile music broadcasting platform.

The following are the highlights of the Arrangement:

The Arrangement provides a unique opportunity to create Canada's largest public independent media company

NCC possesses a prominent broadcasting platform of 72 terrestrial radio stations and 29 repeat stations available nationally through the web and mobile apps. Management believes that, as a result of the Arrangement, Stingray will further cement its position as a leading independent Canadian multi-platform music provider across radio, digital cable TV, IPTV and other digital media platforms. This transaction will help to strengthen Stingray's position as one of the leading independent music businesses in the Canadian media landscape while increasing its reach by millions of weekly listeners across Canada. Furthermore, the Arrangement will provide a national promotion platform to accelerate Stingray's mobile subscriber growth, a new channel to promote Stingray's SVOD products and specialty TV channels.

The Arrangement diversifies Stingray's revenue profile with complementary advertising revenues

As a result of the Arrangement, Stingray's combined platform will benefit from a balanced mix of revenues from telecommunications companies, cable companies, commercial music (retailers) and national and local advertising. NCC's advertising client base and sales force is expected to grow Stingray's specialty TV channels advertising revenues and will provide Stingray instant access to an experienced advertising sales team and existing national and local client base. Furthermore, management expects approximately $5 million incremental advertising revenues within 18 to 24 months following the closing of the Arrangement.

NCC possesses compelling attributes

NCC is currently the No. 2 private radio player in Canada by number of radio stations and No. 3 by revenue. NCC is an established radio broadcast operator that benefits from a coast-to-coast platform with a presence in seven (7) provinces providing stable returns and best-in-class operating metrics. NCC is led by Ian S. Lurie, its Chief Operating Officer, and a seasoned management team, comprised of experienced and knowledgeable team members with diverse backgrounds and broad experiences.

The Arrangement is expected to provide cost synergies and cross-selling opportunities

Stingray has a proven track record of having successfully integrated businesses through 36 acquisitions. Management estimates annual cost savings synergies of approximately $8 million to be achieved over a 12-month period following the closing of the Arrangement. Synergies are expected to be generated mainly from head office cost reductions and public company cost savings. The Arrangement will provide Stingray access to an experienced adverting sales team as well as an existing national and local client base. Management believes that the Arrangement will create an opportunity to cross-sell Stingray's products across a well-established retail client base, comprised, amongst others, of restaurant chains, grocery stores, purveyors of consumer stables, car dealerships, telecommunications companies, and financial institutions. Management estimates approximately $5 million incremental advertising revenues within 18 to 24 months following the Effective Date.

The Arrangement is expected to bolster Stingray's financial profile to accelerate its acquisition strategy

Management views the Arrangement as representing an attractive opportunity for Stingray to further drive its growth by adding significant scale and increasing its Net income, Adjusted EBITDA, Cash flow from operating activities and Adjusted free cash flow. The creation of a further diversified music broadcasting platform is expected to be significantly accretive (more than 30% within the first fiscal year of operations after closing of the Arrangement) to Net income per share and Adjusted Net income per share. The Arrangement is expected to generate robust Cash flow from operating activities and Adjusted free cash flow to support Stingray's growth and dividend policy, and its underlying business strategy of expanding and diversifying its client base and partner base, developing new products, technologies, and digital platforms, and continuing to pursue strategic acquisitions.

See "Risk Factors".

THE OFFERING

Offering:	7,981,000 Subscriptions Receipts (9,178,150 Subscription Receipts, assuming full exercise of the Over-Allotment Option).
Price:	$10.40 per Subscription Receipt.
Gross Proceeds of the Offering:	$83,002,400 from the offering of the Subscription Receipts ($95,452,760 assuming full exercise of the Over-Allotment Option).
Concurrent Private Placement:	The Corporation has entered into the Subscription Agreement with the Private Placement Subscriber pursuant to which the Corporation has agreed, among other things, to complete a private placement with the Private Placement Subscriber concurrently with the completion of the Offering. Pursuant to the Subscription Agreement, the Private Placement Subscriber has agreed to purchase an aggregate of 3,846,100 Private Placement Subscription Receipts (4,423,015 Subscription Receipts, assuming full exercise of the Private Placement Option) at a price of $10.40 per Private Placement Subscription Receipt for aggregate gross proceeds to the Corporation of $39,999,440 ($45,999,356 assuming full exercise of the Private Placement Option). See "Financing the Arrangement – Concurrent Private Placement". Completion of the Offering is conditional upon the concurrent closing of the Concurrent Private Placement. However, the Co-lead Underwriters, on behalf of the Underwriters, have the ability to waive such condition if the Concurrent Private Placement does not close, in which case, the Offering could close without the concurrent closing of the Concurrent Private Placement. See "Risks Factors – Risks relating to the Offering – The Concurrent Private Placement may not be completed".
Pre-emptive Rights Exercise:	Certain members of the Boyko Group have indicated to Stingray their intention of exercising 1,452,850 Subscription Rights for the purchase of the corresponding number of Pre-emptive Subscription Receipts at a price of $10.40 per Pre-emptive Subscription Receipt for aggregate proceeds to the Corporation of $15,109,640. See "Financing the Arrangement – Pre-emptive Rights Exercise".
Use of Proceeds:	The Corporation intends to use the net proceeds of the Offering, the Concurrent Private Placement and the Pre-emptive Rights Exercise to finance a portion of the NCC Consideration (as defined herein) at the Effective Date and to pay fees and expenses incurred in connection with the Arrangement. See "Use of Proceeds" and "Financing the Arrangement". The gross proceeds from the sale of the Subscription Receipts, less 50% of the Underwriters' Fee, together with the gross proceeds from the sale of the Private Placement Subscription Receipts, less the 50% of the Capital Commitment Fee, and the gross proceeds from the sale of the Pre-emptive Subscription Receipts will be held in escrow until the satisfaction of the Escrow Release Condition and other conditions for the exchange of the Subscription Receipts, the Private Placement Subscription Receipts and the Pre-emptive Subscription Receipts. See "Financing the Arrangement" and "Description of the Subscription Receipts".
Listing and Trading:	Concurrently with the filing of this Prospectus, the Corporation has made an application to the TSX for conditional approval of the listing of the Subscription Receipts and the Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable) issuable pursuant to the terms of the Subscription Receipts. Such listing is subject to the Corporation fulfilling all of the listing requirements of the TSX.

Offering Closing Date:	On or about May 23, 2018.
Investment of Escrowed Funds:	The Escrowed Funds will be held by the Escrow Agent and invested in short term obligations of, or guaranteed by, the Government of Canada, a province of Canada or Non-Governmental Investments, as directed in writing by the Corporation, the Private Placement Subscriber or the purchasers of Pre-emptive Subscription Receipts, as applicable.
Release of Escrowed Funds:	Provided that the Escrow Release Condition (in the case of the Subscription Receipts, and the equivalent escrow release condition under the Private Placement Subscription Receipt Agreement in the case of the Private Placement Subscription Receipts and the equivalent escrow release condition under the Pre-emptive Subscription Receipt Agreement in the case of the Pre-emptive Subscription Receipts) is satisfied prior to the occurrence of a Termination Event, the remaining Escrowed Funds (together with any remaining Earned Interest), less any amounts required to satisfy unpaid Dividend Equivalent Payments, the 50% Underwriters' Fee and the remainder of the Capital Commitment Fee, will be released by the Escrow Agent to or as directed by Stingray and, assuming the closing of the Arrangement, will be used, directly or indirectly, to finance a portion of the NCC Consideration at the Effective Date and to pay fees and expenses incurred in connection with the Arrangement. If the Escrow Release Condition (in the case of the Subscription Receipts, and the equivalent escrow release condition under the Private Placement Subscription Receipt Agreement in the case of the Private Placement Subscription Receipts and the equivalent escrow release condition under the Pre-emptive Subscription Receipt Agreement in the case of the Pre-emptive Subscription Receipts) is not satisfied or waived prior to a Termination Event, the Escrow Agent will deliver to each holder of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts, commencing on the second (2nd) business day following the Termination Date, the Termination Payment. The Termination Payment will be paid from the balance of the Escrowed Funds, together with any remaining Earned Interest, on the Termination Date provided that if the balance of the Escrowed Funds, together with any remaining Earned Interest, is insufficient to cover the full amount of the Termination Payment, Stingray will be required, under the Subscription Receipt Agreement, the Private Placement Subscription Receipt Agreement and the Pre-emptive Subscription Receipt Agreement, to pay to holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts the difference, if any, between the amount of Escrowed Funds, together with any remaining Earned Interest, on the Termination Date and the Termination Payment due to holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts. If any amount of Earned Interest on the Escrowed Funds remains unused after the full payment of the Termination Payment, it shall be paid by the Escrow Agent to or as directed by Stingray. If the Effective Date occurs prior to or concurrently with the Offering Closing or the Over-Allotment Closing, investors in the Offering will receive Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable) for each Subscription Receipt on the date of the Offering Closing or on the date of the Over-Allotment Closing, as the case may be, instead of Subscription Receipts, in which case this Prospectus will qualify for distribution those Subordinate Voting Shares (or Variable Subordinate Voting Share, as applicable). See "Plan of Distribution" and "Description of the Subscription Receipts".

Subscription Receipts:

Purchasers of Subscription Receipts who are “Canadian” (within the meaning of the CRTC Direction) will, upon satisfaction of the Escrow Release Condition and without payment of additional consideration or further action, receive Subordinate Voting Shares and purchasers of Subscription Receipts who are not “Canadian” (as defined under the CRTC Direction) will, upon satisfaction of the Escrow Release Condition and without payment of additional consideration or further action, receive Variable Subordinate Voting Shares. See “Plan of Distribution”.

While the Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts remain outstanding, holders thereof will be entitled to receive Dividend Equivalent Payments. The record date for each Dividend Equivalent Payment will be the same as the record date for the corresponding dividend declared on the Shares. Any Dividend Equivalent Payment will be made net of any applicable withholding taxes.

In the event that a Termination Event occurs after a dividend has been declared on the Shares but before the record date for such dividend, holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts will receive a *pro rata* Dividend Equivalent Payment in respect of such dividend declared on the Shares based on the ratio of the time between (i) the date of the prior Dividend Equivalent Payment (or, if none, the date of the Offering Closing) and the Termination Date to (ii) the date of the prior Dividend Equivalent Payment (or, if none, the prior payment date for dividends on the Shares) and the dividend payment date for the dividend so declared. If a Termination Event occurs on a record date for a dividend or following a record date for a dividend but on or prior to the payment date for such dividend, holders will be entitled to receive the full Dividend Equivalent Payment.

Following the Effective Date, the former holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts will be entitled, as holders of Shares, to receive any dividends if, as and when declared by the Board of Directors (as defined herein) from time to time, and to vote and to all other rights available to holder of Shares. See “Description of Share Capital – Summary of Rights, Privileges, Restrictions and Conditions of the Multiple Voting Shares, the Subordinate Voting Shares and the Variable Subordinate Voting Shares – Dividends”.

STINGRAY DIGITAL GROUP INC.

Overview

Stingray results from the amalgamation under the CBCA on April 1, 2017 of Stingray Digital Group Inc. and Stingray Business Inc. The first of the amalgamated companies, Stingray Digital Group Inc., was amalgamated on February 4, 2011. The second of the amalgamated companies, Stingray Business Inc., was incorporated on August 25, 2006.

The Corporation's head office and registered office is located at 730 Wellington Street, Montréal, Québec, H3C 1T4.

The Subordinate Voting Shares and the Variable Subordinate Voting Shares are posted and listed for trading on the TSX under the symbols "RAY.A" and "RAY.B", respectively.

Summary Description of the Business

Stingray is a leading B2B multi-platform music and in-store media solutions provider operating on a global scale. We broadcast high quality music and video content on a number of platforms including digital cable TV, satellite TV, Internet Protocol television ("**IPTV**"), the Internet, mobile devices and game consoles. We reach an estimated 400 million subscribers (or households) and deploy our broadcast music, short and long-form television channels, karaoke products, and commercial music across 156 countries as well as over 78,000 commercial establishments across Canada, Australia and Mexico, including business offices, retail stores, restaurants, hotels and other commercial establishments. Stingray is headquartered in Montréal, Canada, and employs over 400 professionals and support staff across the world, including in the United States, the United Kingdom, the Netherlands, Israel, Australia, and Singapore.

Stingray delivers a first-class experience to entertainment content providers and commercial clients worldwide, which is driven by our customizable capabilities and wide array of multiplatform music products, all of which are fully curated by experts across the globe. Stingray's distribution model is focused on providing high quality music content through a multitude of platforms, in exchange for a payment on a recurring and contractual basis. Revenue from our music broadcasting and television channels business is principally generated either on a payment per subscriber basis or a video-on-demand (VOD) basis. Our business model is based on a non-interactive, linear business model resulting in what management believes to be a more advantageous rights structure compared to other service providers operating on an interactive and B2C business model, such as Apple Music and Spotify. Revenue from our Commercial Music business is generated on a monthly subscription fee per location.

For more information on Stingray and its business, please refer to the 2017 AIF under "Documents Incorporated by Reference".

Recent Developments

Acquisition of NCC

On May 2, 2018, the Corporation announced the entering into of the Arrangement Agreement. See "Details of the Arrangement - The Arrangement".

Acquisition of Qello Concerts

On January 3, 2018, the Corporation announced the acquisition of Qello Concerts, a leading over-the-top (OTT) streaming service for full-length, on-demand concerts and music documentaries, reaching users in more than 160 countries.

NEWFOUNDLAND CAPITAL CORPORATION LIMITED

The description of and information in respect of NCC contained in this Prospectus is based solely upon information provided by NCC to Stingray in connection with the Arrangement and upon information made publicly available by NCC. Stingray, after conducting due diligence, believes it to be accurate in all material respects and has made reasonable efforts to verify such information, but there can be no assurance regarding the accuracy and completeness of such information.

Company Overview

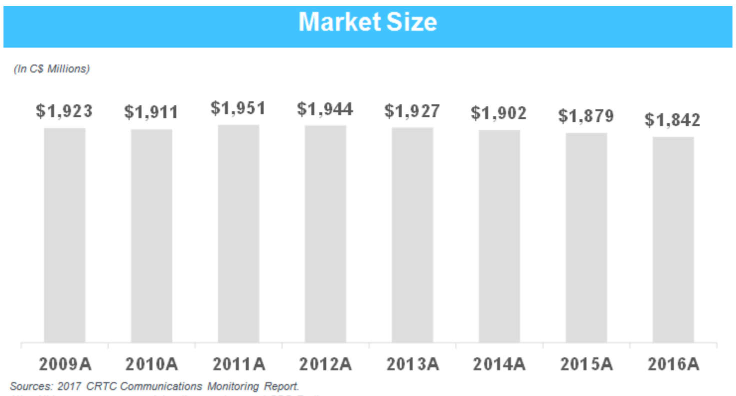
NCC was incorporated on March 8, 1949 under the *Companies' Act* (Newfoundland and Labrador) as Eastern Provincial Airways Limited and changed its name to Newfoundland Capital Corporation Limited on November 12, 1980. NCC was continued under the CBCA by a Certificate of Continuance dated March 4, 1987. NCC's registered office and head office is located at 8 Basinview Drive, Dartmouth, Nova Scotia, B3B 1G4.

The Class A Shares and the Common Shares are listed and posted for trading on the TSX under the symbols "NCC.A" and "NCC.B", respectively.

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 radio licences in Canada.

According to the 2017 CRTC Communications Monitoring Report, there are 711 private commercial radio stations in Canada. The FM segment dominates the market with 82.5% of the total outstanding stations against 17.5% for AM stations. In 2016, the five largest commercial radio operators, BCE Inc., Rogers Communications Inc., Corus Entertainment Inc., Newcap Inc. (a wholly-owned subsidiary of NCC) and Cogeco Inc were running 279 stations. These five major competitors accounted for approximately $1.0 billion of revenue from the total $1.6 billion of commercial radio revenue in Canada, or approximately 65%. It is important to note that among these five competitors, NCC-owned Newcap Inc. is the only pure-play radio company. On the public side, CBC/Radio-Canada, Canada's public broadcaster, operates 14 AM radio stations and 53 FM radio stations across Canada. Over the past years, Canada's radio industry has seen little to no change in terms of revenue, averaging $1.9 billion of total revenue per year.



Top Players(1)

	Market Share(2)	Radio #
Bell	21.6%	106
CBC Radio	15.8% (3)	69
Rogers	12.0%	53
Newcap Radio	8.5%	68 (4)
Corus	6.7%	39

(Source: 2017 CRTC Communications Monitoring Report.)

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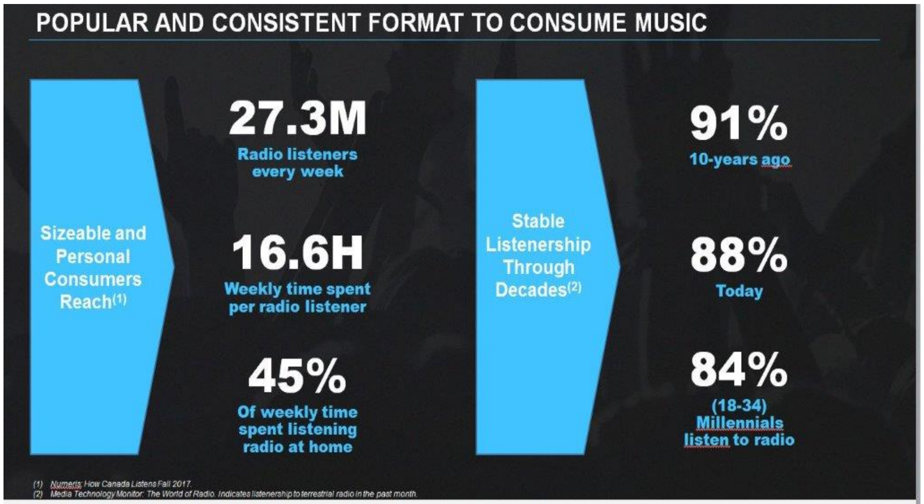
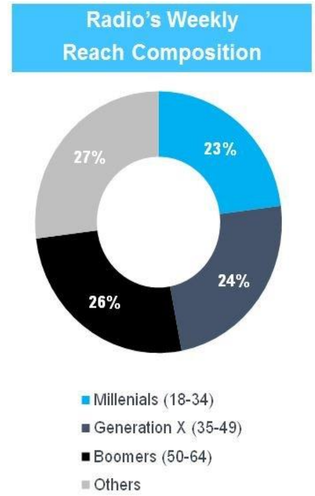
Notes:
(1) All languages commercial radio operators and CBC Radio.
(2) By 2016 revenues.
(3) Includes $281 million of parliamentary appropriation revenue.
(4) Data on number of radio stations predates NCC's latest acquisitions: NCC currently operates 72 radio stations.

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. According to Numeris, 27.3 million Canadians aged 12+ are reached weekly by radio. 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. Furthermore, despite the increased popularity of digital music streaming subscriptions, music-specific surveys such as *Numeris: How Canada Listens* demonstrate that radio still reaches all generations. In fact, according to the Fall 2017 edition of that survey, Millennials (aged 18-34) contribute to 23% of radio's weekly reach composition, which translates into an estimated 6.4 million adults. Generation X (aged 35-49) and Boomers (aged 50-64) represent 24% and 26%, respectively, which translates into 6.6 and 7.1 million weekly listeners, respectively. Canadian radio listeners spend, on average, 16.6 hours of their week listening to radio, while 45% of it is done at home. In addition, according to a recent Media Technology Monitor survey, it is estimated that 88% of Canadians listened to AM/FM Radio in the past month, versus 91% ten years ago. Those statistics show that radio is still a very efficient media to convey information across all generations.





Notes:

(1) *Numeris: How Canada Listens Fall 2017.*

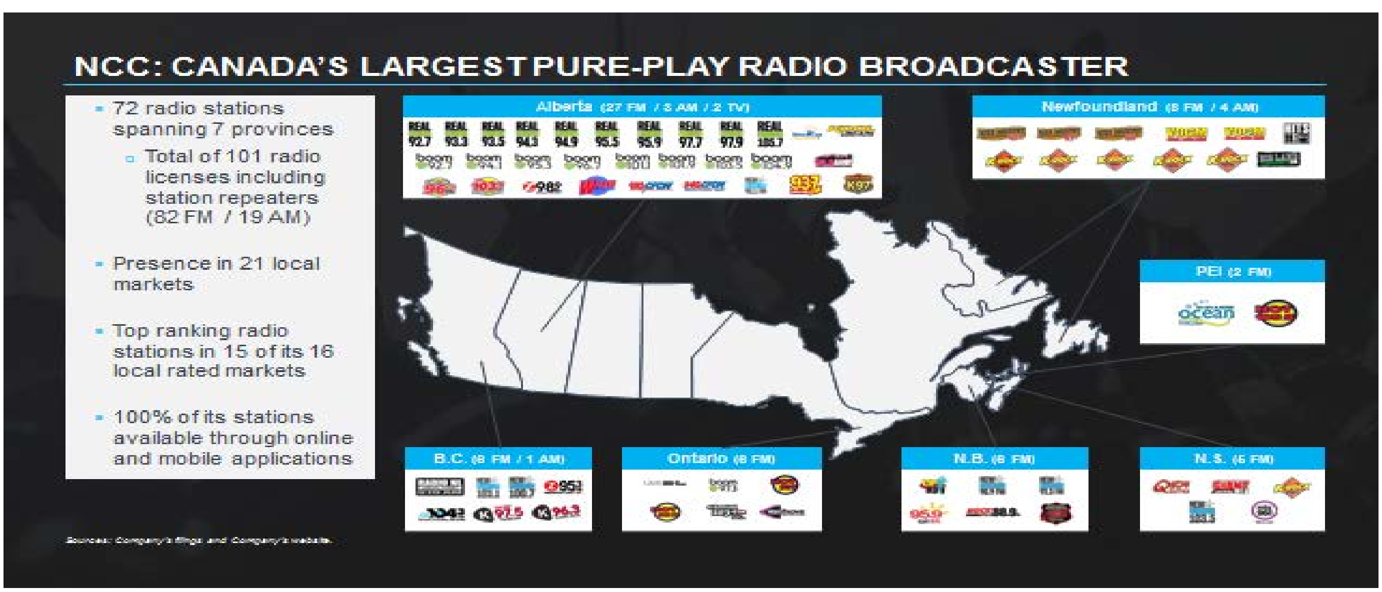
(2) *Media Technology Monitor: The World of Radio.* Indicates listenership to terrestrial radio in the past month.

Given the above market trends, radio operators continue to monitor developments in the audio landscape, including satellite radio, digital radio, digital music streaming services, and podcasting. Radio operators are now focused on ensuring their media is available to listeners at any time, from anywhere. NCC's radio stations are globally available via streaming from computers, mobile devices, smart speakers, and digital dashboards.

Business Overview

NCC 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, NCC, through wholly-owned subsidiaries, invested in a variety of businesses. At the end of 1996, NCC embarked on a program of strategic divestitures in order to enhance shareholder value by focusing on its core communications properties, particularly in its broadcasting division. By 2002, NCC had sold all of its non-broadcasting assets with the exception of a hotel operation in Corner Brook, Newfoundland and Labrador some minor non-broadcasting real estate holdings.

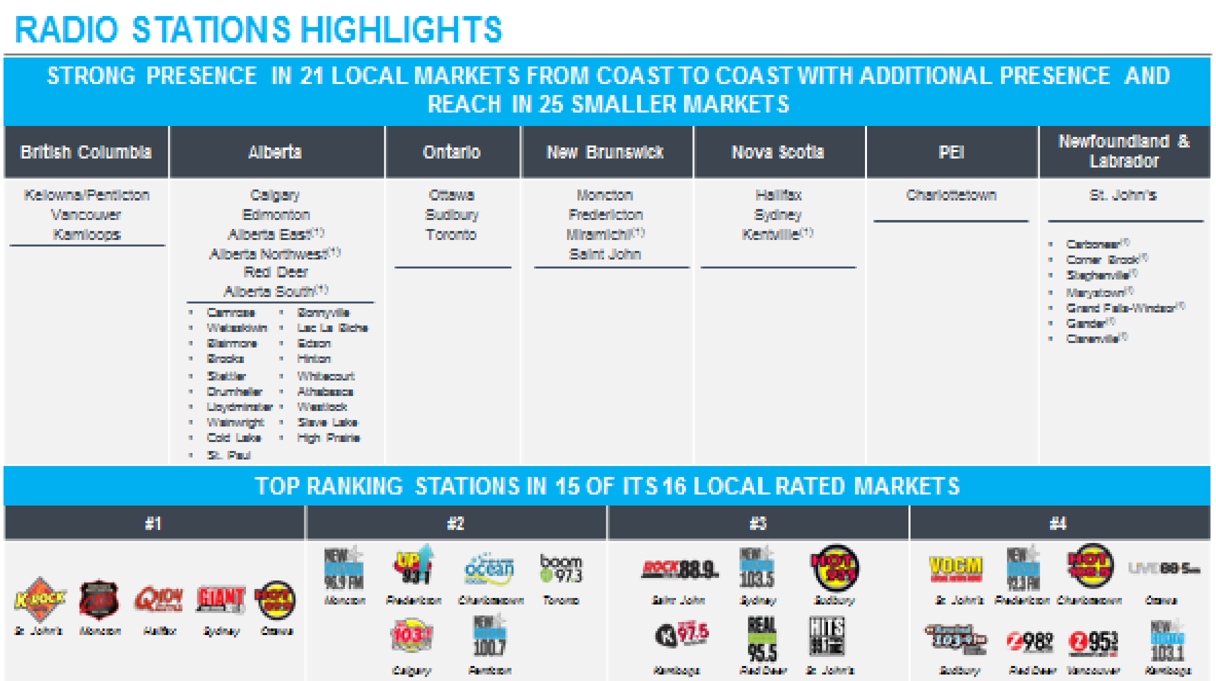
NCC operates in the radio broadcasting industry and broadcasts in a variety of formats based on knowledge of each market's needs. NCC owns Newcap Inc. which operates under the name "Newcap Radio", one of Canada's leading radio broadcasters with 101 licences across Canada. NCC reaches millions of listeners each week through a variety of formats and is a recognized industry leader in radio programming, sales and networking. NCC has 82 FM and 19 AM licences spanning the country, with concentrations in Alberta (30 radio stations) and in Newfoundland and Labrador (12 radio stations). NCC holds the second largest number of commercial radio licences in Canada. It is headquartered in Dartmouth, Nova Scotia and employs approximately 800 radio professionals, nationwide.



The majority of NCC'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 print, television, outdoor, direct mail, on-line services and social media.

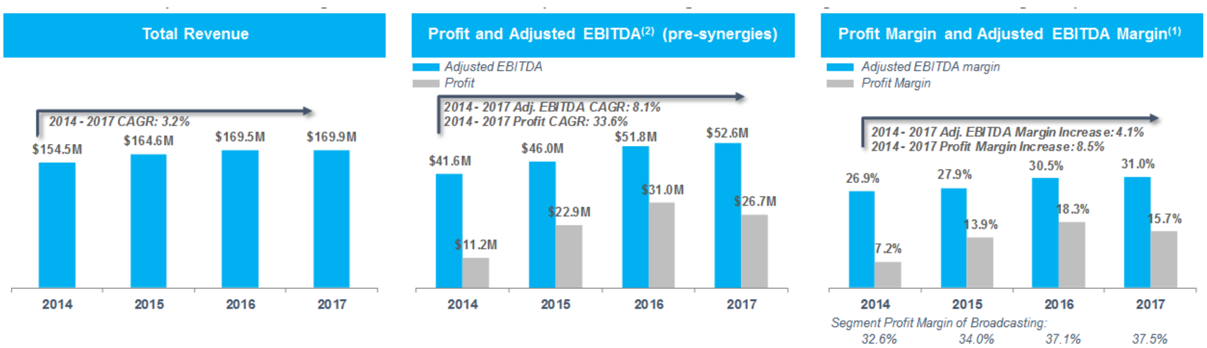
Radio is an effective method to reach specific demographic segments through its targeted time slots and its ability to immediately reach the desired audience. Radio stations define their target demographic group through their format and programming focus. Stations will classify their on-air format in 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 Numeris 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 four times a year and, depending on demand, other markets may be rated once or twice a year, or not at all. As Numeris does not however cover every station in every market; in many cases smaller markets must do their own market research. As part of NCC's strategy, formats are adjusted to ensure its stations are garnering a sufficiently high threshold of a specific demographic to attract advertising dollars.

As of December 31, 2017, Newcap Radio had stations operating in 21 local markets, of which 16 are considered rated markets. In 15 of those rated markets, Newcap Radio has stations in top ranking positions (#1 to #4).



Note:
(1) Unrated Markets.

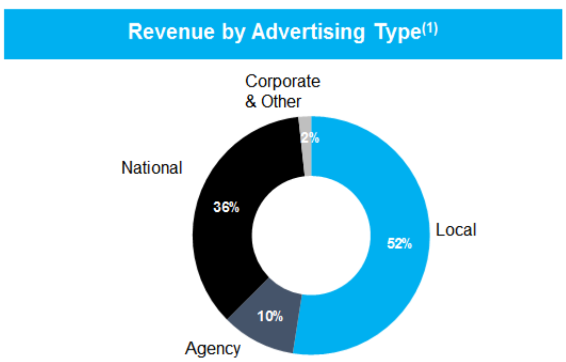
In the past four years, NCC has seen its revenue increase from $154.5 million in 2014 to $169.9 million in 2017, representing a 3.2% compounded annual growth rate. With its resilience NCC was also able to increase its Adjusted EBITDA margin by 4.1% (and its Profit margin by 8.5%) through expense control and operating efficiencies. This margin expansion represents an Adjusted EBITDA compounded annual growth rate of 8.1% (and a Profit compounded annual growth rate of 33.6%).

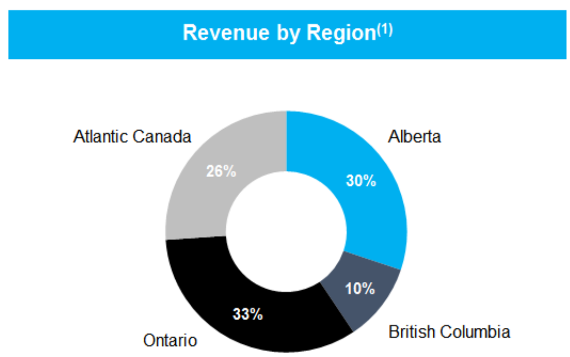


(1) Adjusted EBITDA margin corresponds to the percentage that Adjusted EBITDA represents over Revenue. Adjusted EBITDA (and the Adjusted EBITDA margin derived therefrom) is a non-IFRS measure. See note (2) below.
(2) Based on Adjusted EBITDA reported by NCC for the fiscal years ended December 31, 2014 through December 2017. Adjusted EBITDA is a non-IFRS measure. See NCC's management's discussion and analysis for the periods ended December 31, 2014 through December 31, 2017 available on www.sedar.com for the meaning and calculation of Adjusted EBITDA as reported by NCC and its quantitative reconciliation to the most directly comparable IFRS measure. Such document is not incorporated herein by reference.

Note: All figures are in C$ millions, unless otherwise stated.

NCC possesses a diversified portfolio of radio stations and is known for its strong reach in local markets. NCC's portfolio is comprised of both radio stations in large urban areas as well as smaller radio stations in more local and smaller markets. Its portfolio's geographic footprint spans from coast-to-coast, leading to 90% of its revenues being generated almost equally between Atlantic Canada, Alberta and Ontario. Most of its advertising revenues, roughly 52% come from local clients, followed by national clients and local agencies, respectively contributing 36% and 10% of total advertising revenues.





Note:

(1) Information as of December 31, 2017. Revenue breakdown by region based on broadcasting segment and excludes corporate & other segment. Percentages may not add up to 100% due to rounding.

Advertising revenue may come from local or national clients. NCC has its own local sales force in each of the markets in which it operates and has partnered with a large national media company for national sales representation.

RATIONALE FOR THE ARRANGEMENT

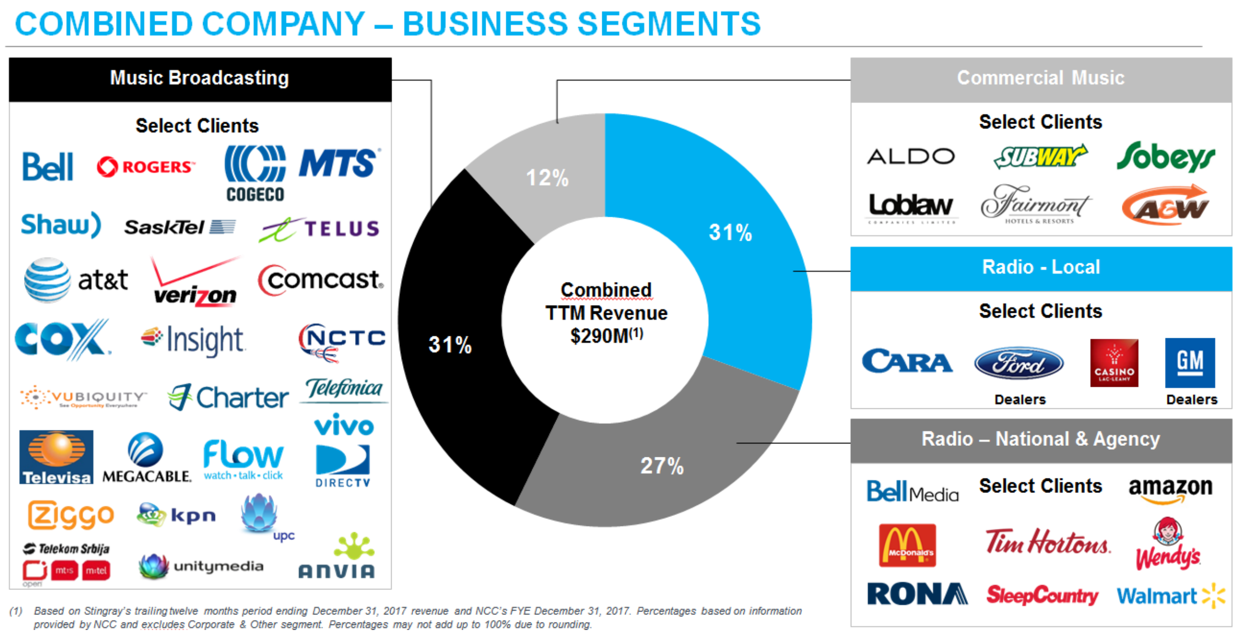
The Corporation believes the Arrangement represents a unique and strategic acquisition opportunity, as NCC operates one of Canada's leading radio broadcasters, "Newcap Radio", which holds 101 terrestrial radio licences across seven provinces. Stingray believes that "Newcap Radio", as well as NCC's other radio broadcasting industry assets, will complement Stingray's current position as a leading B2B multi-platform music and in-store media solutions provider, expanding its high quality music and video content platforms, currently consisting of digital cable TV, satellite TV, IPTV, the Internet, mobile devices and game consoles, to include radio broadcasting. In addition, with 72 NCC radio stations available through online and mobile applications, the Arrangement will allow Stingray to further strengthen its high quality online and mobile music broadcasting platform.

Please refer to "Forward-looking Information" regarding the forward-looking statements contained in this section.

The following are the highlights of the Arrangement:

The Arrangement provides a unique opportunity to create Canada's largest public independent media company

NCC possesses a prominent broadcasting platform of 72 terrestrial radio stations and 29 repeat stations available nationally through the web and mobile apps. Management believes that, as a result of the Arrangement, Stingray will further cement its position as a leading independent Canadian multi-platform music provider across radio, digital cable TV, IPTV and other digital media platforms. This transaction will help to strengthen Stingray's position as one of the leading independent music businesses in the Canadian media landscape while increasing its reach by millions of weekly listeners across Canada. Furthermore, the Arrangement will provide a national promotion platform to accelerate Stingray's mobile subscriber growth, a new channel to promote Stingray's SVOD products and specialty TV channels.



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Note:

(1) Based on Stingray's last twelve months ending December 31, 2017 revenue and NCC's financial year ended December 31, 2017. Percentages based on information provided by NCC and excludes Corporate & Other segment.

The Arrangement diversifies Stingray's revenue profile with complementary advertising revenues

As a result of the Arrangement, Stingray's combined platform will benefit from a balanced mix of revenues from telecommunications companies, cable companies, commercial music (retailers) and national and local advertising. NCC's advertising client base and sales force is expected to grow Stingray's specialty TV channels advertising revenues and will provide Stingray instant access to an experienced advertising sales team and existing national and local client base. Furthermore, management expects approximately $5 million incremental advertising revenues within 18 to 24 months following the closing of the Arrangement.

NCC possesses compelling attributes

NCC is currently the No. 2 private radio player in Canada by number of radio stations and No. 3 by revenue. NCC is an established radio broadcast operator that benefits from a coast-to-coast platform with a presence in seven (7) provinces providing stable returns and best-in-class operating metrics. NCC is led by Ian S. Lurie, its Chief Operating Officer, and a seasoned management team, comprised of experienced and knowledgeable team members with diverse backgrounds and broad experiences.

The Arrangement is expected to provide cost synergies and cross-selling opportunities

Stingray has a proven track record of having successfully integrated businesses through 36 acquisitions. Management estimates annual cost savings synergies of approximately $8 million to be achieved over a 12-month period following the closing of the Arrangement. Synergies are expected to be generated mainly from head office cost reductions and public company cost savings. The Arrangement will provide Stingray access to an experienced adverting sales team as well as an existing national and local client base. Management believes that the Arrangement will create an opportunity to cross-sell Stingray's products across a well-established retail client base, comprised, amongst others, of restaurant chains, grocery stores, purveyors of consumer stables, car dealerships, telecommunications companies, and financial institutions. Management estimates approximately $5 million incremental advertising revenues within 18 to 24 months following the Effective Date.

The Arrangement is expected to bolster Stingray's financial profile to accelerate its acquisition strategy

Management views the Arrangement as representing an attractive opportunity for Stingray to further drive its growth by adding significant scale and increasing its Net income, Adjusted EBITDA, Cash flow from operating activities and Adjusted free cash flow. The creation of a further diversified music broadcasting platform is expected to be significantly accretive (more than 30% within the first fiscal year of operations after closing of the Arrangement) to Net income per share and Adjusted Net income per share. The Arrangement is expected to generate robust Cash flow from operating activities and Adjusted free cash flow to support Stingray's growth and dividend policy, and its underlying business strategy of expanding and diversifying its client base and partner base, developing new products, technologies, and digital platforms, and continuing to pursue strategic acquisitions.

See "Risk Factors".

Non-Core Asset Sales

Management is currently considering the disposition of certain non-core assets (consisting of a hotel in Newfoundland and Labrador, some minor non-broadcasting real estate holdings and two TV stations) that will be acquired from NCC as a result of the Arrangement. The Corporation believes these non-core assets (excluding the two TV stations) have an aggregate fair market value of approximately $12 million and currently generate approximately $0.3 million of EBITDA. The Corporation has not yet entered into any agreements to sell any non-core assets, and there is no guarantee that any such non-core assets will in fact be sold. Management expects that a portion of the net proceeds from any sale of non-core assets will be used to pay down debt. See "Risk Factors".

DETAILS OF THE ARRANGEMENT

The Arrangement

On May 2, 2018, the Corporation and Acquisitionco entered into the Arrangement Agreement whereby, subject to the terms and conditions of the Arrangement Agreement, they agreed to acquire all of the issued and outstanding NCC Shares pursuant to the Arrangement under the CBCA. Assuming the Arrangement becomes effective, the holders of NCC Shares ("**NCC Shareholders**") will receive (i) the number of Subordinate Shares obtained by dividing 3,887,945 by the number of NCC Shares outstanding on the Effective Date (the "**Share Consideration**"); and (ii) an amount equal to $14.75 less the product of (A) the Share Consideration and (B) $10.29, in cash for each NCC Share held (the "**Cash Consideration**" and, together with the Share Consideration, the "**NCC Consideration**").

The purpose of the Arrangement is to effect the acquisition of NCC by Stingray. Upon completion of the Arrangement, Stingray and Acquisitionco will acquire all of the issued and outstanding NCC Shares, and NCC will become an indirect wholly-owned subsidiary of Stingray. As a result of the Arrangement, each NCC Shareholder (other than a dissenting NCC Shareholder) will receive (i) the Share Consideration; and (ii) the Cash Consideration, for each NCC Share held. The Arrangement is to be carried out pursuant to the Arrangement Agreement and the Plan of Arrangement.

At the Effective Time, the following transactions shall occur and shall be deemed to occur in the following sequence, without any further act of or by NCC, Stingray, Acquisitionco or any other person:

(a) as a first step, each outstanding option issued pursuant to the share option plan of NCC (the "**NCC Options**") shall be deemed to have been fully vested;

(b) as a second step, contemporaneously:

  (i) each outstanding NCC Option with an exercise price lower than $14.75 shall be, and shall be deemed to be, irrevocably transferred to NCC (free and clear of any encumbrances) without any further act or formality and cancelled by NCC and, in consideration for such NCC Option, NCC shall pay to the holder of such NCC Option (an "**NCC Optionholder**") a cash amount equal to $14.75 less the exercise price of such NCC Option;

  (ii) each outstanding NCC Option with an exercise price equal to or greater than $14.75 shall be, and shall be deemed to be, irrevocably transferred to NCC (free and clear of any encumbrances) without any further act or formality cancelled by NCC without payment or compensation therefor, and neither NCC nor Stingray nor Acquisitionco nor any other person shall have any further liabilities or obligations to the NCC Optionholders thereof with respect thereto;

  (iii) the share option plan of NCC shall be terminated and none of NCC, Stingray or Acquisitionco shall have any liability thereof;

(c) as a third step, contemporaneously:

  (i) each NCC Share held by a dissenting NCC Shareholder shall be, and shall be deemed to be, irrevocably transferred to Acquisitionco (free and clear of any encumbrances) without any further act or formality and:

    (A) such dissenting NCC Shareholder shall cease to be the holder of such NCC Shares so transferred and to have any rights as holder of such NCC Shares other than the right to be paid fair value for such Shares by Acquisitionco as set out in the Arrangement Agreement;

    (B) such dissenting NCC Shareholder's name shall be removed as the holder of such NCC Shares from the central securities registers of holders of NCC Shares maintained by or on behalf of NCC; and

(C) Acquisitionco shall become the sole legal and beneficial holder of such NCC Shares so transferred (free and clear of all encumbrances) and shall be entered in the central securities registers of holders of NCC Shares maintained by or on behalf of NCC;

(d) as a fourth step, contemporaneously:

(i) a fraction (equal to the Cash Consideration divided by 14.75) of each issued and outstanding Class A Share (other than those held by a Qualifying Holdco) shall be, and shall be deemed to be, irrevocably transferred to Acquisitionco (free and clear of any encumbrances) without any further act or formality in exchange for the Cash Consideration;

(ii) a fraction (equal to the product of (i) the Share Consideration and (ii) 10.29, divided by 14.75) of each issued and outstanding Class A Share (other than those held by a Qualifying Holdco) shall be, and shall be deemed to be, irrevocably transferred to Stingray (free and clear of any encumbrances) in exchange for the Share Consideration and:

(A) holders of Class A Shares who are “Canadian” within the meaning of the CRTC Direction will receive Subordinate Voting Shares; and

(B) holders of Class A Shares who are not “Canadian” within the meaning of a the CRTC Direction will receive Variable Subordinate Voting Shares;

(iii) Acquisitionco and Stingray shall be added to the securities register maintained by or on behalf of NCC in respect of Class A Shares (other than those held by a Qualifying Holdco) showing Acquisitionco and Stingray as the sole legal and beneficial owners of Class A Shares free and clear of all encumbrances;

(iv) a fraction (equal to Cash Consideration divided by 14.75) of each issued and outstanding Common Share (other than those held by a Qualifying Holdco) shall be, and shall be deemed to be, irrevocably transferred to Acquisitionco (free and clear of any encumbrances) without any further act or formality in exchange for the Cash Consideration;

(v) a fraction (equal to the product of (i) the Share Consideration and (ii) 10.29, divided by 14.75) of each issued and outstanding Common Share (other than those held by a Qualifying Holdco) shall be, and shall be deemed to be, irrevocably transferred to Stingray (free and clear of any encumbrances) without any further act or formality in exchange for the Share Consideration and:

(A) holders of Common Shares who are “Canadian” within the meaning of the CRTC Direction will receive Subordinate Voting Shares; and

(B) holders of Common Shares who are not “Canadian” within the meaning of the CRTC Direction will receive Variable Subordinate Voting Shares;

(vi) Acquisitionco and Stingray shall be added to the securities register maintained by or on behalf of NCC in respect of Common Shares (other than those held by a Qualifying Holdco) showing Acquisitionco and Stingray as the sole legal and beneficial owners of Common Shares free and clear of all encumbrances; and

(vii) with respect to each Class A Share and Common Share, each former NCC Shareholder shall cease to be a registered or beneficial holder of Class A Shares (other than those held by a Qualifying Holdco) and Common Shares (other than those held by a Qualifying Holdco) and the name of such holder shall be removed from the securities registers maintained by or on behalf of NCC;

(viii) a fraction (equal to the Cash Consideration divided by 14.75) of each issued and outstanding Qualifying Holdco Class A Share of each Qualifying Holdco shall be, and shall be deemed to be, irrevocably transferred to Acquisitionco (free and clear of any encumbrances) without any further act or formality in exchange for the Cash Consideration;

(ix) a fraction (equal to the product of (i) the Share Consideration and (ii) 10.29, divided by 14.75) of each issued and outstanding Qualifying Holdco Class A Share of each Qualifying Holdco shall be, and shall be deemed to be, irrevocably transferred to Stingray (free and clear of any encumbrances) without any further act or formality in exchange for the Share Consideration and:

(A) Qualifying Holdco Shareholders who are "Canadian" within the meaning of the CRTC Direction will receive Subordinate Voting Shares; and

(B) Qualifying Holdco Shareholders who are not "Canadian" within the meaning of the CRTC Direction will receive Variable Subordinate Voting Shares;

(x) Acquisitionco and Stingray shall be added to the securities register maintained by or on behalf of the Qualifying Holdco in respect of Qualifying Holdco Class A Shares showing Acquisitionco and Stingray as the sole legal and beneficial owners of the Qualifying Holdco Class A Shares free and clear of all encumbrances;

(xi) each Qualifying Holdco Shareholder shall cease to be a registered or beneficial holder of Qualifying Holdco Class A Shares and the name of such holder shall be removed from the securities registers maintained by or on behalf of the Qualifying Holdco;

(xii) a fraction (equal to the Cash Consideration divided by 14.75) of each issued and outstanding Qualifying Holdco Common Share of each Qualifying Holdco shall be, and shall be deemed to be, irrevocably transferred to Acquisitionco (free and clear of any encumbrances) without any further act or formality in exchange for the Cash Consideration;

(xiii) a fraction (equal to the product of the (i) Share Consideration and (ii) 10.29, divided by 14.75) of each issued and outstanding Qualifying Holdco Common Share of each Qualifying Holdco shall be, and shall be deemed to be, irrevocably transferred to Stingray (free and clear of any encumbrances) without any further act or formality in exchange for the Share Consideration and:

(A) Qualifying Holdco Shareholders who are "Canadian" within the meaning of the CRTC Direction will receive Subordinate Voting Shares; and

(B) Qualifying Holdco Shareholders who are not "Canadian" within the meaning of the CRTC Direction will receive Variable Subordinate Voting Shares;

(xiv) Acquisitionco and Stingray shall be added to the securities register maintained by or on behalf of the Qualifying Holdco in respect of Qualifying Holdco Common Shares showing Acquisitionco and Stingray as the sole legal and beneficial owners of the Qualifying Holdco Common Shares free and clear of all encumbrances; and

(xv) each Qualifying Holdco Shareholder shall cease to be a registered or beneficial holder of Qualifying Holdco Common Shares and the name of such holder shall be removed from the securities registers maintained by or on behalf of the Qualifying Holdco.

As of the date of this Prospectus, there are 21,524,933 Class A Shares and 3,769,322 Common Shares issued and outstanding, and 1,905,000 securities exercisable or convertible for NCC Shares issued and outstanding. Stingray will issue 3,887,945 Subordinate Shares as partial consideration in exchange for the NCC Shares.

Following the completion of the Arrangement, former NCC Shareholders will hold approximately 6.98% of the then outstanding Subordinate Shares (on a fully-diluted in-the-money basis, assuming completion of the Offering).

Shareholder and Court Approvals

The CBCA requires that NCC Shareholders approve the Arrangement by passing the Arrangement Resolution by at least two-thirds of the votes cast by NCC Shareholders, in person or represented by proxy, at the NCC Meeting. In addition, the CBCA requires that the Court approve the Arrangement. There can be no assurances that NCC Shareholders will approve the Arrangement at the NCC Meeting nor that the Court will approve the Arrangement as required by the CBCA. See "Risk Factors".

Arrangement Agreement

The following is a summary of certain terms of the Arrangement Agreement and the Arrangement. This summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to the provisions of the Arrangement Agreement, a copy of which has been filed with Canadian securities regulatory authorities on SEDAR at www.sedar.com.

Conditions Precedent to the Arrangement

Mutual Conditions Precedent

The respective obligations of NCC, on the one hand, and of Stingray and Acquisitionco, on the other hand, to complete the Arrangement are subject to the fulfillment of each of the following conditions precedents on or before the Effective Date, each of which may only be waived in whole or in part with the mutual consent of the parties:

(a) the Arrangement Resolution shall have been approved and adopted by the NCC Shareholders at the NCC Meeting in accordance with the Interim Order;

(b) the Interim Order and the Final Order shall each have been obtained on terms consistent with the Arrangement Agreement and shall not have been set aside or modified in a manner unacceptable to the parties, each acting reasonably, on appeal or otherwise;

(c) no Regulatory Authority will have enacted, issued, promulgated, enforced or entered any Law (as such term is defined in the Arrangement Agreement) which is then in effect and has the effect of making the Arrangement illegal or otherwise preventing or prohibiting consummation of the Arrangement;

(d) the Subordinate Shares will have been conditionally approved for listing on the TSX, subject only to the satisfaction of customary listing conditions;

(e) the issuance of Subordinate Shares issuable pursuant to the Arrangement shall be exempt from registration requirements under the U.S. Securities Act pursuant to section 3(a)(10) thereof and the registration and qualification requirements of all applicable state securities laws; and

(f) the Arrangement Agreement will not have been terminated in accordance with its terms.

Conditions Precedent to the Obligations of Stingray and Acquisitionco

The obligation of Stingray and Acquisitionco to complete the Arrangement is subject to the fulfillment of each of the following conditions precedent on or before the Effective Date:

(a) all covenants of NCC under the Arrangement Agreement to be performed or complied with on or before the Effective Date which have not been waived by Stingray or Acquisitionco will have been duly performed or complied with by NCC in all material respects and Stingray and Acquisitionco shall have received a certificate of NCC addressed to Stingray and Acquisitionco and dated the Effective Date, signed on behalf of NCC by two senior executive officers of NCC (on NCC's behalf and without personal liability), confirming the same as of the Effective Date;

(b) all representations and warranties of NCC set forth in the Arrangement Agreement shall be true and correct in all respects (disregarding any materiality or material adverse effect qualification contained in such representation or warranty) as of the Effective Date as if made at and as of such date (except that any such representation and warranty that by its terms speaks specifically as of the date of the Arrangement Agreement or another date shall be true and correct in all respects as of such date), except where the failure to be so true and correct in all respects, individually or in the aggregate, would not be reasonably expected to have a material adverse effect, and Stingray and Acquisitionco will have received a certificate of NCC addressed to Stingray and Acquisitionco and dated the Effective Date, signed on behalf of NCC by two senior executive officers of NCC (on NCC's behalf and without personal liability), confirming the same as of the Effective Date;

(c) since the date of the Arrangement Agreement, there shall not have occurred a material adverse effect and Stingray and Acquisitionco shall have received a certificate of NCC addressed to Stingray and Acquisitionco and dated the Effective Date, signed on behalf of NCC by two senior executive officers of NCC (on NCC's behalf and without personal liability), confirming the same as of the Effective Date;

(d) the Regulatory Approvals (including the CRTC Approval and the Competition Act Approval (each as defined below)) shall have been obtained and there shall be no appeal, stop-order, stay or revocation or proceeding seeking an appeal, stop-order, stay or revocation of the Regulatory Approvals;

(e) the total number of NCC Shares with respect to which dissent rights have been properly exercised and not validly withdrawn shall not exceed 5% of the outstanding NCC Shares as of the Effective Date;

(f) prior to or concurrently with the execution and delivery of the Arrangement Agreement, each of the Locked-Up Shareholders (as defined herein) shall have executed and delivered the Support Agreements, in a form and substance satisfactory to Stingray and Acquisitionco, and the Support Agreements shall not have been terminated;

(g) prior to the Effective Date, the President and Chief Executive Officer of NCC and the President, Newfoundland and Labrador Operations of NCC shall have executed and delivered non-competition agreements in favour of Stingray, Acquisitionco and NCC, pursuant to which each of them agrees that he shall not, and shall cause his affiliates not to, at any time during the period commencing on the Effective Date and ending on the date which is five years after the Effective Date, directly or indirectly, in any capacity whatsoever, carry on, be engaged in, have any financial or other interest in, operate, manage, control, participate in, consult with, advise, provide services to, or be otherwise commercially involved in any endeavour or business in all or part of Canada which is substantially the same as the radio broadcasting business of NCC and its subsidiaries, in form and substance satisfactory to Stingray and Acquisitionco, and such non-competition agreements shall not have been terminated;

(h) each of the individuals identified in the NCC Disclosure Letter (i) entitled to a severance, termination, change of control or other similar payment or (ii) that shall be resigning effective prior the Effective Time, shall have executed and delivered, in favour of NCC, a full and final release, in form and substance satisfactory to Stingray and Acquisitionco;

(i) prior to or concurrently with the execution and delivery of the Arrangement Agreement, Mr. Ian S. Lurie, NCC's Chief Operating Officer, shall have executed and delivered an amendment to his employment agreement amending the current employment agreement between himself and a subsidiary of NCC, such amendment agreement becoming effective as of the Effective Date;

(j) prior to or concurrently with the execution and delivery of the Arrangement Agreement, each member of the Steele family who holds NCC Shares shall have executed and delivered a lock-up and voting trust agreement, pursuant to which certain of the Subordinate Shares to be received by them on the Effective Date will be subject to a five-year voting trust and lock-up agreement in favour of Mr. Eric Boyko, and such lock-up and voting trust agreement shall not have been terminated;

(k) the NCC Board shall (i) have adopted all necessary resolutions, and all other necessary corporate action shall have been taken or caused to be taken by NCC and each of its subsidiaries, to permit the consummation of the Arrangement, and (ii) the Board shall not have withdrawn any recommendation made by it that NCC Shareholders vote in favour of the Arrangement Resolution or changed any such recommendation in a manner that has substantially the same effect or issued a recommendation that NCC Shareholders not vote in favour of the Arrangement Resolution or recommended any Acquisition Proposal;

(l) there shall not be in force any suit, action or proceeding by any Regulatory Authority, or injunction, order or decree issued by any Regulatory Authority of competent jurisdiction (and there will not be threatened in writing or pending any suit, action or proceedings by any Regulatory Authority in respect thereof) (i) seeking to prohibit or materially limit the ownership or operation by Stingray or Acquisitionco of NCC or any material portion of the business or assets of NCC or any of its subsidiaries or to compel Stingray or Acquisitionco to dispose of any material portion of the business or assets of NCC or any of its subsidiaries, or (ii) seeking to prohibit Stingray or Acquisitionco from effectively controlling in any material respect the business or operations of NCC or any of its subsidiaries;

(m) prior to the Effective Date, all amounts due by a Related Party (as that term is defined in the Arrangement Agreement) to NCC or any of its subsidiaries shall have been repaid to NCC or any of its subsidiaries, as applicable;

(n) prior to the Effective Date, any and all assets not currently owned by NCC or any of its subsidiaries shall have been removed from the insurance coverage currently maintained by NCC or any of its subsidiaries, as applicable; and

(o) Stingray and Acquisitionco shall not have become aware of any misrepresentation (after giving effect to all subsequent filings in relation to all matters covered in earlier filings) in any document filed or released by or on behalf of NCC with any securities regulatory authority in Canada or elsewhere, including any annual report, financial statements, technical report, material change report, press release or management information circular, that Stingray or Acquisitionco shall have determined, acting reasonably, constitutes a material adverse effect.

In the Arrangement Agreement, the "**CRTC Approval**" means (a) the decision of the CRTC approving the transactions contemplated by the Arrangement Agreement and if applicable, (b) the decision of the CRTC approving any pre-closing reorganization contemplated by the Arrangement Agreement.

In the Arrangement Agreement, the "**Competition Act Approval**" means (a) the issuance of an advance ruling certificate issued by the Commissioner of Competition under section 102(1) of the Competition Act in respect of the transactions contemplated by the Arrangement Agreement, (b) the parties have given the notice required under section 114 of the Competition Act with respect to the transactions contemplated by the Arrangement Agreement and the applicable waiting period under section 123 of the Competition Act shall have expired or been waived in accordance with the Competition Act, or (c) the obligation to submit a notification shall have been waived pursuant to paragraph 113(c) of the Competition Act, and in the case of (b) or (c), the Commissioner of Competition shall have advised Stingray and Acquisitionco (directly or through their counsel) in writing that he does, at that time, intend to make an application under the merger provisions of the Competition Act in respect of the transactions contemplated by the Arrangement Agreement.

Conditions Precedent to the Obligations of NCC

The obligation of NCC to complete the Arrangement is subject to the fulfillment of each of the following conditions precedent on or before the Effective Date:

(a) all covenants of Stingray and Acquisitionco under the Arrangement Agreement to be performed or complied with on or before the Effective Date which have not been waived by NCC shall have been duly performed or complied with by Stingray and Acquisitionco in all material respects and NCC shall have received certificates of Stingray and Acquisitionco addressed to NCC and dated the Effective Date, signed on behalf of Stingray and Acquisitionco by two senior executive officers of Stingray and Acquisitionco (on Stingray's and Acquisitionco's behalf and without personal liability), confirming the same as of the Effective Date;

(b) the Regulatory Approvals shall have been obtained and there shall be no appeal, stop-order, stay or revocation or proceeding seeking an appeal, stop-order, stay or revocation of the Regulatory Approvals; and

(c) all representations and warranties of Stingray and Acquisitionco set forth in the Arrangement Agreement will be true and correct in all respects (disregarding for any materiality qualification contained in such representation or warranty) as of the Effective Date as if made at and as of such date (except that any such representation and warranty that by its terms speaks specifically as of the date of the Arrangement Agreement or another date will be true and correct in all respects as of such date), except where the failure to be so true and correct in all respects, individually or in the aggregate, (i) would not be reasonably expected to have a material adverse effect or (ii) would not be reasonably expected to materially delay or materially impede the completion of the Arrangement, and NCC shall have received certificates of Stingray and Acquisitionco addressed to NCC and dated the Effective Date, signed on behalf of Stingray and Acquisitionco by two senior executive officers of Stingray and Acquisitionco (on Stingray's and Acquisitionco's behalf and without personal liability), confirming the same as of the Effective Date.

Representations and Warranties

The Arrangement Agreement contains representations and warranties made by NCC, Stingray and Acquisitionco. These representations and warranties, which are set forth in the Arrangement Agreement, were made by and to the parties for the purposes of the Arrangement Agreement and are subject to qualifications and limitations agreed to by the parties in connection with negotiating and entering into the Arrangement Agreement. In addition, these representations and warranties were made as of specified dates, may be subject to a contractual standard of materiality, or may have been used for the purpose of allocating risk between the parties instead of establishing such matters as facts. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Arrangement Agreement.

NCC has provided to Stingray and Acquisitionco representations and warranties that include the following: organization and qualification, corporate authorization, NCC Board approval and special committee recommendation, no conflict, execution and binding obligation, residence of NCC, third party consents, governmental approvals, authorized and issued capital, subsidiaries, securities laws matters, financial statements, absence of certain changes or events, no undisclosed liabilities, books and records, disclosure controls and internal control over financial reporting, compliance with laws, litigation, taxes, title to assets, environmental laws, authorizations, material contracts, intellectual property, employee plans, labour matters, insurance, CRTC matters, brokers, fairness opinion, assets located and sales in the United States, non-arm's length transactions, *Corruption of Foreign Public Officials Act* (Canada), money laundering laws and full disclosure.

Stingray and Acquisitionco have provided to NCC representations and warranties that include the following: organization and qualification, corporate authorization, no conflict, third party consents, regulatory approvals, execution and binding obligation, securities laws matters, Subordinate Shares, ownership of NCC Shares, financial statements, absence of certain changes or events, no undisclosed liabilities, stock exchange compliance, litigation, sufficient funds, residency and ownership restrictions and financing.

Covenants

Covenants of NCC Regarding the Conduct of Business

NCC has covenanted in favour of Stingray and Acquisitionco that it will, and will cause its subsidiaries to, among other things: (a) conduct its businesses in the ordinary course of business consistent with past practice; (b) subject to certain conditions, not issue, sell, pledge, lease, dispose of, encumber, (A) any securities of NCC and its subsidiaries (other than the issuance of Class A Shares pursuant to the exercise in accordance with their terms of NCC Options currently outstanding) or (B) any assets of NCC or any of its subsidiaries; (c) not amend or agree to amend any of the terms of any of the NCC Options; (d) not amend or propose to amend the articles, by-laws or other constating documents or the terms of any securities of NCC or any of its subsidiaries; (e) not split, combine or reclassify any outstanding NCC Shares or the securities of any of NCC's subsidiaries or undertake any capital reorganization or reduction of capital or any combination thereof; (f) not redeem, purchase or offer to purchase (or permit any of its subsidiaries to redeem, purchase or offer to purchase) any NCC Shares or other securities of NCC or any shares or other securities of any of its subsidiaries, except in the ordinary course, including normal course issuer bids that are in place as of the date hereof; (g) not reorganize, amalgamate or merge by plan of arrangement or otherwise NCC or any of its subsidiaries with any other person or incorporate any subsidiaries other than in connection with a pre-acquisition reorganization; (h) not declare, set aside or pay any dividend or other distribution (whether in cash, securities or property or any combination thereof) in respect of any NCC Share other than (A) the regular semi-annual dividend in the amount of $0.25 per NCC Share to be paid by NCC to holders of record in August 2018 and December 2018, as applicable, or (B) dividends or other distributions paid or payable to NCC or a wholly-owned subsidiary of NCC; (i) not reduce the stated capital of NCC or of any of its subsidiaries; (j) subject to certain exceptions, not acquire or agree to acquire any person, or incorporate or form any company, partnership or other business organization or make any investment either by purchase of shares or securities, contributions of capital (other than to a wholly-owned subsidiary of NCC), property transfer or purchase of any property or assets of any other person; (k) subject to certain exceptions, not sell, pledge, lease, dispose of, mortgage, licence, encumber or otherwise transfer or agree to sell, pledge, lease, dispose of, mortgage, licence, encumber or otherwise transfer any assets of NCC or any of its subsidiaries or any interest in any assets of NCC and its subsidiaries; (l) not enter into or agree to the terms of any joint venture or similar agreement, arrangement or relationship; (m) subject to certain exceptions, not incur, create, assume or otherwise become liable for any indebtedness for borrowed money, capital expenditures, or any other material liability, contractual commitment or obligation or issue any debt securities, or guarantee, endorse or otherwise become responsible for, the obligations of any other person or make any loans or advances; (n) subject to certain exceptions, not enter into any agreement with, or make any payments to, any Related Party of NCC or any of its subsidiaries; (o) not endorse, guarantee, or otherwise as an accommodation become responsible for, the obligations of any other person, company, partnership or other business organization, or make any loans or advances, except in respect of any wholly-owned subsidiary of NCC; (p) not enter into any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts or other similar financial instruments; (q) not adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of NCC or any of its subsidiaries other than in connection with a pre-acquisition reorganization; (r) not take any action or fail to take any action which action or failure to act would result in material loss, expiration or surrender of, or the loss of any material benefit under, or would reasonably be expected to cause any Regulatory Authorities to institute proceedings for the suspension of, or the revocation or limitation of rights under, any material authorizations necessary to conduct its businesses as now conducted; (s) not take any action or enter into any transaction that would preclude Stingray or Acquisitionco from obtaining the tax "bump", determined under paragraph 88(1)(d) of the Tax Act, in respect of the non-depreciable capital property of NCC upon a wind-up, or amalgamation with, NCC; (t) subject to certain exceptions, not pay, discharge, settle, satisfy, compromise, waive, assign or release any claims, liabilities or obligations; (u) not authorize, recommend, propose or agree to any release or relinquishment of any material contractual right, material right under any licence or permit or other material rights, claims or contracts; (v) not abandon or fail to diligently pursue any application for any licence, permit, order, authorization, consent, approval or registration; (w) not enter into any agreement containing (A) any limitation or restriction on the ability of NCC or its subsidiaries or, following completion of the transactions contemplated hereby, the ability of Stingray, Acquisitionco or their subsidiaries, to engage in any type of activity or business, (B) any limitation or restriction on the manner in which, or the localities in which, all or any portion of the business of NCC or its subsidiaries or, following consummation of the transactions contemplated hereby, all or any portion of the business of Stingray, Acquisitionco or their subsidiaries, is or would be conducted, or (C) any limit or restriction on the ability of NCC or its subsidiaries or, following completion of the transactions contemplated hereby, the ability of Stingray, Acquisitionco or their subsidiaries, to solicit customers or employees; (x) not waive, release, grant or transfer any rights of value or modify or change in any material respect any existing licence, lease, claim, permit, material contract or other material document, other than in the ordinary course consistent with past practice; (y) not take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, delay or impede the ability of NCC, Stingray or Acquisitionco to consummate the transactions contemplated by the Arrangement Agreement; (z) use commercially reasonable efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse unless, simultaneously with such cancellation, termination or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect; (aa) not take any action, which would render, or which reasonably may be expected to render, any representation or warranty made by it in the Arrangement Agreement untrue in any material respect at any time prior to the Effective Time; (bb) not take or authorize any action which would result in, as of the Effective Date, NCC and any of its subsidiaries having on a consolidated basis any obligations and liabilities due or to become due for change of control costs, of more than a specified amount; (cc) not enter into or adopt any shareholder rights plan or similar agreement or arrangement; (dd) duly and timely file all tax returns required to be filed by it and timely pay all taxes which are due and payable; (ee) not engage in any business, enterprise or other activity different from that carried on by it at the date of the Arrangement Agreement that would reasonably be expected to have a material adverse effect; (ff) make or cooperate as necessary in the making of all necessary filings and applications under all applicable law required in connection with the transactions contemplated by the Arrangement Agreement and take all reasonable action necessary to be in material compliance with such laws; (gg) not take any action that could reasonably be expected to interfere with or be inconsistent with the completion of the Arrangement or the transactions contemplated in the Arrangement Agreement; (hh) not authorize, propose, announce an intention, enter into any agreement, or otherwise make a commitment to do any of the things prohibited under the above covenants; and (ii) use commercially reasonable efforts to do any of the things required by the above covenants.

Covenants of NCC Relating to the Arrangement

NCC further agreed that it shall and shall cause each of its subsidiaries to use commercially reasonable efforts to perform all obligations required to be performed by NCC and any of its subsidiaries under the Arrangement Agreement, co-operate with Stingray and Acquisitionco in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective as soon as reasonably practicable, the transactions contemplated by the Arrangement Agreement and, without limiting the generality of the foregoing, NCC will and, where appropriate, will cause each of its subsidiaries to:

(a) use commercially reasonable efforts to obtain as soon as practicable following execution of the Arrangement Agreement all third party consents, approvals and notices required under any contract;

(b) use commercially reasonable efforts to defend all lawsuits or other legal, regulatory or other proceedings against NCC or any of its subsidiaries challenging or affecting the Arrangement Agreement or the consummation of the transactions contemplated therein and use commercially reasonable efforts to have lifted or rescinded any injunction or restraining order or other order relating to NCC or any of its subsidiaries which may materially adversely affect the ability of the parties to consummate the Arrangement; and

(c) use commercially reasonable efforts to satisfy all conditions precedent in the Arrangement Agreement and take all steps set forth in the Interim Order and Final Order applicable to it and comply promptly with all requirements which applicable law may impose on NCC or any of its subsidiaries with respect to the transactions contemplated by the Arrangement Agreement.

Covenants of Stingray and Acquisitionco Regarding the Conduct of Business

Stingray has covenanted in favour of NCC that it shall:

(a) use commercially reasonable efforts to preserve intact business organizations; and

(b) will not, directly or indirectly, do or permit to occur any of the following without the prior consent of NCC, such consent not to be unreasonably withheld or delayed: (i) amend its articles or by-laws or the terms of its shares in a manner that could have a material adverse effect on the market price or value of Subordinate Shares to be issued pursuant to the Arrangement, (ii) split, consolidate or reclassify any of its shares nor undertake any other capital reorganization, (iii) reduce capital in respect of its shares, or (iv) take any action that could reasonably be expected to interfere with or be inconsistent with the consummation of the Arrangement or the transactions contemplated in the Arrangement Agreement.

Covenants of Stingray and Acquisitionco Relating to the Arrangement

The Arrangement Agreement provides that Stingray and Acquisitionco will use commercially reasonable efforts to perform all obligations required to be performed by Stingray and Acquisitionco under the Arrangement Agreement, co-operate with NCC in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective as soon as reasonably practicable, the transactions contemplated by the Arrangement Agreement and, without limiting the generality of the foregoing, Stingray and Acquisitionco will:

(a) use commercially reasonable efforts to satisfy all conditions precedent in the Arrangement Agreement and take all steps set forth in the Interim Order and Final Order applicable to them and comply promptly with all requirements which applicable law may impose on Stingray or Acquisitionco with respect to the transactions contemplated by the Arrangement Agreement;

(b) use commercially reasonable efforts to arrange any financing needed by it to satisfy its obligations under the Arrangement; and

(c) prepare and file with the TSX all necessary applications and forms required in order to permit the listing of Subordinate Shares on such exchange issued pursuant to the Arrangement.

Non-Solicitation Covenants

The Arrangement Agreement provides that, subject to certain exceptions, NCC and its subsidiaries will not, directly or indirectly through any representative of NCC:

(a) solicit, assist, initiate, encourage or facilitate (including by way of discussion, negotiation, furnishing information, permitting any visit to any facilities or properties of NCC or any of its subsidiaries or entering into any form of written or oral agreement, arrangement or understanding) any inquiries, proposals or offers regarding, or that may reasonably be expected to lead to, any Acquisition Proposal;

(b) engage in, continue or otherwise participate in any discussions or negotiations regarding, or provide any information with respect to or otherwise cooperate in any way with any person (other than Stingray, Acquisitionco and their representatives), any Acquisition Proposal or that may reasonably be expected to lead to an Acquisition Proposal;

(c) withdraw, modify or qualify, or propose publicly to withdraw, modify or qualify, in any manner adverse to Stingray or Acquisitionco, the approval or recommendation of the Arrangement Agreement or the Arrangement by the NCC Board or any of its committees;

(d) approve or recommend, or remain neutral for more than ten business days with respect to, or propose publicly to approve or recommend, any Acquisition Proposal;

(e) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, arrangement or undertaking related to any Acquisition Proposal; or

(f) release any person from or waive or otherwise forebear in the enforcement of any confidentiality or standstill agreement or any other agreement with such person that would facilitate the making or implementation of any Acquisition Proposal.

Under the Arrangement Agreement, NCC agreed to: (a) immediately cease and cause to be terminated any existing solicitation, discussion, negotiation, encouragement or activity with any person (other than or any of Stingray, Acquisitionco or any of their representatives) by NCC or any of its representatives with respect to any Acquisition Proposal or any potential Acquisition Proposal; (b) immediately cease to provide any person (other than Stingray, Acquisitionco or any of their representatives) with access to information concerning NCC or any of its subsidiaries in respect of any Acquisition Proposal or any potential Acquisition Proposal; (c) within two business days, request the return or destruction of all confidential information provided to any person (other than Stingray, Acquisitionco or any of their representatives) that has entered into a confidentiality agreement with NCC relating to any Acquisition Proposal or potential Acquisition Proposal to the extent provided for in such confidentiality agreement and will use all commercially reasonable efforts to ensure that such requests are honoured; and (d) be held responsible for any breach of the non-solicitation covenants under the Arrangement Agreement by its representatives.

NCC must promptly (and in any event within 24 hours) notify Stingray and Acquisitionco, at first orally and then in writing, of any proposal, inquiry, offer or request received by NCC or its representatives: (a) relating to an Acquisition Proposal or potential Acquisition Proposal or inquiry that could reasonably lead or be expected to lead to an Acquisition Proposal; (b) for discussions or negotiations in respect of an Acquisition Proposal or potential Acquisition Proposal; (c) for non-public information relating to NCC or any of its subsidiaries in relation to a possible Acquisition Proposal; (d) for representation on the NCC Board; or (e) for any material amendments to the foregoing.

Under the Arrangement Agreement, an "**Acquisition Proposal**" means any written or oral offer, proposal, public announcement, inquiry or request for discussions or negotiations from any person or group of persons (other than Stingray and Acquisitionco) relating to: (a) any direct or indirect acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same economic effect as a purchase), in a single transaction or a series of related transactions, of assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue or EBITDA of NCC and its subsidiaries or 20% or more of the voting or equity securities (or rights or interests therein or thereto) of NCC or any of its subsidiaries whose assets or revenues, individually or in the aggregate, represent 20% or more of the consolidated assets or contribute 20% or more of the consolidated revenue or EBITDA of NCC and its subsidiaries; (b) any direct or indirect take-over bid, issuer bid, exchange offer, treasury issuance or other similar transaction that, if consummated, would result in a person or group of persons beneficially owning 20% or more of any class of voting or equity securities (in terms of number of securities or voting power calculated on a non-diluted basis) or any other equity interests (including securities convertible into or exercisable or exchangeable for equity interests) of NCC or any of its subsidiaries whose assets or revenues or EBITDA, individually or in the aggregate, represent 20% or more of the consolidated assets or contribute 20% or more of the consolidated revenue or EBITDA of NCC and its subsidiaries; or (c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or any other similar transaction or series of transactions involving NCC or any of its subsidiaries whose assets or revenues or EBITDA, individually or in the aggregate, represent 20% or more of the consolidated assets or contribute 20% or more of the consolidated revenue or EBITDA of NCC and its subsidiaries

Consideration of Acquisition Proposals

Under the Arrangement Agreement, if at any time following the date of the Arrangement Agreement and before the NCC Meeting, NCC receives a *bona fide* written Acquisition Proposal (that was not solicited, assisted, initiated, encouraged or facilitated in contravention of the Letter of Intent or of the Arrangement Agreement), NCC and its representatives may contact the person making such Acquisition Proposal solely for the purposes of clarifying the terms and conditions and the likelihood of its consummation so as to determine whether such Acquisition Proposal is, or is reasonably likely to lead to, a Superior Proposal (as defined below). If the NCC Board determines, after consultation with its outside legal counsel and outside financial advisors, that such Acquisition Proposal is or is reasonably likely to lead to, a Superior Proposal and that failure to take action would be inconsistent with its fiduciary duties, NCC and its representatives may, subject to compliance with the procedures set forth in the Arrangement Agreement: (a) furnish information with respect to NCC and any of its subsidiaries to the person making such Acquisition Proposal and its representatives only if such person has entered into a confidentiality and standstill agreement that contains provisions that are not less favourable to NCC than those contained in the confidentiality agreement between NCC and Stingray, as may be amended from time to time (except that it shall permit the disclosure to Stingray and Acquisitionco required by the Arrangement Agreement), and includes a standstill covenant that prohibits such person, for a period of 12 months, from acquiring, or offering to acquire, directly or indirectly, any NCC Shares without the consent of the NCC Board, provided that NCC sends a copy of such confidentiality and standstill agreement to Stingray and Acquisitionco promptly following its execution and Stingray and Acquisitionco are promptly provided with a list of, and access to (to the extent not previously provided to Stingray), the information provided to such person; and (b) engage in discussions and negotiations with the person making such Acquisition Proposal and its representatives, provided that all such discussions and negotiations will cease during the five business days from the date Stingray and Acquisitionco received notice of a Superior Proposal (the "**Match Period**").

NCC may at any time before the NCC Meeting: (a) enter into an agreement, subject to certain exceptions, with respect to an Acquisition Proposal that is a Superior Proposal; and/or (b) withdraw, modify or qualify its approval or recommendation of the Arrangement and recommend or approve an Acquisition Proposal that is a Superior Proposal, provided, however that (i) NCC has complied with its non-solicitation covenants under the Arrangement Agreement, (ii) the NCC Board has determined, after consultation with its outside legal counsel and outside financial advisors, that such Acquisition Proposal is a Superior Proposal and that the failure to take the relevant action would be inconsistent with its fiduciary duties, (iii) NCC has delivered written notice to Stingray and Acquisitionco (A) of the determination of the NCC Board that the Acquisition Proposal is a Superior Proposal, (B) of the intention of the NCC Board to approve or recommend such Superior Proposal and/or of NCC to enter into an agreement with respect to such Superior Proposal, together with a copy of such agreement executed by the person making such Superior Proposal that is capable of acceptance by NCC, and (C) provided a summary of the valuation analysis attributed by the NCC Board in good faith to any non-cash consideration including in such Acquisition Proposal after consultation with its outside financial advisors; (iv) at least five business day have elapsed since the date that such notice was received by Stingray and Acquisitionco; (v) if Stingray and Acquisitionco have offered to amend the terms of the Arrangement and the Arrangement Agreement during the Match Period pursuant to the terms of the Arrangement Agreement, such Acquisition Proposal continues to be a Superior Proposal compared to the amendment to the terms of the Arrangement and the Arrangement Agreement offered by Stingray and Acquisitionco at the termination of the Match Period; and (vi) NCC terminates the Arrangement Agreement pursuant to the terms of the Arrangement Agreement and has previously paid or, concurrently with termination pays, the Break Fee to Stingray and Acquisitionco.

During the Match Period, Stingray and Acquisitionco have the opportunity, but not the obligation, to offer to amend the terms of the Arrangement Agreement and the Arrangement and NCC shall cooperate with Stingray and Acquisitionco with respect to any offer by Stingray or Acquisitionco to amend the terms of the Arrangement Agreement and the Arrangement, including negotiating in good faith with Stingray and Acquisitionco to enable them to make such amendments to the Arrangement and the Arrangement Agreement as Stingray or Acquisitionco deem appropriate as would enable Stingray or Acquisitionco to proceed with the Arrangement on such adjusted provisions. The NCC Board shall review any offer by Stingray and Acquisitionco to amend the terms of the Arrangement Agreement and the Arrangement in order to determine, in the good faith exercise of its fiduciary duties, whether the offer of Stingray and Acquisitionco, upon its acceptance by NCC, would result in the Acquisition Proposal ceasing to be a Superior Proposal compared to the amendment to the terms of the Arrangement and the Arrangement Agreement offered by Stingray and Acquisitionco. If the NCC Board so determines, Stingray and Acquisitionco shall amend the Arrangement and NCC, Stingray and Acquisitionco shall enter into an amendment to the Arrangement Agreement reflecting the offer by Stingray and Acquisitionco to amend the terms of the Arrangement and the Arrangement Agreement. The NCC Board shall promptly reaffirm its recommendation of the Arrangement as amended by press release in accordance with the terms of the Arrangement Agreement.

Under the Arrangement Agreement, a "**Superior Proposal**" means an unsolicited *bona fide* written Acquisition Proposal made after the date of the Arrangement Agreement to acquire all of the NCC Shares or all or substantially all of the assets of NCC and its subsidiaries and (a) that is reasonably capable of being completed without undue delay, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal; (b) that is not subject to any financing condition and in respect of which any required financing to complete such Acquisition Proposal has been demonstrated to be available to the satisfaction of the NCC Board, acting in good faith (after consultation with its financial advisors and outside legal counsel); (c) that is not subject to a due diligence and/or access condition; (d) that did not result from a breach of the non-solicitation covenants under the Arrangement Agreement; and (e) in respect of which the NCC Board determines in good faith (after consultation with its outside financial advisors and outside legal counsel), taking into account all of the terms and conditions of such Acquisition Proposal, would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the NCC Shareholders from a financial point of view than the Arrangement (including any adjustment to the terms and conditions of the Arrangement proposed by Stingray and Acquisitionco pursuant to the Arrangement Agreement).

Termination

The Arrangement Agreement may be terminated at any time before the Effective Date:

(a) by mutual written agreement of NCC, Stingray and Acquisitionco;

(b) by Stingray, NCC or Acquisitionco,

(i) if the NCC Shareholders do not approve the Arrangement Resolution at the NCC Meeting in the manner required by the Interim Order;

(ii) if the Effective Date has not occurred on or prior the Outside Date or such later date as may be provided in the Arrangement Agreement or as the parties may otherwise agree in writing, other than as a result of the breach by such party of any covenant or obligation under the Arrangement Agreement or as a result of any representation or warranty of such party in Arrangement Agreement being untrue or incorrect; provided, however, that if the Effective Date is delayed by (A) an injunction or order made by a Regulatory Authority of competent jurisdiction, or (B) the parties not having obtained any regulatory waiver, consent or approval which is necessary to permit the Effective Date to occur, then, at NCC's, Stingray's or Acquisitionco's request and provided that such injunction or order is being contested or appealed in good faith or such regulatory waiver, consent or approval is being actively sought in good faith, as applicable, the Arrangement Agreement will not be terminated until the fifth Business Day following the earlier of the date on which such injunction or order ceases to be in effect or such waiver, consent or approval is obtained, as applicable, and August 2, 2019, and the Outside Date shall be deemed to be extended to such date;

(iii) if any Regulatory Authority shall have enacted any law or issued an order, decree or ruling permanently restraining or enjoining or otherwise prohibiting any of the transactions contemplated by the Arrangement Agreement (unless such law, order, decree or ruling has been withdrawn, reversed or otherwise made inapplicable) which order, decree or ruling is final and non-appealable; or

(iv) subject to certain exceptions, if (A) any representation or warranty of the other party under the Arrangement Agreement is untrue or incorrect or shall have become untrue or incorrect such that the conditions for completion contained in the Arrangement Agreement, would be incapable of satisfaction; or (B) the other party is in default of a covenant or obligation under the Arrangement Agreement such that the conditions for completion of the Arrangement would be incapable of satisfaction;

(c) by Stingray or Acquisitionco:

(i) if the NCC Board or the special committee withdraws, modifies, changes or qualifies its approval or recommendation of the Arrangement Agreement or the Arrangement Resolution in any manner adverse to Stingray or Acquisitionco;

(ii) if the NCC Board fails to reaffirm its recommendation of the Arrangement within five business days of any written request to do so by Stingray or Acquisitionco, and such request cannot be made by Stingray or Acquisitionco more than three times in aggregate;

(iii) if the NCC Board or the special committee recommends or approves an Acquisition Proposal;

(iv) if the NCC Board or special committee has resolved to do either (i) or (iii) above;

(v) if NCC is in material default of any covenant or obligation under the Arrangement Agreement relating to Acquisition Proposals; or

(vi) if the NCC Meeting has not been held by July 31, 2018 as a result of NCC failing to comply with its obligations with respect to the NCC Meeting contained in the Arrangement Agreement, and such failure was not caused by the failure of Stingray, Acquisitionco or its representatives to fulfill their obligations under the Arrangement Agreement; or

(d) by NCC, if NCC proposes to enter into a definitive agreement with respect to a Superior Proposal in compliance with the provisions of the Arrangement Agreement, provided that NCC has paid to Stingray the applicable Break Fee in compliance with the Arrangement Agreement and provided NCC is not in breach of any of its covenants or obligations under the Arrangement Agreement.

Break Fee and Reverse Break Fee

Stingray will be entitled to a termination payment of $12,000,000 (the "**Break Fee**") from NCC upon the occurrence of any of the following events:

(a) the Arrangement Agreement is terminated by Stingray or Acquisitionco as a result of (i) the NCC Board or the special committee withdrawing, modifying, changing or qualifying its approval or recommendation of the Arrangement Agreement or the Arrangement Resolution in any manner adverse to Stingray or Acquisitionco; (ii) the NCC Board failing to reaffirm its recommendation of the Arrangement within five business days of any written request to do so by Stingray or Acquisitionco, and such request cannot be made by Stingray or Acquisitionco more than three times in aggregate; (iii) the NCC Board or the special committee recommending or approving an Acquisition Proposal; (iv) the Board or special committee resolving to do either (i) or (iii) above; (v) NCC being in material default of any covenant or obligation under the Arrangement Agreement relating to Acquisition Proposals; or (vi) the NCC Meeting having not been held by July 31, 2018 as a result of NCC failing to comply with its obligations with respect to the NCC Meeting contained in the Arrangement Agreement, and such failure was not caused by the failure of Stingray, Acquisitionco or its representatives to fulfill their obligations under the Arrangement Agreement, in which case the Break Fee shall be paid to Stingray prior to or concurrently with such termination; or

(b) the Arrangement Agreement is terminated by NCC, if NCC proposes to enter into a definitive agreement with respect to a Superior Proposal in compliance with the provisions of the Arrangement Agreement, provided that NCC has paid to Stingray the applicable Break Fee in compliance with the Arrangement Agreement and provided NCC is not in breach of any of its covenants or obligations under the Arrangement Agreement, in which case the Break Fee shall be paid to Stingray prior to or concurrently with such termination; or

(c) if on or after the date of the Arrangement Agreement and before the NCC Meeting, an Acquisition Proposal is publicly announced by any person (other than Stingray, Acquisitionco or any of their affiliates) and not publicly withdrawn or abandoned more than five business days before the NCC Meeting, and within 12 months following the termination of the Arrangement Agreement by Stingray or Acquisitionco as a result of the NCC Shareholders not approving the Arrangement Resolution at the NCC Meeting in the manner required by the Interim Order or the NCC Meeting not being held by July 31, 2018, any Acquisition Proposal is consummated or a binding agreement is entered into by NCC with respect thereto, in which case the Break Fee shall be paid on the date such Acquisition

Proposal is consummated (provided that, for the purposes of such Break Fee event, all references to "20%" in the definition of "Acquisition Proposal" shall be read as "50%").

NCC will be entitled to a reverse termination payment of $12,000,000 (the "**Reverse Break Fee**") from Stingray if the Arrangement Agreement is terminated by NCC, Stingray or Acquisitionco, in the event that the Effective Date has not occurred on or prior to the Outside Date, other than as a result of the breach of any such party of any covenant or obligation under the Arrangement Agreement or as a result of any representation or warranty of such party in the Arrangement Agreement being untrue or incorrect, where Stingray or Acquisitionco fails to complete the Arrangement due to insufficient financing, in which case the Reverse Break Fee shall be paid by Stingray to NCC within five business day of such termination. Notwithstanding anything to the contrary in the Arrangement Agreement, subject to certain exceptions, if (i) the Reverse Break Fee becomes due and payable and is actually received by NCC, and (ii) failure to obtain sufficient financing was not caused in whole or in part by Stingray or Acquisitionco being in breach of any covenant or obligation under the Arrangement Agreement or as a result of any representation or warranty of Stingray or Acquisitionco in the Arrangement Agreement being materially untrue or incorrect, then the Reverse Break Fee shall be NCC's sole and exclusive remedy (whether at law, in equity, in contract, in tort or otherwise) against Stingray or Acquisitionco in respect of the failure of Stingray or Acquisitionco to consummate the transactions contemplated by the Arrangement Agreement.

Amendment and Waiver

The Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the NCC Meeting but not later than the Effective Date, be amended by mutual written agreement of NCC, Stingray and Acquisitionco, subject to the provisions of the Interim Order, the Plan of Arrangement and applicable laws, without further notice to or authorization on the part of the NCC Shareholders. Any such amendment may without limitation (a) change the time for performance of any of the obligations or acts of the parties; (b) waive any inaccuracies or modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant to the Arrangement Agreement; (c) waive compliance with or modify any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of the parties under the Arrangement Agreement; and (d) waive compliance with or modify any conditions precedent contained in the Arrangement Agreement. Notwithstanding the foregoing, the Plan of Arrangement may only be supplemented or amended in accordance with the provisions thereof.

Any of NCC, Stingray or Acquisitionco may (a) extend the time for the performance of any of the obligations or acts of the other party, (b) waive compliance, except as provided in the Arrangement Agreement, with any of the other party's agreements or the fulfilment of any conditions to its own obligations contained in the Arrangement Agreement, or (c) waive inaccuracies in any of the other party's representations or warranties contained in the Arrangement Agreement or in any document delivered by the other party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party and, unless otherwise provided in the written waiver, shall be limited to the specific breach or condition waived and shall not extend to any other matter or occurrence. No failure or delay in exercising any right, power or privilege under the Arrangement Agreement shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise or the exercise of any right, power or privilege under the Arrangement Agreement.

Support Agreements

NCC has, concurrently with the execution and delivery to Stingray and Acquisitionco of the Arrangement Agreement, delivered to Stingray and Acquisitionco duly executed voting support agreements dated as of May 2, 2018 with each of the Locked-Up Shareholders (as defined below) who have agreed, subject to certain limited exceptions (which do not apply to each member of the Steele family who hold NCC Shares and who have executed irrevocable voting support agreements) to vote in favour of the Arrangement Resolution all of the NCC Shares beneficially owned by them or under their direction or control, subject to the terms and conditions of the applicable Support Agreement. The "**Locked-Up Shareholders**" means the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, and each of the directors of NCC and each member of the Steele family who hold NCC Shares.

FINANCING THE ARRANGEMENT

Overview

The Arrangement will be financed through the net proceeds of the Offering, the Concurrent Private Placement, the Pre-emptive Rights Exercise, and the New Credit Facilities (as defined below). See "Use of Proceeds".

Concurrent Private Placement

Stingray has entered into a Subscription Agreement with the Private Placement Subscriber pursuant to which Stingray has agreed, among other things, to complete a private placement with the Private Placement Subscriber concurrently with the completion of the Offering. Pursuant to the Subscription Agreement, the Private Placement Subscriber has agreed to purchase an aggregate of 3,846,100 Private Placement Subscription Receipts at a price of $10.40 per Private Placement Subscription Receipt for gross proceeds to Stingray of $39,999,440. The Private Placement Subscriber will be entitled to a capital commitment fee equal to 4% of the aggregate subscription price for the Private Placement Subscription Receipts purchased by the Private Placement Subscriber (the "**Capital Commitment Fee**") payable as to 50% upon the closing of the Concurrent Private Placement and 50% upon satisfaction of the escrow release condition under the Private Placement Subscription Receipt Agreement. The net proceeds of the Concurrent Private Placement will form part of the Escrowed Funds and be held by the Escrow Agent in a separate account pursuant to the terms of the Private Placement Subscription Receipt Agreement. The Private Placement Subscription Receipts will have identical terms to the Subscription Receipts except that the escrow release condition under the Private Placement Subscription Receipt Agreement differs from the Escrow Release Condition. See "Description of the Subscription Receipts".

The Private Placement Subscription Receipts and the underlying Subordinate Voting Shares issuable upon the exchange of the Private Placement Receipts will be subject to a statutory four-month hold period from the closing of the Concurrent Private Placement. Completion of the Concurrent Private Placement is subject to a number of conditions, including the approval of the TSX, the concurrent closing of the Pre-emptive Rights Exercise for a minimum of $15 million and the concurrent closing of the Offering. Stingray has applied to have the Subordinate Voting Shares issuable upon exchange of the Private Placement Subscription Receipts listed on the TSX. Listing is subject to the approval of the TSX in accordance with its original listing requirements.

Neither the Underwriters nor any of their affiliates or representatives acted as dealer, broker, agent or other representative in respect of any of the Concurrent Private Placement or provided any advice to the Private Placement Subscriber in connection with the Concurrent Private Placement and the Underwriters will not receive an underwriting commission or other fee with respect to the receipt by the Private Placement Subscriber of the Private Placement Subscription Receipts. This Prospectus does not qualify the distribution of the Private Placement Subscription Receipts.

The closing of the Offering is conditional upon the concurrent closing of the Concurrent Private Placement. However, the Co-lead Underwriters, on behalf of the Underwriters, have the ability to waive such condition, if the Concurrent Private Placement does not close, in which case, the Offering could close without the concurrent closing of the Concurrent Private Placement. Closing of the Concurrent Private Placement will be concurrent to the closing of the Offering and the closing of the Pre-emptive Rights Exercise. See "Risk Factors – Risks relating to the Offering – The Concurrent Private Placement may not be completed".

Pre-emptive Rights Exercise

As a result of the Offering and the Concurrent Private Placement, the holders of Multiple Voting Shares will be issued Rights to Subscribe for that number of Pre-emptive Subscription Receipts exchangeable into Multiple Voting Shares, which carry, in the aggregate, a number of voting rights sufficient to fully maintain the total voting rights (on a fully-diluted basis) associated with the then outstanding Multiple Voting Shares. See "Description of Share Capital – Summary of Rights, Privileges, Restrictions and Conditions of the Multiple Voting Shares, the Subordinate Voting Shares and the Variable Subordinate Voting Shares – Subscription Rights".

Each Pre-emptive Subscription Receipt entitles the holder thereof to receive, upon the satisfaction of the Escrow Release Condition and without payment of additional consideration or further action, one Multiple Voting Share for each Pre-emptive Subscription Receipt held. Certain members of the Boyko Group have indicated to Stingray their intention of exercising 1,452,850 Subscription Rights for the purchase of the corresponding number of Pre-emptive Subscription Receipts at a price of $10.40 per Pre-emptive Subscription Receipt for aggregate proceeds to the Corporation of $15,109,640 concurrently with the completion of the Offering and the Concurrent Private Placement.

The gross proceeds of the Pre-emptive Rights Exercise will form part of the Escrowed Funds and be held by the Escrow Agent in a separate account pursuant to the terms of the Pre-emptive Subscription Receipt Agreement. The Pre-emptive Subscription Receipts will have identical terms to the Subscription Receipts except that (i) the Pre-emptive Subscription Receipts will be exchangeable for Multiple Voting Shares and (ii) the escrow release condition under the Pre-emptive Subscription Receipt Agreement differs from the Escrow Release Condition. See "Description of the Subscription Receipts".

The Pre-emptive Subscription Receipts and the underlying Multiple Voting Shares issuable upon the exchange of the Pre-emptive Subscription Receipts will be subject to a statutory four-month hold period from the closing of the Pre-emptive Rights Exercise. Stingray has applied to have the Subordinate Voting Shares issuable upon the conversion of the Multiple Voting Shares which are issuable upon exchange of the Pre-emptive Subscription Receipts listed on the TSX. Listing is subject to the approval of the TSX in accordance with its original listing requirements.

Neither the Underwriters nor any of their affiliates or representatives acted as dealer, broker, agent or other representative in respect of the Pre-emptive Rights Exercise or provided any advice to the purchasers of Pre-emptive Subscription Receipts in connection with the Pre-emptive Rights Exercise and the Underwriters will not receive an underwriting commission or other fee with respect to the receipt by members of the Boyko Group of the Pre-emptive Subscription Receipts. This Prospectus does not qualify the distribution of the Pre-emptive Subscription Receipts.

New Credit Facilities

Stingray has obtained a commitment letter from an affiliate of NBF for new credit facilities in an aggregate amount of $450 million (collectively, the "**New Credit Facilities**"), inclusive of the Existing Credit Facility in an aggregate amount of $100 million. Stingray intends to use the New Credit Facilities, together with the net proceeds of the Offering, the Concurrent Private Placement and the Pre-emptive Rights Exercise, to pay the NCC Consideration at the Effective Date, repay the Existing Credit Facility and to pay fees and expenses incurred in connection with the Arrangement. The following is a summary of the material terms of the proposed New Credit Facilities based on the commitment letter obtained by Stingray in respect of the New Credit Facilities.

The New Credit Facilities will be comprised of an increase of the revolving credit facility under the Existing Credit Facility up to an amount of $300 million (from $100 million) and a $150 million non-revolving term facility. The Existing Credit Facility (as increased by the New Credit Facilities) shall have a term to maturity of three years (with no mandatory repayment or amortization). The non-revolving term facility shall have a term to maturity of three years with mandatory quarterly repayment obligations each equal to 2.5% of the drawn amount of the term facility, with the balance due and payable on the maturity date. Moreover, the term facility also provides a mandatory prepayment of (i) 100% of the net cash proceeds of dispositions of non-core assets of NCC subject to customary reinvestment provisions, and (ii) 50% of excess cash flow when the Net Debt to EBITDA ratio exceeds a set threshold.

The borrower under the New Credit Facilities will be the Corporation. All obligations of the Corporation under the New Credit Facilities will be guaranteed on a full recourse basis by certain designated subsidiaries of the Corporation. The New Credit Facilities will be secured by a perfected first-ranking security interest in all present and future assets, both real and personal, of the Corporation and such designated subsidiaries under the New Credit Facilities.

The revolving credit facility shall be used for general corporate purposes including to partially finance the Arrangement and to pay fees and expenses incurred in connection with the Arrangement. The non-revolving term facility shall be used to partially finance the Arrangement and to pay fees and expenses incurred in connection with the Arrangement.

An affiliate of NBF will serve as administrative agent and sole lead arranger and book runner for the New Credit Facilities. An affiliate of NBF, in its capacity as sole lead arranger and book runner, intends to syndicate the New Credit Facilities to one or more financial institutions prior to the Effective Date.

The entry into the New Credit Facilities is subject to completion of definitive documentation that shall contain other customary representations and warranties and restrictive covenants and restrictions on further borrowing, acquisitions and dispositions, restrictions on granting liens and other restrictions and other customary closing conditions.

USE OF PROCEEDS

The estimated net proceeds of the Offering will be approximately $78,717,304, after deduction of the Underwriters' Fee of $3,320,096 and the estimated expenses of the Offering of approximately $965,000, assuming no exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the additional net proceeds to the Corporation, after deduction of the Underwriters' Fee in respect of the Over-Allotment Option and the estimated expenses of the Offering of approximately $965,000, will be approximately $90,669,650.

The estimated aggregate net proceeds of the Offering, the Concurrent Private Placement and the Pre-emptive Rights Exercise will be approximately $132,226,406, after deduction of the Underwriters' Fee of $3,320,096, the Capital Commitment Fee of $1,599,978 and the estimated expenses of the Offering of approximately $965,000, assuming no exercise of the Over-Allotment Option and the Private Placement Option. If the Over-Allotment Option and the Private Placement Option are exercised in full, the additional net proceeds to the Corporation, after deduction of the Underwriters' Fee in respect of the Over-Allotment Option and the estimated expenses of the Offering of approximately $965,000, will be approximately $149,938,671.

All of the net proceeds of the Offering, the Concurrent Private Placement and the Pre-emptive Rights Exercise will be used to finance a portion of the NCC Consideration at the Effective Date and to pay fees and expenses incurred in connection with the Arrangement. The gross proceeds from the sale of the Subscription Receipts, less 50% of the Underwriters' Fee, together with the gross proceeds from the sale of the Private Placement Subscription Receipts, less 50% of the Capital Commitment Fee, and the gross proceeds from the Pre-emptive Subscription Receipts will be held in escrow until the satisfaction of the Escrow Release Condition (in the case of the Subscription Receipts, and the equivalent escrow release condition under the Private Placement Subscription Receipt Agreement in the case of the Private Placement Subscription Receipts and the equivalent escrow release condition under the Pre-emptive Subscription Receipt Agreement in the case of the Pre-emptive Subscription Receipts) and other conditions to the exchange of the Subscription Receipts, the Private Placement Subscription Receipts and the Pre-emptive Subscription Receipts. See "Financing the Arrangement" and "Description of the Subscription Receipts".

CONSOLIDATED CAPITALIZATION

The following table sets out the consolidated capitalization of the Corporation (i) as at December 31, 2017 and (ii) as at December 31, 2017 after giving effect to: (i) the Offering (assuming no exercise of the Over-Allotment Option, after deducting the Underwriters' Fee and the expenses of the Offering), (ii) the New Credit Facilities to be drawn at the Effective Date, (iii) the Concurrent Private Placement (assuming no exercise of the Private Placement Option, after deducting the Capital Commitment Fee), (iv) the Pre-emptive Rights Exercise, (v) the closing of the Arrangement, (vi) the repayment of the Existing Credit Facility, and (vii) post-Arrangement related costs. This table is presented and should be read in conjunction with the financial statements of the Corporation and of NCC incorporated by reference into this Prospectus, the unaudited *pro forma* condensed consolidated financial statements of the Corporation included in this Prospectus and with the information set forth under "Use of Proceeds"

	As at December 31, 2017	
	Actual	**As Adjusted**(1)
	(in thousands)	
Bank debt		
Revolving Facility	26,633	220,607
Term Loan, including current portion	-	150,000
Other		
Contingent considerations, including current portion	19,225	19,225
Balance payable on business acquisition	20,536	20,536
CRTC tangible benefits	3,230	30,257
Total debt	**69,624**	**440,625**
Shareholders' equity (deficiency)		
Share capital(2)	146,339	320,155
Contributed surplus	3,542	3,542
Deficit	(20,405)	(43,030)
Total equity	**129,476**	**280,667**
Total capitalization	**199,100**	**721,292**

Notes:

(1) As adjusted to give effect to the (i) the Offering (assuming no exercise of the Over-Allotment Option, after deducting the Underwriters' Fee and the expenses of the Offering), (ii) the New Credit Facilities to be drawn at the Effective Date, (iii) the Concurrent Private Placement (assuming no exercise of the Private Placement Option, after deducting the Capital Commitment Fee), (iv) the Pre-emptive Rights Exercise, (v) the closing of the Arrangement, (vi) the repayment of the Existing Credit Facility and (vi) post-Arrangement related costs.

(2) As at December 31, 2017, there were 16,294,285 Multiple Voting Shares and an aggregate of 39,987,479 Subordinate Voting Shares and Variable Subordinate Voting Shares issued and outstanding, and no Special Shares or Preferred Shares were issued and outstanding.

There has been no material change in the share and loan capital of the Corporation, on a consolidated basis, since December 31, 2017, except for transactions contemplated by the Offering and by the Arrangement, including the Concurrent Private Placement, the Pre-emptive Rights Exercise and the New Credit Facilities. See "Details of the Arrangement" and "Financing the Arrangement".

DESCRIPTION OF THE SUBSCRIPTION RECEIPTS

General

The Subscription Receipts will be issued on the date of the Offering Closing pursuant to the Subscription Receipt Agreement. The Private Placement Subscription Receipts will be issued on the date of the Offering Closing pursuant to the Private Placement Subscription Receipt Agreement. The Pre-emptive Subscription Receipts will be issued on the date of the Offering Closing pursuant to the Pre-emptive Subscription Receipt Agreement.

The following is a summary of the material attributes and characteristics of the Subscription Receipts, the Private Placement Subscription Receipts, and the Pre-emptive Subscription Receipts. This summary does not purport to be complete and is subject to, and qualified in its entirety by, reference to the terms of (i) the subscription receipt agreement (the "**Subscription Receipt Agreement**") between Stingray, the Escrow Agent and the Co-lead Underwriters (on behalf of the Underwriters) to be dated the date of the Offering Closing, (ii) the subscription receipt agreement (the "**Private Placement Subscription Receipt Agreement**") between Stingray, the Escrow Agent and the Private Placement Subscriber to be dated the date of the Offering Closing, and (iii) the subscription receipt agreement (the "**Pre-emptive Subscription Receipt Agreement**") between Stingray, the Escrow Agent and the purchasers of Pre-emptive Subscription Receipts to be dated the date of the Offering Closing, copies of which will be filed on our SEDAR profile at www.sedar.com.

Each of the Subscription Receipt Agreement, the Private Placement Subscription Receipt Agreement and the Pre-emptive Subscription Receipt Agreement will contain customary anti-dilution provisions with respect to the Subscription Receipts, the Private Placement Subscription Receipts and the Pre-emptive Subscription Receipts.

Automatic Exchange

Each Subscription Receipt and Private Placement Subscription Receipt will entitle the holder thereof to receive, upon the satisfaction of the Escrow Release Condition (in the case of the Subscription Receipts, and the equivalent escrow release condition under the Private Placement Subscription Receipt Agreement in the case of the Private Placement Subscription Receipts) and without payment of additional consideration or further action, either one Subordinate Voting Share or one Variable Subordinate Voting Share, depending on whether the purchaser is a "Canadian" under the *Broadcasting Act* (Canada). The escrow release condition for the Private Placement Subscription Receipts differs from the Escrow Release Condition in that (i) the consent of the Private Placement Subscriber is required upon any material amendment or waiver to the terms of the Arrangement Agreement and (ii) the escrow release condition under the Subscription Receipt Agreement and Pre-emptive Subscription Receipt Agreement must have also been satisfied or waived.

Each Pre-emptive Subscription Receipt will entitle the holder thereof to receive, upon the satisfaction of the escrow release condition under the Pre-emptive Subscription Receipt Agreement and without payment of additional consideration or further action, one Multiple Voting Share. The escrow release condition for the Pre-emptive Subscription Receipts differs from the Escrow Release Condition in that (i) the consent of the purchasers of Pre-emptive Subscription Receipts is required upon any material amendment or waiver to the terms of the Arrangement Agreement and (ii) the escrow release condition under the Subscription Receipt Agreement and Private Placement Subscription Receipt Agreement must have also been satisfied or waived.

Upon satisfaction of the Escrow Release Condition (in the case of the Subscription Receipts, and the equivalent escrow release condition under the Private Placement Subscription Receipt Agreement in the case of the Private Placement Subscription Receipts and the equivalent escrow release condition under the Pre-emptive Subscription Receipt Agreement in the case of the Pre-emptive Subscription Receipts) prior to the Deadline, the Escrow Agent will automatically issue and deliver the appropriate number of Shares to each registered holder of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts without any further action required by such holder and without payment of additional consideration and thereafter the former holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts will be entitled, as holders of Shares, to receive dividends if, as and when declared by the Board of Directors from time to time, to vote and to all other rights available to holders of Shares (see ''Description of Share Capital – Summary of Rights, Privileges, Restrictions and Conditions of the Multiple Voting Shares, the Subordinate Voting Shares and the Variable Subordinate Voting Shares''). Contemporaneously with the issuance and delivery of the Shares to the holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts, Stingray will issue a press release specifying that Shares have been so issued and delivered to holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts.

Dividend Equivalent Payments

Holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts will be entitled to Dividend Equivalent Payments in respect of, and paid concurrently with, any dividends on the Shares for which the record dates occur during the period commencing on (and including) the date of the Offering Closing to, but excluding, the last day on which the Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts remain outstanding. The record date for each Dividend Equivalent Payment will be the same as the record date for the corresponding dividend declared on the Shares.

In the event that a Termination Event occurs after a dividend has been declared on the Shares but before the record date for such dividend, holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts will receive a *pro rata* Dividend Equivalent Payment in respect of such dividend declared on the Shares based on the ratio of the time between (i) the date of the prior Dividend Equivalent Payment (or, if none, the date of the Offering Closing) and the Termination Date to (ii) the date of the prior Dividend Equivalent Payment (or, if none, the prior payment date for dividends on the Shares) and the dividend payment date for the dividend so declared. If a Termination Event occurs on a record date for a dividend or following a record date for a dividend but on or prior to the payment date for such dividend, holders will be entitled to receive the full Dividend Equivalent Payment.

Any Dividend Equivalent Payments will be made first out of any remaining Earned Interest and then out of the principal amount of the remaining Escrowed Funds, and, in any case, will be paid net of any applicable withholding taxes. If the balance of the Escrowed Funds, together with any remaining Earned Interest, is insufficient to cover the full amount of the Dividend Equivalent Payments payable, Stingray will be required, under each of the Subscription Receipt Agreement, the Private Placement Subscription Receipt Agreement and the Pre-emptive Subscription Receipt Agreement to pay to the holders of Subscription Receipts, Private

Placement Subscription Receipts and Pre-emptive Subscription Receipts the difference, if any, between the balance of remaining Escrowed Funds, together with any remaining Earned Interest and the Dividend Equivalent Payments due to the holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts.

Escrowed Funds

The proceeds from the Offering, net of 50% of the Underwriters' Fee and, if applicable, 50% of the aggregate Underwriters' Fee payable by Stingray as a result of the exercise of the Over-Allotment Option, the proceeds from the Concurrent Private Placement, net of 50% of the Capital Commitment Fee and, if applicable, 50% of the aggregate Capital Commitment Fee payable by Stingray as a result of the exercise of the Private Placement Option, and the proceeds from the Pre-emptive Rights Exercise will be delivered to and held by the Escrow Agent, as agent and bailee on behalf of the holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts in separate accounts under the terms of the Subscription Receipt Agreement, the Private Placement Subscription Receipt Agreement and the Pre-emptive Subscription Receipt Agreement, respectively, and, upon receipt of a direction from Stingray, the Private Placement Subscriber or the purchasers of Pre-emptive Subscription Receipts, as applicable, will be invested in short term obligations of, or guaranteed by, the Government of Canada, a province of Canada or in Non-Governmental Investments, until the earlier of (x) the satisfaction of the Escrow Release Condition (in the case of the Subscription Receipts, and the equivalent escrow release condition under the Private Placement Subscription Receipt Agreement in the case of the Private Placement Subscription Receipts and the equivalent escrow release condition under the Pre-emptive Subscription Receipt Agreement in the case of the Pre-emptive Subscription Receipts) and (y) the occurrence of a Termination Event. Any interest or other income actually earned on the investment or reinvestment of the balance of the Escrowed Funds from and including the date on which the Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts are issued (for greater clarity, in respect of the proceeds of the Subscription Receipts issued upon exercise of the Over-Allotment Option and in respect of the proceeds of the Private Placement Subscription Receipts issued upon exercise of the Private Placement Option, from and including the date on which such Subscription Receipts and Private Placement Subscription Receipts are issued) to, but excluding, the earlier to occur of the satisfaction of the Escrow Release Condition (in the case of the Subscription Receipts, and the equivalent escrow release condition under the Private Placement Subscription Receipt Agreement in the case of the Private Placement Subscription Receipts and the equivalent escrow release condition under the Pre-emptive Subscription Receipt Agreement in the case of the Pre-emptive Subscription Receipts) and the Termination Date, is referred to herein as the "Earned Interest" and will be held by the Escrow Agent, as escrow agent and bailee on behalf of the holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts in separate accounts in accordance with the terms of each of the Subscription Receipt Agreement, the Private Placement Subscription Receipt Agreement and the Pre-emptive Subscription Receipt Agreement.

Termination

If the Escrow Release Condition (in the case of the Subscription Receipts, and the equivalent escrow release condition under the Private Placement Subscription Receipt Agreement in the case of the Private Placement Subscription Receipts and the equivalent escrow release condition under the Pre-emptive Subscription Receipt Agreement in the case of the Pre-emptive Subscription Receipts) is not satisfied or waived prior to a Termination Event, the Escrow Agent will deliver to each holder of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts, commencing on the second (2nd) business day following the Termination Date, the Termination Payment.

The Termination Payment will be paid from the balance of the Escrowed Funds, together with any remaining Earned Interest, on the Termination Date, provided that if the balance of the Escrowed Funds, together with any remaining Earned Interest, is insufficient to cover the full amount of the Termination Payment, Stingray will be required, under each of the Subscription Receipt Agreement, the Private Placement Subscription Receipt Agreement and the Pre-emptive Subscription Receipt Agreement, to pay to the holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts the difference, if any, between the balance of Escrowed Funds, together with any remaining Earned Interest, on the Termination Date and the Termination Payment due to the holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts. If any amount of Earned Interest on the Escrowed Funds remains unused after the full payment of the Termination Payment, it shall be paid by the Escrow Agent to or as directed by Stingray.

Holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts Not Shareholders

Holders of the Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts are not shareholders and neither the Subscription Receipts, the Private Placement Subscription Receipts nor the Pre-emptive Subscription Receipts carry any shareholder voting rights whatsoever. Holders of the Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts are only entitled to receive: (i) Dividend Equivalent Payments and (ii) either (A) automatically upon the satisfaction of the Escrow Release Condition (in the case of the Subscription Receipts, and the equivalent escrow release condition under the Private Placement Subscription Receipt Agreement in the case of the Private Placement

Subscription Receipts and the equivalent escrow release condition under the Pre-emptive Subscription Receipt Agreement in the case of the Pre-emptive Subscription Receipts), without any further action on the part of the holder thereof and without payment of additional consideration, either one Subordinate Voting Share, one Variable Subordinate Voting Share or one Multiple Voting Share, as applicable, or (B) following the occurrence of a Termination Event, the Termination Payment, in each case, as applicable and as more fully described above.

Amendments

From time to time while the Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts are outstanding, Stingray and the Co-lead Underwriters (as it relates to the Subscription Receipts), the Private Placement Subscriber (as it relates to the Private Placement Subscription Receipts) and the purchasers of Pre-emptive Subscription Receipts (as it relates to the Pre-emptive Subscription Receipts), and the Escrow Agent may, subject to the terms and conditions of each of the Subscription Receipt Agreement, the Private Placement Subscription Receipt Agreement and the Pre-emptive Subscription Receipt Agreement and regulatory approval, without the consent of the holders of the Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts, amend or supplement the Subscription Receipt Agreement, the Private Placement Subscription Receipt Agreement and/or the Pre-emptive Subscription Receipt Agreement for certain purposes, including making any change that is not inconsistent with the Subscription Receipt Agreement, the Private Placement Subscription Receipt Agreement and/or the Pre-emptive Subscription Receipt Agreement as may be necessary or desirable with respect to matters or questions arising thereunder that, in the opinion of the Escrow Agent, are not prejudicial to the interests of the holders of Subscription Receipts, Private Placement Subscription Receipts and/or Pre-emptive Subscription Receipts. Each of the Subscription Receipt Agreement, the Private Placement Subscription Receipt Agreement and the Pre-emptive Subscription Receipt Agreement provides for other modifications and alterations thereto and to the Subscription Receipts, Private Placement Subscription Receipts and/or Pre-emptive Subscription Receipts issued thereunder by way of an Extraordinary Resolution. The term "**Extraordinary Resolution**" is defined in each of the Subscription Receipt Agreement, the Private Placement Subscription Receipt Agreement and the Pre-emptive Subscription Receipt Agreement to mean a resolution passed by the affirmative votes of the holders of not less than 66⅔% of the number of outstanding Subscription Receipts, Private Placement Subscription Receipts or Pre-emptive Subscription Receipts, as applicable, represented and voting at a meeting of such holders or an instrument or instruments in writing signed by the holders of not less than 66⅔% of the number of outstanding Subscription Receipts, Private Placement Subscription Receipts or Pre-emptive Subscription Receipts, voting as a single class.

Book Entry, Delivery and Form of Subscription Receipts and Subordinate Shares

The Subscription Receipts will be issued and delivered electronically through the non-certificated inventory ("**NCI**") system of CDS in "book-entry" form and must be purchased or transferred through a participant in the depositary services of CDS. Unless the book-entry or electronic settlements systems of CDS are terminated, a purchaser acquiring a beneficial interest in the Subscription Receipts will not be entitled to receive a certificate for Subscription Receipts.

Each purchaser acquiring a beneficial interest in a Subscription Receipt will receive a customer confirmation of purchase from the Underwriter from whom the beneficial interest is purchased in accordance with the practices and procedures of the selling Underwriter. Registration of ownership and transfers of Subscription Receipts may be effected through the book-based system administered by CDS or its nominees (with respect to interests of participants of CDS) and on the records of participants of CDS (with respect to interests of persons other than participants of CDS). The ability of an owner of a beneficial interest in a Subscription Receipt to pledge such Subscription Receipt or otherwise take action with respect to such owner's interest in such Subscription Receipt (other than through a CDS participant) may be limited due to the lack of a physical certificate.

The Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable) issued upon the exchange of the Subscription Receipts will be delivered electronically through the NCI system of CDS. On the date the Escrow Release Condition is satisfied, the Corporation, via its transfer agent, will electronically deliver the Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable) registered to CDS or its nominee. Transfers of ownership of Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable) in Canada must be effected through a CDS participant, which includes securities brokers and dealers, banks and trust companies. All rights of shareholders who hold Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable) in CDS must be exercised through, and all payments or other property to which such shareholders are entitled, will be made or delivered by CDS or the CDS participant through which the shareholder holds such Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable). A holder of a Subordinate Voting Shares (or a Variable Subordinate Voting Share, as applicable) participating in the NCI system will not be entitled to a certificate or other instrument from the Corporation or the Corporation's transfer agent evidencing that person's interest in or ownership of Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable), nor, to the extent applicable, will such holder be shown on the records maintained by CDS, except through an agent who is a CDS participant. The ability of a beneficial owner of Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable) to pledge such Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable) or otherwise take action with respect to such owner's interest in such Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable) (other than through a CDS participant) may be limited due to the lack of a physical certificate.

DESCRIPTION OF SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Multiple Voting Shares, Subordinate Voting Shares, Variable Subordinate Voting Shares, Special Shares and Preferred Shares. Upon the satisfaction of the Escrow Release Condition (assuming no exercise of the Over-Allotment Option and the Private Placement Option) whereby (i) Subscription Receipts will be automatically exchanged for Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable), (ii) Private Placement Subscription Receipts will be automatically exchanged for Subordinate Voting Shares, and (iii) Pre-emptive Subscription Receipts will be automatically exchanged for Multiple Voting Shares, there will be 17,747,135 Multiple Voting Shares and an aggregate of 51,844,579 Subordinate Voting Shares and Variable Subordinate Voting Shares issued and outstanding.

The terms of the Variable Subordinate Voting Shares, as summarized below, are intended to ensure that the number of votes owned and controlled by non-Canadians (as defined in the CRTC Direction) is within the limit permitted under the CRTC Direction. The CRTC Direction also limits the number of voting shares that may be owned and controlled by non-Canadians (as defined in the CRTC Direction), without regard to the number of votes that may be exercised in respect of each such share. As a result, the limitation on the number of votes associated with the Variable Subordinate Voting Shares does not ensure compliance with the limit on the number of voting shares that may be owned and controlled by non-Canadians (as defined in the CRTC Direction). The Board of Directors intends to monitor the number of Variable Subordinate Voting Shares outstanding and may take steps to adjust the number of Special Shares outstanding from time to time in order to ensure continued compliance with the CRTC Direction's limit on the number of voting shares that may be owned and controlled by non-Canadians (as defined in the CRTC Direction).

The Subordinate Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws. The Corporation is exempt from the requirements of Section 12.3 of National Instrument 41-101 – *General Prospectus Requirements* on the basis that the securities offered by this Prospectus are of the same class as securities distributed under a previous prospectus that was filed by the Corporation that was, at the time of filing the previous prospectus, a private issuer.

The Special Shares were created to give the Corporation greater flexibility to raise capital in the future without impacting our status under the Broadcasting Act. The Corporation has no plans at present to issue any Special Shares.

Summary of Rights, Privileges, Restrictions and Conditions of the Multiple Voting Shares, the Subordinate Voting Shares and the Variable Subordinate Voting Shares

Except as described herein, the Subordinate Voting Shares, the Variable Subordinate Voting Shares and the Multiple Voting Shares have the same rights, are equal in all respects and are treated by the Corporation as if they were shares of one (1) class only.

Rank

The Subordinate Voting Shares, the Variable Subordinate Voting Shares and the Multiple Voting Shares rank *pari passu* with respect to the payment of dividends, return of capital and distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation. In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of our assets among our shareholders for the purpose of winding-up our affairs, whether voluntarily or involuntarily, the holders of Subordinate Voting Shares, the holders of Variable Subordinate Voting Shares and the holders of Multiple Voting Shares are entitled to participate equally, share for share, subject always to the rights of the holders of any Preferred Shares and the holders of Special Shares, in the remaining property and assets of the Corporation available for distribution to shareholders of the Corporation, without preference or distinction among or between the Subordinate Voting Shares, the Variable Subordinate Voting Shares and the Multiple Voting Shares.

Dividends

The holders of outstanding Subordinate Voting Shares, Variable Subordinate Voting Shares and Multiple Voting Shares are entitled to receive, subject always to the rights of the holders of any Preferred Shares, dividends on a share for share basis out of assets legally available therefor at such times and in such amounts and form as the Board of Directors may from time to time determine, without preference or distinction among or between the Subordinate Voting Shares, the Variable Subordinate Voting Shares and the Multiple Voting Shares. In the event of a payment of a dividend in the form of shares of the Corporation, holders of Subordinate Voting Shares shall receive Subordinate Voting Shares, holders of Variable Subordinate Voting Shares shall receive Variable Subordinate Voting Shares and holders of Multiple Voting Shares shall receive Multiple Voting Shares.

Voting Rights

Upon the satisfaction of the Escrow Release Condition (assuming no exercise of the Over-Allotment Option and the Private Placement Option) whereby (i) Subscription Receipts will be automatically exchanged for Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable), (ii) Private Placement Subscription Receipts will be automatically exchanged for Subordinate Voting Shares, and (iii) Pre-emptive Subscription Receipts will be automatically exchanged for Multiple Voting Shares, the Principal Shareholders will collectively hold 100% of the Corporation's issued and outstanding Multiple Voting Shares, approximately 26.2% of the Corporation's total issued and outstanding Shares and approximately 77.6% of the voting power attached to all of the Shares (approximately 25.6% and 77.0%, respectively, if the Over-Allotment Option and the Private Placement Option are exercised in full) and, as a result, will have a significant influence on the Corporation.

Upon the satisfaction of the Escrow Release Condition (assuming no exercise of the Over-Allotment Option and the Private Placement Option) whereby (i) Subscription Receipts will be automatically exchanged for Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable), (ii) Private Placement Subscription Receipts will be automatically exchanged for Subordinate Voting Shares, and (iii) Pre-emptive Subscription Receipts will be automatically exchanged for Multiple Voting Shares, the Subordinate Voting Shares and the Variable Subordinate Voting Shares will represent approximately 73.8% of the Corporation's total issued and outstanding Shares and approximately 22.4% of the voting power attached to all of the Shares (approximately 74.4% and 23.0%, respectively, if the Over-Allotment Option and Private Placement Option are exercised in full).

Subordinate Voting Shares

The holders of Subordinate Voting Shares will be entitled to receive notice of, and to attend and vote at all meetings of the shareholders, except those at which holders of a specific class are entitled to vote separately as a class under the CBCA. Each Subordinate Voting Share shall confer the right to one (1) vote per share.

Variable Subordinate Voting Shares

The holders of Variable Subordinate Voting Shares will be entitled to receive notice of, and to attend and vote at all meetings of the shareholders, except those at which holders of a specific class are entitled to vote separately as a class under the CBCA. Each Variable Subordinate Voting Share shall confer the right to one (1) vote per share, except where (i) the number of votes that may be exercised in respect of all issued and outstanding Variable Subordinate Voting Shares exceeds 20% of the total number of votes that may be exercised in respect of all issued and outstanding voting shares of the Corporation (or any greater percentage that would qualify the Corporation as a Canadian (as defined in the CRTC Direction) pursuant to the Broadcasting Act), or (ii) the total number of votes cast by or on behalf of the holders of Variable Subordinate Voting Shares at any meeting on any matter on which a vote is to be taken exceeds 20% (or any greater percentage that would qualify the Corporation as a Canadian (as defined in the CRTC Direction) pursuant to the Broadcasting Act) of the total number of votes that may be cast at such meeting.

If either of the above-noted thresholds is surpassed at any time, the vote attached to each Variable Subordinate Voting Share will decrease automatically without further act or formality. Under the circumstances described in clause (i) of the paragraph above, the Variable Subordinate Voting Shares as a class cannot carry more than 20% (or any greater percentage that would qualify the Corporation as a Canadian (as defined in the CRTC Direction)) of the total voting rights attached to the aggregate number of issued and outstanding Variable Subordinate Voting Shares, Subordinate Voting Shares and Multiple Voting Shares of the Corporation. Under the circumstances described in clause (ii) of the paragraph above, the Variable Subordinate Voting Shares as a class cannot, for a given shareholders' meeting, carry more than 20% (or any greater percentage that would qualify the Corporation as a Canadian (as defined in the CRTC Direction)) of the total number of votes that may be cast at the meeting.

Multiple Voting Shares

The holders of Multiple Voting Shares will be entitled to receive notice of, and to attend and vote at all meetings of the shareholders, except those at which holders of a specific class are entitled to vote separately as a class under the CBCA. Each Multiple Voting Share shall confer the right to ten votes per share.

Conversion

Subordinate Voting Shares and Variable Subordinate Voting Shares

<u>Automatic Conversion</u>

Each issued and outstanding Subordinate Voting Share shall be converted into one (1) Variable Subordinate Voting Share, automatically and without any further act of the Corporation or the holder, if such Subordinate Voting Share is or becomes owned or controlled by a non-Canadian (as defined in the CRTC Direction).

Each issued and outstanding Variable Subordinate Voting Share shall be automatically converted into one (1) Subordinate Voting Share, without any further intervention on the part of the Corporation or the holder, if (i) the Variable Subordinate Voting Share is or becomes owned and controlled by a Canadian (as defined in the CRTC Direction); or if (ii) the provisions contained in or promulgated under the Broadcasting Act relating to foreign ownership restrictions are repealed and not replaced with other similar provisions in applicable legislation.

<u>Upon an Offer</u>

In the event that an offer is made to purchase Subordinate Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Subordinate Voting Shares are then listed, to be made to all or substantially all the holders of Subordinate Voting Shares in a given province or territory of Canada to which these requirements apply, each Variable Subordinate Voting Share shall become convertible at the option of the holder into one (1) Subordinate Voting Share at any time while the offer is in effect until one (1) day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Variable Subordinate Voting Shares for the purpose of depositing the resulting Subordinate Voting Shares pursuant to the offer, and for no other reason, including notably with respect to voting rights attached thereto, which are deemed to remain subject to the provisions concerning voting rights for Variable Subordinate Voting Shares notwithstanding their conversion. In such event, the Corporation's transfer agent shall deposit the resulting Subordinate Voting Shares on behalf of the holder.

Should the Subordinate Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Subordinate Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of the Corporation or on the part of the holder, into Variable Subordinate Voting Shares.

In the event that an offer is made to purchase Variable Subordinate Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Variable Subordinate Voting Shares are then listed, to be made to all or substantially all the holders of Variable Subordinate Voting Shares in a given province or territory of Canada to which these requirements apply, each Subordinate Voting Share shall become convertible at the option of the holder into one Variable Subordinate Voting Share at any time while the offer is in effect until one (1) day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Subordinate Voting Shares for the purpose of depositing the resulting Variable Subordinate Voting Shares pursuant to the offer, and for no other reason, including notably with respect to voting rights attached thereto, which are deemed to remain subject to the provisions concerning voting rights for Subordinate Voting Shares notwithstanding their conversion. In such event, the Corporation's transfer agent shall deposit the resulting Variable Subordinate Voting Shares on behalf of the holder.

Should the Variable Subordinate Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Variable Subordinate Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of the Corporation or on the part of the holder, into Subordinate Voting Shares.

Multiple Voting Shares

Each outstanding Multiple Voting Share may at any time, at the option of the holder, be converted into one (1) Subordinate Voting Share. Upon the first date that any Multiple Voting Share shall be held other than by a Permitted Holder (as defined below), such holder, without any further action, shall automatically be deemed to have exercised his, her or its rights to convert all of the Multiple Voting Shares held by such holder into fully paid and non-assessable Subordinate Voting Shares, on a share for share basis.

In addition, all Multiple Voting Shares, regardless of the holder thereof, will convert automatically into Subordinate Voting Shares at such time as the aggregate voting rights attached to all of the issued and outstanding Multiple Voting Shares no longer represent more than 50% of the aggregate voting rights attached to all issued and outstanding shares of the Corporation.

For the purposes of the foregoing:

"**Affiliate**" means, with respect to any specified person, any other person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified person.

"**Members of the Immediate Family**" means with respect to any individual, each spouse (whether by marriage or civil union) or common law partner (as defined in the Tax Act) or child or other descendants (whether by birth or adoption) of such individual, each spouse (whether by marriage or civil union) or common law partner (as defined in the Tax Act) of any of the aforementioned persons, each trust created solely for the benefit of such individual and/or one or more of the aforementioned persons, and each legal representative of such individual or of any aforementioned persons (including without limitation a tutor, curator, mandatary due to incapacity, custodian, guardian or testamentary executor), acting in such capacity under the authority of the law, an order from a competent tribunal, a will or a mandate in case of incapacity or similar instrument. For the purposes of this definition, a person shall be considered the spouse of an individual if such person is legally married to such individual, lives in a civil union with such individual or is the common law partner (as defined in the Tax Act as amended from time to time) of such individual. A person who was the spouse of an individual within the meaning of this paragraph immediately before the death of such individual shall continue to be considered a spouse of such individual after the death of such individual.

"**Permitted Holder**" means (i) with respect to the Boyko Group, (a) Eric Boyko and the Members of the Immediate Family of Eric Boyko; (b) Boyko Investments Corporation, any successor corporation (by amalgamation or otherwise) of Boyko Investments Corporation and/or any of its affiliates, as long as Eric Boyko and/or any one or more of the Members of the Immediate Family of Eric Boyko is, directly or indirectly, the registered and the beneficial owner of securities carrying in the aggregate at least 50% + 1 of the votes for the election of directors and representing in the aggregate at least 50% + 1 of the participating (equity) securities of such companies, (c) Newco1, as long as Eric Boyko, Pascal Tremblay or Lloyd Perry Feldman remains the sole voting trustee of Newco1 under the Newco1 Voting Trust Agreement; and (d) Newco2, as long as Eric Boyko, Pascal Tremblay or Lloyd Perry Feldman remains the sole voting trustee of Newco2 under the Newco2 Voting Trust Agreement; and (ii) with respect to Télésystème Ltée, Télésystème Ltée, any successor corporation (by amalgamation or otherwise) and any of its affiliates.

"**person**" means any individual, partnership, corporation, company, association, unincorporated organization, trust, joint venture or limited liability company.

A person is "controlled" by another person or other persons if: (i) in the case of a company or other body corporate wherever or however incorporated: (A) securities entitled to vote in the election of directors carrying in the aggregate at least 50% + 1 of the votes for the election of directors and representing in the aggregate at least 50% + 1 of the participating (equity) securities are held, other than by way of security only, directly or indirectly, by or solely for the benefit of the other person or persons; and (B) the votes carried in the aggregate by such securities are entitled, if exercised, to elect a majority of the board of directors of such company or other body corporate; or (ii) in the case of a person that is not a company or other body corporate, at least 50% + 1 of the participating (equity) and voting interests of such person are held, directly or indirectly, by or solely for the benefit of the other person or persons; and "controls", "controlling" and "under common control with" shall be interpreted accordingly).

Constraints on Share Ownership

The Multiple Voting Shares and the Subordinate Voting Shares may only be owned or controlled by Canadians (as defined in the CRTC Direction), unless the provisions contained in or made under the Broadcasting Act relating to the ineligibility of a non-Canadian (as defined in the CRTC Direction) to hold a licence to operate a broadcasting undertaking are repealed and not superseded or replaced with other similar provisions in respect of Canadian ownership and control.

Any Subordinate Voting Share owned or controlled by a non-Canadian (as defined in the CRTC Direction) is or must be converted into a Variable Subordinate Voting Share. Variable Subordinate Voting Shares may only be owned or controlled by non-Canadians (as defined in the CRTC Direction). Therefore, any Variable Subordinate Voting Share owned or controlled by a Canadian (as defined in the CRTC Direction) is or must be converted into a Subordinate Voting Share. Stingray's by-laws set out general powers of the Board of Directors to enact procedures regarding the issuance, transfer and holding of Subordinate Voting Shares and Variable Subordinate Voting Shares, power to require declarations regarding ownership status of persons holding Subordinate Voting Shares or Variable Subordinate Voting Shares and various enforcement provisions regarding Canadian ownership. In addition, Stingray has adopted certain monitoring procedures to ensure compliance with its articles, its by-laws and the maintenance of Canadian ownership as required by the Broadcasting Act or any regulations or directions promulgated thereunder, including the CRTC Direction. These procedures establish that Stingray's transfer agent will make periodic inquiries of intermediaries holding Subordinate Voting Shares and Variable Subordinate Voting Shares for non-registered holders to ensure compliance with shareholding ownership requirement. See "– Conversion" and "Declaration of Canadian Status".

Subscription Rights

Pursuant to Stingray's articles, in the event of any distribution or issuance, including by way of a share dividend (a "**Distribution**") of voting shares of the Corporation (other than Multiple Voting Shares, Subordinate Voting Shares issued upon the conversion of Multiple Voting Shares or of Variable Subordinate Voting Shares, Variable Subordinate Voting Shares issued upon conversion of Subordinate Voting Shares, or voting shares issued pursuant to the exercise of a right attached to any security of the Corporation issued prior to the Distribution) (the "**Subject Voting Shares**") or of securities convertible or exchangeable into Subject Voting Shares or giving the right to acquire Subject Voting Shares (other than options or other securities issued under compensatory plans or other plans to purchase Subject Voting Shares or any other securities in favour of the management, directors, employees or consultants of the Corporation) (the "**Convertible Securities**" and, together with the Subject Voting Shares, the "**Distributed Securities**"), the Corporation shall issue to the holder(s) of Multiple Voting Shares rights to subscribe for that number of Multiple Voting Shares, or, as the case may be, for securities convertible or exchangeable into or giving the right to acquire, on the same terms and conditions, including subscription or exercise price, as applicable, *mutatis mutandis* (except for the ultimate underlying securities which shall be Multiple Voting Shares), as those stipulated in the Convertible Securities, that number of Multiple Voting Shares, respectively, which carry, in the aggregate, a number of voting rights sufficient to fully maintain the proportion of total voting rights (on a fully-diluted basis) associated with the then outstanding Multiple Voting Shares (the "**Rights to Subscribe**").

The Rights to Subscribe shall be issued to the holder(s) of Multiple Voting Shares in a proportion equal to their respective holdings of Multiple Voting Shares and shall be issued concurrently with the completion of the Distribution of the applicable Distributed Securities. To the extent that any such Rights to Subscribe are exercised, in whole or in part, the securities underlying such Rights to Subscribe (the "**Subscription Securities**") shall be issued and must be paid for concurrently with the completion of the Distribution and payment to the Corporation of the issue price for the Distributed Securities, at the lowest price permitted by the applicable securities and stock exchange regulations and subject (as to such price) to the prior consent of the exchanges but at a price not lower than (i) if the Distributed Securities are Subordinate Voting Shares or Variable Subordinate Voting Shares, the price at which Subordinate Voting Shares or Variable Subordinate Voting Shares, as the case may be, are then being issued or distributed, (ii) if the Distributed Securities are Convertible Securities, the price at which the applicable Convertible Securities are then being issued or distributed; and (iii) if the Distributed Securities are Subject Voting Shares other than Subordinate Voting Shares or Variable Subordinate Voting Shares, the higher of (a) the weighted average price of the transactions on the Subordinate Voting Shares on the TSX (or such other primary stock exchange on which they are listed, as the case may be) for the 20 trading days preceding the Distribution of such Subject Voting Shares or of (b) the weighted average price of transactions on the Subordinate Voting Shares on the TSX (or such other primary stock exchange on which they are listed, as the case may be), the trading day before the Distribution of such Subject Voting Shares.

The privileges attached to Subscription Securities which are securities convertible or exchangeable into or giving the right to acquire Multiple Voting Shares shall only be exercisable if and whenever the same privileges attached to the Convertible Securities are exercised and shall not result in the issuance of a number of Multiple Voting Shares which increases the proportion (as in effect immediately prior to giving effect to the completion of the Distribution) of total voting rights associated with the Multiple Voting Shares after giving effect to the exercise by the holder(s) of the privileges attached to such Convertible Securities.

The right to receive Rights to Subscribe as described above, and the legal or beneficial ownership of the Rights to Subscribe, may be assigned in whole or in part among Permitted Holders, provided that written notice of any such assignment shall be sent promptly to the other holders of Multiple Voting Shares and the Corporation.

Certain members of the Boyko Group have indicated to Stingray their intention of exercising 1,452,850 Subscription Rights for the purchase of the corresponding number of Pre-emptive Subscription Receipts at a price of $10.40 per Pre-emptive Subscription Receipt for aggregate proceeds to the Corporation of $15,109,640. The other holder of Multiple Voting Shares, Télésystème Média Can Inc., has waived the exercise of its Rights to Subscribe in connection with each of the Offering, the Concurrent Private Placement and the Arrangement. See "Financing of the Arrangement – Pre-emptive Rights Exercise".

Subordinate Voting Shares and Variable Subordinate Voting Shares have no pre-emptive or subscription rights to purchase any securities of the Corporation. An issuance of participating (equity) securities will not be rendered invalid due to a failure by the Corporation to comply with the foregoing.

Subdivision or Consolidation

No subdivision or consolidation of the Subordinate Voting Shares, the Variable Subordinate Voting Shares, or the Multiple Voting Shares may be carried out unless, at the same time, the shares of the other three (3) classes are subdivided or consolidated in the same manner and on the same basis and preserve the relative rights of the holders of each of these classes of shares.

Certain Amendments

In addition to any other voting right or power to which the holders of Subordinate Voting Shares and Variable Subordinate Voting Shares shall be entitled by law or regulation or other provisions of Stingray's articles from time to time in effect, holders of Subordinate Voting Shares and holders of Variable Subordinate Voting Shares, respectively, shall be entitled to vote separately as a class, in addition to any other vote of shareholders that may be required, in respect of any alteration, repeal or amendment of Stingray's articles which would adversely affect the powers, preferences or rights of the holders of Subordinate Voting Shares or the holders of Variable Subordinate Voting Shares, respectively, including an amendment to the terms of Stingray's articles that provides that any Multiple Voting Shares sold or transferred to a person that is not a Permitted Holder shall be automatically converted into Subordinate Voting Shares.

Certain Class Votes

Without limiting other rights at law of any holders of Multiple Voting Shares, Subordinate Voting Shares or Variable Subordinate Voting Shares to vote separately as a class or the terms of the following paragraph, neither the holders of the Multiple Voting Shares nor the holders of the Subordinate Voting Shares shall be entitled to vote separately as a class upon a proposal to amend Stingray's articles in the case of an amendment of the kind referred to in paragraph (a) of subsection 176(1) of the CBCA and, as regards the creation of additional classes of Preferred Shares which are non-voting, paragraph (e) of subsection 176(1) of the CBCA.

The holders of the Subordinate Voting Shares and the holders of Variable Subordinate Voting Shares shall be entitled to vote separately as a class (but will not have any dissent rights) in respect of any amalgamation, arrangement, business combination or sale, lease, exchange or transfer of all or substantially all the property of the Corporation (as such expressions are interpreted for the purposes of the CBCA) in connection with which or following which any holder of Multiple Voting Shares would, directly or indirectly, receive or be entitled to receive consideration, money, property or securities of greater value per share or different in kind than the consideration or distribution available to holders of Subordinate Voting Shares and holders of Variable Subordinate Voting Shares, unless the holders of Subordinate Voting Shares or of Variable Subordinate Voting Shares, as the case may be, are otherwise already entitled to vote separately as a class in respect of such transaction under any applicable law (including, without limitation, securities laws in any jurisdiction, together with the rules, regulations, orders and notices made thereunder and the local, uniform and national published instruments and policies adopted by the securities regulatory authority in such jurisdiction, as applied and interpreted by such securities regulatory authority) or the rules, notices, policies and procedures or any decision of any applicable stock exchange.

Issuance of Additional Multiple Voting Shares

Subject to the provisions of Stingray's articles, the Corporation may not issue Multiple Voting Shares without the approval of at least 66 2⁄3% of the votes cast at each of the meetings of the holders of Subordinate Voting Shares and of the holders of Variable Subordinate Voting Shares duly held for that purpose. However, approval is not required in connection with a subdivision or conversion on a pro rata basis as between the Subordinate Voting Shares and the Variable Subordinate Voting Shares, on the one hand, and the Multiple Voting Shares, on the other hand, or the issuance of Multiple Voting Shares upon the exercise of the Rights to Subscribe.

Take-Over Bid Protection

Under applicable Canadian law, an offer to purchase Multiple Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares or Variable Subordinate Voting Shares. In accordance with the rules of the TSX designed to ensure that, in the event of a take-over bid, the holders of Subordinate Voting Shares or of Variable Subordinate Voting Shares will be entitled to participate on an equal footing with holders of Multiple Voting Shares, the Principal Shareholders, as the owners of all the outstanding Multiple Voting Shares, have entered into a customary coattail agreement with the Corporation and a trustee (the "**Coattail Agreement**"). The Coattail Agreement contains provisions customary for dual class, TSX listed corporations designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares or of Variable Subordinate Voting Shares of rights under applicable provincial take-over bid legislation to which they would have been entitled if the Multiple Voting Shares had been Subordinate Voting Shares or Variable Subordinate Voting Shares.

The undertakings in the Coattail Agreement do not apply to prevent a sale by any Principal Shareholder of Multiple Voting Shares if concurrently an offer is made to purchase Subordinate Voting Shares and Variable Subordinate Voting Shares that:

(i) offers a price per Subordinate Voting Share or Variable Subordinate Voting Share at least as high as the highest price per share paid pursuant to the take-over bid for the Multiple Voting Shares;

(ii) provides that the percentage of outstanding Subordinate Voting Shares or Variable Subordinate Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Multiple Voting Shares to be sold (exclusive of Multiple Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);

(iii) has no condition attached other than the right not to take up and pay for Subordinate Voting Shares or Variable Subordinate Voting Shares tendered if no shares are purchased pursuant to the offer for Multiple Voting Shares; and

(iv) is in all other material respects identical to the offer for Multiple Voting Shares.

In addition, the Coattail Agreement does not prevent the transfer of Multiple Voting Shares by a Principal Shareholder to a Permitted Holder, provided such transfer is not or would not have been subject to the requirements to make a take-over bid (if the vendor or transferee were in Canada) or constitutes or would constitute an exempt take-over bid (as defined in applicable securities legislation). The conversion of Multiple Voting Shares into Subordinate Voting Shares or into Variable Subordinate Voting Shares, if applicable, whether or not such Subordinate Voting Shares or Variable Subordinate Voting Shares are subsequently sold, would not constitute a disposition of Multiple Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any disposition of Multiple Voting Shares (including a transfer to a pledgee as security) by a holder of Multiple Voting Shares party to the agreement will be conditional upon the transferee or pledgee becoming a party to the Coattail Agreement, to the extent such transferred Multiple Voting Shares are not automatically converted into Subordinate Voting Shares or Variable Subordinate Voting Shares in accordance with Stingray's articles.

The Coattail Agreement contains provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Subordinate Voting Shares or of the Variable Subordinate Voting Shares. The obligation of the trustee to take such action will be conditional on the Corporation or holders of the Subordinate Voting Shares or of the Variable Subordinate Voting Shares, as the case may be, providing such funds and indemnity as the trustee may require. No holder of Subordinate Voting Shares or of Variable Subordinate Voting Shares, as the case may be, will have the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Subordinate Voting Shares or of the Variable Subordinate Voting Shares, as the case may be, and reasonable funds and indemnity have been provided to the trustee. The Corporation will agree to pay the reasonable costs of any action that may be taken in good faith by holders of Subordinate Voting Shares or of Variable Subordinate Voting Shares, as the case may be, pursuant to the Coattail Agreement.

The Coattail Agreement provides that it may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of the TSX and any other applicable securities regulatory authority in Canada and (b) the approval of at least 66 2⁄3% of the votes cast by holders of Subordinate Voting Shares and 66 2⁄3% of the votes cast by holders of Variable Subordinate Voting Shares excluding votes attached to Subordinate Voting Shares and to Variable Subordinate Voting Shares, if any, held by the Principal Shareholders, their affiliates and any persons who have an agreement to purchase Multiple Voting Shares on terms which would constitute a sale or disposition for purposes of the Coattail Agreement other than as permitted thereby.

No provision of the Coattail Agreement limits the rights of any holders of Subordinate Voting Shares or of Variable Subordinate Voting Shares under applicable law.

Summary of the Rights, Privileges, Restrictions and Conditions of the Special Shares

The Special Shares were created to give the Corporation greater flexibility to raise capital in the future without impacting our status under the Broadcasting Act so that 80% of the Corporation's voting shares remain, directly or indirectly, in the aggregate owned by Canadians (as defined in the CRTC Direction). The holders of Special Shares will be entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation. Each Special Share shall confer the right to one (1) vote at any such meetings. The votes attached to the Special Shares as a class will, in aggregate, not be more than 1% of the votes attached to all shares in the capital of the Corporation. See "Description of the Business – Canadian Regulatory Matters – Maintaining Canadian Control" in the 2017 AIF.

The Special Shares will be redeemable at the option of the Corporation at an amount equal to (i) the monetary consideration received by the Corporation upon the issuance of such Special Shares, if such Special Shares have been issued for money, less any amount distributed in respect of such Special Shares on a reduction of the stated capital account maintained in respect of the Special Shares or (ii) the fair market value of the consideration received by the Corporation (including, without limitation, shares of another class of the Corporation) upon the issuance of such Special Share, if such Special Share has been issued for a consideration other than money, less any amount distributed in respect of such share on a reduction of the stated capital account maintained in respect of the Special Shares (in each case, the "**Special Share Redemption Price**") and, in the event of the liquidation, dissolution or other distribution of the Corporation's assets for the purpose of winding up the Corporation's affairs, holders of Special Shares will be entitled to receive the Special Share Redemption Price in priority to the holders of other shares of the Corporation, but will have no further rights. Special Shares will not be entitled to receive dividends. The Special Shares will not be listed on any stock exchange. The Corporation has no plans at present to issue any Special Shares.

Summary of the Rights, Privileges, Restrictions and Conditions of the Preferred Shares

The Corporation is authorized to issue an unlimited number of Preferred Shares, issuable in series. Each series of Preferred Shares shall consist of such number of shares and having such rights, privileges, restrictions and conditions as may be determined by the Board of Directors prior to the issuance thereof. Holders of Preferred Shares, except as otherwise provided in the terms specific to a series of Preferred Shares or as required by law, will not be entitled to vote at meetings of the shareholders of the Corporation. Subject to the rights of the holders of Special Shares to receive the Special Share Redemption Price in priority to all other shareholders of the Corporation in the event of a liquidation, dissolution or winding-up of the Corporation, with respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the Preferred Shares are entitled to preference over the Shares and any other shares ranking junior to the Preferred Shares from time to time and may also be given such other preferences over voting shares of the Corporation and any other shares ranking junior to the Preferred Shares as may be determined at the time of creation of such series. The Corporation has no plans at present to issue any Preferred Shares.

DIVIDEND POLICY

Stingray's dividend policy is at the discretion of the Board of Directors and may vary depending upon, among other things, our available cash flow, results of operations, financial condition, business growth opportunities and other factors that the Board of Directors may deem relevant.

Stingrays pays a quarterly dividend, subject to the discretion of the Board of Directors. Our quarterly dividend payment is currently equal to $0.055 per Share. The payment of dividends is not guaranteed and the amount and timing of any dividends payable will be at the discretion of the Board of Directors. Further information on Stingray's dividend policy during the last three financial years, see the 2017 AIF under "Documents Incorporated by Reference". See also "Risk Factors" in this Prospectus and in the documents incorporated by reference herein.

The holders of Subscription Receipts are not shareholders of the Corporation and will not have any direct or indirect entitlement whatsoever relating to or arising from any dividends declared or paid on the Shares prior to the Effective Date other than any Dividend Equivalent Payment.

Under the terms of the Existing Credit Facility, Stingray is prevented from paying dividends if a default under such agreement exists or if such payment would result in a default.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement between the Corporation and the Underwriters, the Corporation has agreed to issue and sell and the Underwriters have agreed to purchase, as principals, on the Offering Closing, being on or about May 23, 2018 or any other date as may be agreed upon by the Corporation and the Underwriters, but in any event not later than June 8, 2018, subject to the conditions stipulated in the Underwriting Agreement 7,981,000 Subscription Receipts offered hereby at a price of $10.40 per Subscription Receipt for total gross proceeds of $83,002,400, payable in cash to the Escrow Agent (less 50% of the Underwriters' Fee for the Subscription Receipts). The Subscription Receipts are being offered to the public in all of the provinces and territories of Canada. The terms of the Offering and the offering prices of the Subscription Receipts were determined by negotiation between the Corporation and the Underwriters.

If the closing of the Arrangement occurs prior to or concurrently with the Offering Closing or the Over-Allotment Closing, investors in the Offering will receive Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable) on the date of the Offering Closing or on the date of the Over-Allotment Closing, as the case may be, instead of Subscription Receipts, in which case this Prospectus will qualify the distribution of those Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable).

The Corporation has agreed to pay the Underwriters the Underwriters' Fee equal to 4% of the gross proceeds of the Offering, being $0.416 per Subscription Receipt. The Underwriters' Fee is payable as to 50% upon the Offering Closing (and, as applicable, upon the Over-Allotment Closing) and 50% upon satisfaction of the Escrow Release Condition. If a Termination Event occurs, the Underwriters' Fee for the Subscription Receipts will be reduced to the amount payable upon the Offering Closing (and, as applicable, upon the Over-Allotment Closing). If the closing of the Arrangement occurs on or prior to the Offering Closing, or the Over-Allotment Closing, as the case may be, the Underwriters' Fee shall be paid in full to the Underwriters at the Offering Closing, or the Over-Allotment Closing, as the case may be.

The Corporation has granted to the Underwriters a one-time unassignable option (the "**Over-Allotment Option**"), exercisable in whole or in part at any time and from time to time not later than the earlier of (i) the 30th day following the date of the Offering Closing and (ii) the occurrence of a Termination Event, to purchase up to an additional 1,197,150 Subscription Receipts at a price of $10.40 per Subscription Receipt on the same terms and conditions as under the Offering (the closing of such purchase, the "**Over-Allotment Closing**"), solely to cover over-allocations, if any. This Prospectus qualifies the distribution of the Subscription Receipts issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Subscription Receipts forming part of the over-allocation position acquires such Subscription Receipts under this Prospectus regardless of whether the over-allocation position is filled through the exercise of the Over-Allotment Option or secondary market purchases.

The obligations of the Underwriters under the Underwriting Agreement are joint and not solidary (several and not joint and several), are subject to certain closing conditions and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Subscription Receipts if any of the Subscription Receipts are purchased under the Underwriting Agreement. The Corporation has agreed to indemnify the Underwriters and their respective shareholders, directors, officers, employees and agents against certain liabilities and expenses, including liabilities under applicable Canadian securities legislation in certain circumstances, or to contribute to payments the Underwriters may be required to make because of such liabilities.

The Subscription Receipts and the Subordinate Shares issuable in exchange for the Subscription Receipts have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and, subject to certain exceptions, may not be offered, or sold in the United States or to "U.S. persons" (as defined in Regulation S under the U.S. Securities Act) ("**Regulation S**") unless the Subscription Receipts and the Subordinate Shares issuable in exchange for the Subscription Receipts are registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available and in compliance with any applicable state securities laws. The Underwriters have agreed that they will not offer or sell the Subscription Receipts within the United States, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. person except in accordance with the Underwriting Agreement to "Qualified Institutional Buyers" (as defined in Rule 144A under the U.S. Securities Act), pursuant to an exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A thereunder, and in compliance with applicable state securities laws. In addition, until 40 days after the commencement of the Offering, an offer or sale of Subscription Receipts within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer is made otherwise than in reliance on Rule 144A.

In connection with the Offering, certain of the Underwriters or securities dealers may distribute this Prospectus electronically.

The Subscription Receipts are being offered to the public under this Prospectus in all of the provinces and territories of Canada. There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell

Subscription Receipts purchased under this Prospectus. The Corporation has applied to have the Subscription Receipts and the Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable) issuable pursuant to the terms of the Subscription Receipts listed on the TSX. The Corporation has also applied to have the Private Placement Subscription Receipts and the Subordinate Voting Shares issuable upon exchange of the Private Placement Subscription Receipts listed on the TSX. Listing is subject to the approval of the TSX in accordance with its original listing requirements.

Pricing of the Offering

The Offering Price was determined by negotiation between the Corporation and the Underwriters. No third-party valuation of the Subscription Receipts will be obtained in determining the Offering Price. The factors considered in determining the Offering Price include prevailing market conditions, our historical performance and capital structure, our future prospects and the future prospects of our industry in general, market prices of securities and financial and operating information of companies engaged in activities similar to those of the Corporation.

The Underwriters propose to offer the Subscription Receipts initially at the Offering Price on the cover page of this Prospectus. After the Underwriters have made a reasonable effort to sell all of the Subscription Receipts at the price specified herein, the Offering Price may be decreased, and further changed from time to time, to an amount not greater than that set out on the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Subscription Receipts is less than the gross proceeds paid by the Underwriters to the Corporation.

Price Stabilization, Short Positions and Passive Market Making

In connection with the Offering, the Underwriters may over-allocate or effect transactions which stabilize or maintain the market price of the Subscription Receipts at levels other than those which otherwise might prevail on the open market, including stabilizing transactions, short sales, purchases to cover positions created by short sales, imposition of penalty bids, and syndicate covering transactions.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Subscription Receipts. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Subscription Receipts. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the applicable stock exchange, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Subscription Receipts may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Subscription Shares are listed, in the over-the-counter market, or otherwise.

RELATIONSHIP BETWEEN THE CORPORATION AND CERTAIN UNDERWRITERS

Each of NBF, BMO Capital Markets, CIBC World Markets Inc. and TD Securities Inc. is a subsidiary of a Canadian chartered bank that has made the Existing Credit Facility available to us. Accordingly, in connection with the Offering and pursuant to applicable securities legislation, we may be considered a “connected issuer” of each of NBF, BMO Capital Markets, CIBC World Markets Inc. and TD Securities Inc.

As at May 4, 2018, the consolidated indebtedness of the Corporation outstanding under the Existing Credit Facility to the above-mentioned financial institutions amounted to approximately $40.0 million in the aggregate, with approximately $40.0 million in respect of which the lenders are the financial institutions of which NBF (as to approximately $15.5 million), BMO Capital Markets (as to approximately $12.3 million), CIBC World Markets Inc. (as to approximately $6.1 million) and TD Securities Inc. (as to approximately $6.1 million) are subsidiaries.

Moreover, Stingray has obtained a commitment letter from an affiliate of NBF for the New Credit Facilities in an aggregate amount of $450 million. See “Financing the Arrangement – New Credit Facilities”. In addition, NBF acts as financial advisor to the Corporation in connection with the Arrangement and is entitled to receive a fee upon the closing of the Arrangement.

The Corporation is not in breach of the terms of the credit agreement governing the Existing Credit Facility (the “**Existing Credit Agreement**”), in any material respect. The lenders under the Existing Credit Agreement have otherwise not waived any breach of the Existing Credit Agreement since its execution. There has been no material adverse change in the financial position of the Corporation or to the security for the indebtedness under the Existing Credit Facility since the date that the Existing Credit Facility was established. As security for the obligations of the Corporation, as borrower, under the Existing Credit Facility, the Corporation has granted security on all of its present and future property and Music Choice Europe Limited, a subsidiary of the Corporation, has granted (i) a guarantee and (ii) a pledge of the shares of its subsidiary Stingray Digital International Ltd. for the benefit of the lenders under the Existing Credit Facility. In addition, certain subsidiaries of the Corporation have granted, as security for the obligations of the Corporation under the Existing Credit Facility, (i) a guarantee and (ii) security on all or substantially all of their present and future assets in favour of the lenders under the Existing Credit Facility.

The decision of each Underwriter that is a subsidiary of an aforesaid financial institution to participate in the Offering was made independently of such financial institution and was not required by such financial institutions. None of the Underwriters will receive any benefit from the Offering, other than its respective portion of the fee payable by the Corporation.

DECLARATION OF CANADIAN STATUS

Stingray's articles provide that: (i) the Subordinate Voting Shares may only be held, beneficially owned or controlled, directly or indirectly, by Canadians (as defined in the CRTC Direction), and (ii) the Variable Subordinate Voting Shares may only be held, beneficially owned or controlled, directly or indirectly, by non-Canadians (as defined in the CRTC Direction).

In accordance with Stingray's articles, purchasers of Subscription Receipts who are "Canadians" (as defined in the CRTC Direction) will be entitled to receive Subordinate Voting Shares and purchasers of Subscription Receipts who are not "Canadians" (as defined in the CRTC Direction) will be entitled to receive Variable Subordinate Voting Shares. On the closing date of the Offering, the Co-lead Underwriters, on behalf of the Underwriters, will provide Stingray with a declaration of Canadian (as defined in the CRTC Direction) status, in a form acceptable to Stingray, specifying the number of Subscription Receipts and underlying Subordinate Voting Shares issuable pursuant to the terms of the Subscription Receipts to be purchased by Canadians (as defined in the CRTC Direction) and the number of Subscription Receipts and underlying Variable Subordinate Voting Shares issuable pursuant to the terms of the Subscription Receipts to be purchased by non-Canadians (as defined in the CRTC Direction). See "Description of Share Capital".

TRADING PRICE AND VOLUME

The Subordinate Voting Shares and the Variable Subordinate Voting Shares are listed and posted for trading on the TSX under the trading symbols "RAY.A" and "RAY.B", respectively. The following table shows the monthly ranges of high and low prices per Subordinate Voting Share and Variable Subordinate Share, respectively, as well as total monthly volumes traded on the TSX during the preceding 12-month period, respectively.

RAY.A	**Share Price ($)**		
Month	**Monthly High**	**Monthly Low**	**Total Trading Volume)**
May 2017	$8.20	$7.31	354,402
June 2017	$7.97	$7.19	548,539
July 2017	$8.15	$7.55	154,538
August 2017	$8.99	$8.01	632,439
September 2017	$9.87	$8.83	1,430,056
October 2017	$9.76	$9.02	1,056,984
November 2017	$9.67	$8.74	979,453
December 2017	$10.00	$9.15	706,453
January 2018	$10.50	$9.59	555,016
February 2018	$10.59	$9.25	615,229
March 2018	$10.39	$9.73	430,915
April 2018	$11.05	$10.22	316,065
May 1 to 4, 2018	$10.97	$9.46	649,493

RAY.B	**Share Price ($)**		
Month	**Monthly High**	**Monthly Low**	**Total Trading Volume**
May 2017	$8.25	$7.55	11,783
June 2017	$7.89	$7.35	61,334
July 2017	$8.08	$7.54	6,615
August 2017	$9.00	$7.92	27,250
September 2017	$9.92	$8.94	28,198
October 2017	$9.65	$8.95	52,742
November 2017	$9.58	$8.79	38,638
December 2017	$9.82	$9.14	35,722
January 2018	$10.58	$9.65	24,900
February 2018	$10.53	$9.07	20,055
March 2018	$10.25	$9.63	18,213
April 2018	$10.85	$10.04	11,087
May 1 to 4, 2018	$10.79	$9.50	22,202

PRIOR SALES

Other than as described below or in the documents incorporated by reference herein, during the 12-month period before the date of this Prospectus, the Corporation has not issued any Subordinate Voting Shares or Variable Subordinate Voting Shares or any securities that are convertible into Subordinate Voting Shares or Variable Subordinate Voting Shares:

Date	Type of Security	Number of Securities	Issuance/Exercise Price per Security
June 23, 2017	Options to purchase Subordinate Voting Shares(1)	661,421	7.62(1)
August 24, 2017	Subordinate Voting Shares(2)	15,000	2.26(2)
August 30, 2017	Subordinate Voting Shares(2)	4,146	8.84(2)
August 30, 2017	Options to purchase Subordinate Voting Shares(1)	21,008	8.89(1)
September 19, 2017	Subordinate Voting Shares(2)	15,000	2.26(2)
October 24, 2017	Subordinate Shares(3)	4,348,000	9.20(3)
November 7, 2017	Subordinate Shares(3)	552,200	9.20(3)
November 20, 2017	Subordinate Voting Shares(2)	7,017	2.26(2)
November 20, 2017	Subordinate Voting Shares(2)	14,035	2.26(2)
February 28, 2018	Subordinate Voting Shares(2)	5,000	2.26(2)
March 3, 2018	Subordinate Voting Shares(2)	25,000	0.46(2)

(1) Options to purchase Subordinate Voting Shares granted to the Corporation's eligible employees pursuant to the Corporation's Stock Option Plan.

(2) Subordinate Voting Shares issued by the Corporation upon the exercise of options by eligible employees pursuant to the Corporation's Stock Option Plan.

(3) Subordinate Shares issued by the Corporation pursuant to a short form prospectus.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Counsel, the following summary describes the principal Canadian federal income tax considerations pursuant to the Tax Act generally applicable to the acquisition, holding and disposition of Offered Securities by a holder who acquires the Offered Securities pursuant to this Offering. This summary is applicable to a beneficial owner of Offered Securities who, for purposes of the Tax Act and at all relevant times, is, or is deemed to be, resident in Canada, deals at arm's length and is not affiliated with the Corporation, the Underwriters and each issuer of the Non-Governmental Investments, and holds the Offered Securities as capital property (a "**Holder**"). Generally, Offered Securities will be considered to be capital property to a Holder provided the Holder does not hold the Offered Securities in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Subordinate Shares as capital property may, in certain circumstances, be entitled to have their Subordinate Shares, and all other "Canadian securities" (as defined in the Tax Act) owned by such Holders, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This election is not available in respect of Subscription Receipts. Holders should consult their own tax advisors regarding this election.

This summary is not applicable to a Holder that (i) is a "financial institution" for the purposes of the mark to market rules, (ii) is a "specified financial institution", (iii) an interest in which is a "tax shelter investment", (iv) reports its "Canadian tax results" in a currency other than the Canadian currency, (v) has entered or will enter into a "derivative forward agreement" with respect to the Offered Securities, each as defined in the Tax Act, or (vii) is a corporation and is, or becomes, or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is or becomes, as part of a transaction or event or series of transactions or events that include the acquisition of the Offered Securities, controlled by a non-resident corporation for the purposes of section 212.3 of the Tax Act. In addition, this summary does not address the deductibility of interest by an investor who has borrowed money to acquire the Offered Securities. **Any such holder should consult its own tax advisor with respect to an investment in Offered Securities.**

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the "**Proposed Amendments**") and Counsel's understanding of the current published administrative and assessing policies and practices of the Canada Revenue Agency. This summary assumes the Proposed Amendments will be enacted in the form proposed; however, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is based upon the understanding of Counsel that a Subscription Receipt is an agreement to acquire one or more Subordinated Shares on the satisfaction of certain conditions. This position has not, to the knowledge of Counsel, been the subject of a judicial determination in Canada and Counsel have not applied for advance income tax rulings from the Canada Revenue Agency in respect of the Offering.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in the Offered Securities. Moreover, the income and other tax consequences of acquiring, holding or disposing of the Offered Securities will vary depending on the holder's particular circumstances. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective holder of Offered Securities, and no representations with respect to the income tax consequences to prospective holder are made. Consequently, prospective holders of Offered Securities should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Offered Securities pursuant to this Offering, having regard to their particular circumstances.

This summary does not address any Canadian federal income tax considerations applicable to non-residents of Canada, and non-residents should consult their own tax advisors with respect to the tax consequences to them of an investment in the Offered Securities. All payments to non-residents will be net of any applicable withholding taxes.

Taxation of Holders of Subscription Receipts

Acquisition of Subordinate Shares Pursuant to Terms of the Subscription Receipts

A Holder of Subscription Receipts will not realize any capital gain or capital loss upon the exchange of Subscription Receipts for Subordinate Shares pursuant to the terms of Subscription Receipts.

The cost of a Subordinate Share received pursuant to the terms of a Subscription Receipt will be the total of (i) the subscription price thereof and (ii) the Holder's *pro rata* share of any interest credited or received on the Escrowed Funds that is included (and not deducted) in the Holder's income and remitted to the Corporation upon the acquisition of the Subordinate Share pursuant to the Subscription Receipt, less (iii) the aggregate of all Dividend Equivalent Payments received by or, in the event that the Dividend Equivalent Payment is received after the issuance of the Subordinate Share pursuant to the terms of the Subscription Receipt, receivable by, the Holder out of the Escrowed Funds that are a partial refund of the subscription price for the Subscription Receipt and that reduce the cost to the Holder of the Subscription Receipt, as described under "Taxation of Holders of Subscription Receipts **—** Dividend Equivalent Payment".

The adjusted cost base to a Holder of Subordinate Shares at any time will be determined by averaging the cost of such Subordinate Shares with the adjusted cost base immediately before that time of any other Subordinate Shares owned by the Holder as capital property at such time.

Termination Event

As described above under "Description of the Subscription Receipts", on the occurrence of a Termination Event, Holders of Subscription Receipts will receive an amount equal to the Termination Payment. The Termination Payment will be an amount equal to (i) the aggregate subscription price for such Holder's Subscription Receipts plus (ii) any unpaid Dividend Equivalent Payments owing to each Holder. The Termination Payment will be paid from the balance of the Escrowed Funds on the Termination Date, including from any Earned Interest, provided that if the balance of the Escrowed Funds, together with any Earned Interest, is insufficient to cover the full amount of the Termination Payment, Stingray will be required, under the Subscription Receipt Agreement, to pay to the holders of Subscription Receipts the difference, if any, between their pro rata portion of Escrowed Funds, together with any Earned Interest, on the Termination Date and the Termination Payment due to the holders of Subscription Receipts (the "**Top Up**").

Any part of the Termination Payment that represents interest credited or received on the Escrowed Funds must be included in the income of the Holder as described under "Taxation of Holders of Subscription Receipts – Pro Rata Share of Interest". The Top Up should be included in the income of the Holder. For greater certainty, the Top Up (other than any amount paid by Stingray as a repayment of the 50% Underwriters' Fee) should be taxed as ordinary income and will not be treated as a dividend for the purposes of the Tax Act and no part of the amount will benefit from the gross-up and dividend tax credit rules normally applicable in respect of taxable dividends received by individuals from ''taxable Canadian corporations'' (as defined in the Tax Act). Where the Top Up is received by a corporation, the amount will not be deductible in computing the corporation's taxable income and will not result in the requirement to pay the refundable Part IV tax.

The repayment of the issue price of the Subscription Receipt out of the Escrowed Funds as a consequence of a Termination Event will generally result in the Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition received in respect of the Subscription Receipt exceed (or are less than) the aggregate of the adjusted cost base to the Holder thereof and any reasonable costs of disposition. Any part of the Termination Payment that represents interest credited or received on the Escrowed Funds will be, and the Top Up should be, excluded from the Holder's proceeds of disposition of the Subscription Receipt. The cost to a Holder of a Subscription Receipt at any particular time will generally be the amount paid to acquire the Subscription Receipt, less the aggregate of all Dividend Equivalent Payments received by the Holder at or before that time in respect of the Subscription Receipt that are a partial refund of the issue price for the Subscription Receipt and that reduce the cost to the Holder of the Subscription Receipt as described under "Taxation of Holders of Subscription Receipts – Dividend Equivalent Payment". The adjusted cost base of a Subscription Receipt at any time will be determined by averaging the cost of such Subscription Receipt immediately before such time with the adjusted cost base of any other Subscription Receipts owned by the Holder as capital property at such time. Such capital gain (or capital loss) will be subject to the tax treatment described below under "Taxation of Holders of Subordinate Shares – Dispositions of Subordinate Shares".

Holders should consult their own tax advisors concerning the treatment of the portion (if any) of the Top Up that does not represent interest credited or received on the Escrowed Funds.

Pro Rata Share of Interest

In the event that a Termination Event occurs, a portion of the Termination Payment paid to a Holder will be comprised of the Holder's *pro rata* share of interest credited or received on the Escrowed Funds, if any. In addition, a portion of the Dividend Equivalent Payments paid to a Holder will be comprised of the Holder's *pro rata* share of interest credited or received on the Escrowed Funds to the date of the applicable payment, if any.

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year the amount of any remaining Earned Interest accrued to the Holder to the end of the Holder's taxation year, or that is receivable or received by the Holder before the end of that taxation year, except to the extent that such amounts were included in computing the Holder's income for a preceding taxation year. This will include any interest accrued on the Escrowed Funds, whether or not such amounts are received or receivable by such Holder as full or partial payment of a Dividend Equivalent Payment or otherwise. However, in certain circumstances, an offsetting deduction may be available for any such interest which is remitted to Stingray upon the acquisition of Subordinate Shares pursuant to the Subscription Receipts or in the event that a Termination Event occurs.

Any other Holder, including an individual, that is entitled to receive its share of Earned Interest will be required to include in computing income for a taxation year such amounts that are receivable or received by the Holder or by the Escrow Agent on behalf of the Holder in that taxation year (whether as full or partial payment of a Dividend Equivalent Payment or otherwise), depending upon the method regularly followed by the Holder in computing income.

Other Dispositions of Subscription Receipts

A disposition or deemed disposition by a Holder of a Subscription Receipt (other than upon the acquisition of a Subordinate Share pursuant to the terms of Subscription Receipts or upon the repayment of the subscription price of the Subscription Receipt as a consequence of a Termination Event as discussed above) will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base to the Holder thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "Taxation of Holders of Subordinate Shares — Dispositions of Subordinate Shares".

The cost to a Holder of a Subscription Receipt will generally be the amount paid to acquire the Subscription Receipt less the aggregate of all Dividend Equivalent Payments received by or, in the event that the Dividend Equivalent Payment is received after the issuance of the Subordinate Share pursuant to the terms of the Subscription Receipt, receivable by, the Holder out of the Escrowed Funds that are a partial refund of the subscription price for the Subscription Receipt and that reduce the cost to the Holder of the Subscription Receipt, as described under "Taxation of Holders of Subscription Receipts – Dividend Equivalent Payment". The adjusted cost base to a Holder of a Subscription Receipt at any time will be determined by averaging the cost of such Subscription Receipt with the adjusted cost base immediately before that time of any other Subscription Receipt owned by the Holder as capital property at such time.

Dividend Equivalent Payment

As described above under "Description of the Subscription Receipts", holders of Subscription Receipts will be entitled to Dividend Equivalent Payments in respect of, and paid concurrently with, any dividends on the Subordinate Shares for which the record dates occur during the period commencing on the Offering Closing Date to, but excluding, the last day on which the Subscription Receipts remain outstanding. In the event that a Termination Event occurs after a dividend has been declared on the Subordinate Shares but before the record date for such dividend, holders of Subscription Receipts will receive a *pro rata* Dividend Equivalent Payment in respect of such dividend declared on the Subordinate Shares based on the ratio of the time between (i) the date of the prior Dividend Equivalent Payment (or, if none, the Offering Closing Date) and the Termination Date to (ii) the date of the prior Dividend Equivalent Payment (or, if none, the prior payment date for dividends on the Subordinate Shares) and the dividend payment date for the dividend so declared. Any Dividend Equivalent Payments will be made first out of any Earned Interest and then out of the principal amount of the Escrowed Funds, and, in any case, will be paid net of any applicable withholding taxes.

The amount of such interest will be included in the income of the Holder (see "Taxation of Holders of Subscription Receipts – Pro Rata Share of Interest"). If the amount of this interest is less than the equivalent dividend amount, Stingray will pay to the Holder the amount of any shortfall as a partial refund of the price of the Subscription Receipts. Such shortfall amount generally will not be included in the Holder's income but will reduce the cost to the Holder of the Subscription Receipts. For greater certainty, the Dividend Equivalent Payment will not be treated as a dividend for the purposes of the Tax Act and no part of such payment will benefit from the gross-up and dividend tax credit rules normally applicable in respect of taxable dividends received by individuals from ''taxable Canadian corporations'' (as defined in the Tax Act). Where the Dividend Equivalent Payment is received by a corporation, the amount will not be deductible in computing the corporation's taxable income and will not result in the requirement to pay the refundable Part IV tax.

Taxation of Holders of Subordinate Shares

Receipt of Dividends on Subordinate Shares

Dividends received or deemed to be received on Subordinate Shares held by a Holder will be included in the Holder's income for the purposes of the Tax Act.

Such dividends received by a Holder that is an individual (other than certain trusts) will be subject to the gross up and dividend tax credit rules in the Tax Act normally applicable to dividends received from taxable Canadian corporations, including the enhanced gross up and dividend tax credit in respect of dividends designated by the Corporation as "eligible dividends". There may be limitations on the ability of the Corporation to designate dividends as "eligible dividends". Taxable dividends received by a Holder who is an individual (other than certain trusts) may result in such Holder being liable for alternative minimum tax under the Tax Act. Holders who are individuals should consult their own tax advisors in this regard.

A Holder that is a corporation will include such dividends in computing its income and generally will be entitled to deduct the amount of such dividends in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Holder that is a corporation as proceeds of disposition or a capital gain. Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Holder that is a "private corporation" or "subject corporation" (as such terms are defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on dividends received or deemed to be received on the Subordinate Shares to the extent such dividends are deductible in computing the Holder's taxable income.

Disposition of Subordinate Shares

A disposition or a deemed disposition of a Subordinate Share by a Holder (except to the Corporation, unless purchased by the Corporation in the open market in the manner in which shares are normally purchased by any member of the public in the market) will generally result in the Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Subordinate Share exceeds (or are less than) the aggregate of the adjusted cost base to the Holder thereof and any reasonable costs of disposition.

Generally, one half of any capital gain (a "**taxable capital gain**") realized by a Holder in a taxation year must be included in the Holder's income for the year, and one half of any capital loss (an "**allowable capital loss**") realized by a Holder in a taxation year must be deducted from taxable capital gains realized by the Holder in that year, subject to and in accordance with the provisions of the Tax Act. Allowable capital losses in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Holder that is a corporation on the disposition of a Subordinate Share may be reduced by the amount of dividends received or deemed to be received by it on such Subordinate Share (or on a share for which the Subordinate Share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Subordinate Shares directly or indirectly through a partnership or trust.

A Holder that is, throughout the relevant taxation year, a "Canadian controlled private corporation", as defined in the Tax Act, may be liable to pay a refundable tax on its "aggregate investment income", including taxable capital gains realized on the disposition of Subordinate Shares.

Capital gains realized by an individual (including certain trusts) may give rise to liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act. Holders who are individuals should consult their own tax advisors in this regard.

RISK FACTORS

An investment in the Subscription Receipts involves risk. In addition to the risks set forth below and the other information contained in this Prospectus, you should consider carefully the risks and uncertainties described in the documents incorporated by reference in this Prospectus. *Discussions of certain risks and uncertainties affecting our business are provided in the 2017 AIF and 2017 MD&A each of which is incorporated by reference in this Prospectus. These are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us, or that we currently consider immaterial, may also materially and adversely affect us. If any of the events identified in these risks and uncertainties were to actually occur, our business, financial condition or results of operations could be materially harmed.*

Risks Relating to the Arrangement

Stingray may not be able to successfully integrate NCC with Stingray's business, which could cause its business to suffer

The acquisition of NCC is significant, and Stingray may not be able to successfully integrate and combine the operations, personnel and infrastructure of NCC with Stingray's existing operations. If integration is not executed successfully by management, Stingray may experience interruptions in business activities, a deterioration in Stingray's employee and commercial relationships, increased costs of integration and harm to Stingray's reputation, all of which could have a material adverse effect on Stingray's business, financial condition and results of operations. While management believes Stingray's corporate culture and that of NCC are generally aligned, Stingray may still experience some difficulties in combining corporate cultures, maintaining employee morale and retaining key employees. The integration with NCC may also impose substantial demands on Stingray's management and the management of NCC. There is no assurance that improved operating results will be achieved as a result of the Arrangement or that the businesses of the Corporation and NCC will be successfully integrated in a timely manner. The challenges involved in the integration may include, among other things, the following:

- retaining key personnel during the period between execution of the Arrangement Agreement and the Effective Date, including addressing the uncertainties of key employees regarding their future;
- integrating NCC into the Corporation's accounting system and adjusting the Corporation's internal control environment to cover NCC's operations;
- unforeseen expenses or delays associated with the Arrangement;
- performance shortfalls relative to expectations at one or both of the businesses as a result of the diversion of management's attention to the Arrangement; and
- unplanned costs required to integrate the businesses and achieve any synergies.

Even if Stingray is able to integrate these businesses and operations successfully, this integration may not result in the realization of the full benefits of the growth opportunities Stingray currently expects within the anticipated time frame or at all. While Stingray anticipates that certain expenses will be incurred, such expenses are difficult to estimate accurately, and may exceed current estimates. Accordingly, the benefits from the proposed Arrangement may be offset by unexpected costs incurred or delays in integrating the companies.

Stingray may not be successful in completing the Arrangement

The Arrangement is subject to completion of the conditions described herein and the Arrangement Agreement and commercial risk that the Arrangement may not be completed on the terms negotiated or at all. For example, the Arrangement requires approval under the Regulatory Approvals and there can be no assurance that such approvals will be obtained, or will be obtained on terms and conditions satisfactory to the Corporation. In addition, if the closing of the Arrangement does not take place as contemplated, the Corporation could suffer adverse consequences, including possibly the loss of investor confidence.

Stingray may not be successful in retaining the services of certain key personnel of NCC following the Arrangement

The Corporation currently intends to retain certain key personnel of NCC following the completion of the Arrangement to continue to manage and operate the assets of NCC. The Corporation will compete with other potential employers for employees, and it may not be successful in keeping the services of the executives and other employees that it needs to realize the anticipated benefits of the Arrangement. The Corporation's failure to retain key personnel of NCC to remain as part of the management team in the period following the Arrangement could have a material adverse effect on the business and operations of NCC.

There are certain factors beyond the Corporation's control which may jeopardize the debt financing necessary for the Arrangement

The proposed New Credit Facilities have not yet been finalized. The Corporation's ability to complete the proposed debt financing on acceptable terms or at all will depend on a number of factors beyond the Corporation's control, including general conditions affecting the debt markets from time to time and, accordingly, there can be no assurance that any such transaction will be completed. The *pro forma* consolidated financial statements have been prepared on the assumption that the New Credit Facilities will be completed on terms and at an interest rate estimated by management. Actual terms, including the applicable interest rate, of the New Credit Facilities, if they are consummated, may differ materially from those estimated for the purposes of preparing the *pro forma* consolidated financial statements. See "Financing the Arrangement — New Credit Facilities".

Certain terms of the debt financing for the Arrangement may not be as favourable to the Corporation as those in the commitments of the lenders and the terms of the resulting indebtedness will contain restrictions that will limit the Corporation's flexibility in operating its business

The commitment of the lenders to enter into the New Credit Facilities are subject to certain standard conditions. As such, there is no assurance that the New Credit Facilities will be on terms that are exactly the same as disclosed in this Prospectus. Obtaining the New Credit Facilities on terms less favourable to the Corporation could adversely impact the Corporation's financial condition and decrease the amount of cash available in the future. Additionally, the New Credit Facilities are subject to certain restrictive conditions that limit the discretion of management with respect to certain business matters, including financial covenants that require the Corporation to meet certain financial ratios, financial condition tests and other restrictive covenants. A failure to comply with the obligations in the New Credit Facilities could result in a default which, if not cured or waived, could result in a termination of the New Credit Facilities. See "Financing the Arrangement — New Credit Facilities".

Stingray will have a substantial amount of indebtedness which may limit the amount of cash on hand and adversely affect cash flow and Stingray's ability to operate its business

After giving effect to the Arrangement, Stingray will have a significant amount of indebtedness and less cash on hand than had it otherwise not completed the Arrangement. As of May 4, 2018, on a *pro forma* basis after giving effect to the Arrangement, details of which are included in the Consolidated Capitalization table provided herein, Stingray would have approximately $383.9 million of total indebtedness outstanding.

The Corporation's degree of leverage, particularly if a significant portion of the New Credit Facilities are drawn to complete the Arrangement, could have adverse consequences for the Corporation, including: limiting the Corporation's ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; restricting the Corporation's flexibility and discretion to operate its business following the Arrangement; limiting the Corporation's ability to declare dividends on its Subordinate Shares; having to dedicate a portion of the Corporation's cash flows from operations to the payment of interest on its existing indebtedness and not having such cash flows available for other purposes; exposing the Corporation to increased interest expense on borrowings at variable rates; limiting the Corporation's ability to adjust to changing market conditions; placing the Corporation at a competitive disadvantage compared to its competitors that have less debt; making the Corporation vulnerable in a downturn in general economic conditions; and making the Corporation unable to make important expenditures.

In addition, the instruments governing Stingray's debt contain financial and other restrictive covenants, which limit Stingray's operating flexibility and could prevent the Corporation from taking advantage of business opportunities. The failure of the Corporation to comply with these covenants may result in an event of default. If such event of default is not cured or waived, Stingray may suffer adverse effects on its operations, business or financial condition, including acceleration of its indebtedness.

Stingray does not currently control NCC and its subsidiaries and will not control NCC and its subsidiaries until completion of the Arrangement and the NCC business and results of operations may be adversely affected by events that are outside of the Corporation's control

Historic and current performance of NCC's business and operations may not be indicative of success in future periods. The future performance of NCC's business and operations may be influenced by, among other factors, the risk factors set out herein. As a result of any one or more of these factors, among others, the operations and financial performance of NCC may be negatively affected which may adversely affect future financial results.

The Arrangement may be delayed as a result of the time it takes to obtain necessary shareholder approval and Regulatory Approvals and the satisfaction of other closing conditions which may have adverse consequences on the Corporation's and NCC's businesses.

The closing of the Offering will occur before the Effective Date and the closing of the Arrangement is subject to the receipt of required Court, shareholder, Regulatory Approvals and the satisfaction of certain closing conditions. There is no certainty, nor can the Corporation provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. A substantial delay in obtaining Court, shareholder approval or Regulatory Approvals or the imposition of unfavourable terms or conditions in these approvals could have a material adverse effect on the Corporation's ability to complete the Arrangement and on the Corporation's or NCC's business, financial condition or results of operations. The Corporation intends to complete the Arrangement as soon as practicable after obtaining the required Court, NCC Shareholder approval and Regulatory Approvals and satisfying the required closing conditions. If the closing of the Arrangement does not take place as contemplated, the Corporation could suffer adverse consequences, including the loss of investor confidence. See "Details of the Arrangement".

The assumption of unknown liabilities in the Arrangement may harm the Corporation's financial condition and future prospects

Following the Arrangement, the Corporation will be responsible for any historical liabilities of NCC. There may be liabilities that the Corporation failed to discover or was unable to quantify accurately or at all in the due diligence review that it conducted prior to the execution of the Arrangement Agreement which could have a material adverse effect on the Corporation's business, financial condition or future prospects.

The Corporation will assume pension and other employee benefit obligations from NCC that will negatively impact the Corporation's income or cash flow if they materially increase following the Arrangement

Following the Arrangement, the Corporation will assume NCC's employee future benefit obligations. Economic fluctuations could adversely impact the funding and expenses associated with these obligations and there can be no assurance that these pension and employee benefit obligations will not increase materially in the future, thereby negatively impacting the Corporation's income or cash flow.

Certain third parties NCC has contracts with have termination rights resulting from the Arrangement or other specified events which, if exercised, may have material adverse effects on the Corporation's and NCC's operations.

The Arrangement will constitute a change of control of NCC which may require the consent of certain third parties in respect of certain of the agreements to which NCC is a party. To the extent that any such consents cannot be obtained, or cannot be obtained on commercially reasonable terms, the business and financial condition of the Corporation may be materially and adversely impacted. Pursuant to the Arrangement Agreement, NCC is required to use commercially reasonable efforts to obtain such consents but such consents and waivers are not conditions to the closing of the Arrangement.

Stingray's historical and pro forma combined financial information may not be representative of Stingray's results as a combined company with NCC

The *pro forma* combined financial information included in this Prospectus is constructed from the consolidated financial statements of the Corporation and from the consolidated financial statements of NCC and does not purport to be indicative of the financial information that will result from operations of the combined company. In addition, the *pro forma* combined financial information included in this Prospectus is based in part on certain assumptions regarding the Arrangement that the Corporation believes are reasonable. The Corporation cannot provide any assurances that its assumptions will prove to be accurate over time. Accordingly, the historical and *pro forma* financial information included in this Prospectus does not purport to be indicative of what the Corporation's results of operations and financial condition would have been had Stingray and NCC been a combined entity during the periods presented, or what the Corporation's results of operations and financial condition will be in the future. The challenge of integrating previously independent businesses makes evaluating the Corporation's business and the Corporation's future financial prospects difficult. The Corporation's potential for future business success and operating profitability must be considered in light of the risks, uncertainties, expenses and difficulties typically encountered by recently combined companies.

In preparing the *pro forma* financial information in this Prospectus, the Corporation has given effect to, among other items, the Offering, the New Credit Facilities, the Concurrent Private Placement and the completion of the Arrangement. While management believes that the estimates and assumptions underlying the *pro forma* financial information are reasonable, such assumptions and estimates may be materially different to the Corporation's actual experience going forward following the Arrangement. Certain terms of the debt financing for the Arrangement may not be as favourable to the Corporation's as those in the commitments of the lenders and the terms of the resulting indebtedness will contain restrictions that will limit the Corporation's flexibility in operating its business.

Stingray will incur significant transaction and related costs in connection with the Arrangement

Stingray expects to incur a number of costs associated with completing the Arrangement and integrating the operations of the Corporation and NCC. The substantial majority of these costs will be non-recurring expenses resulting from the Arrangement and will consist of transaction costs related to the Arrangement and employment related costs. Additional unanticipated costs may be incurred in the integration of the Corporation's and NCC's business. Although the Corporation expects that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transaction and merger related costs over time, this net benefit may not be achieved in the near term or at all.

The information relating to NCC in this Prospectus has been obtained from NCC or its public disclosure record and may be inaccurate or incomplete

All information relating to NCC or its affiliates contained in this Prospectus has been provided to the Corporation by NCC or taken from NCC's public disclosure record. While the Corporation and the Underwriters have no reason to believe the information provided by NCC or taken from the public disclosure record is misleading, untrue or incomplete, they cannot assure the accuracy or completeness of such information nor can they compel NCC to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to the Corporation or the Underwriters.

NCC has a limited right to solicit other potential buyers following execution of the Arrangement Agreement which may prevent the closing of the Arrangement or materially impact the terms of the Arrangement

The Arrangement Agreement provides that, at any time prior to the approval of the Arrangement Resolution, if the NCC Board approves, and authorizes NCC to enter into, a definitive agreement providing for the implementation of a Superior Proposal, NCC may terminate the Arrangement Agreement and enter into the Superior Proposal, subject to NCC complying with the non-solicitation covenants under the Arrangement Agreement and paying the Termination Payment. See "Details of the Arrangement".

Stingray has limited experience in the Canadian radio broadcasting Industry

The Arrangement would represent the largest acquisition Stingray has made to date. In addition, although Stingray has extensive experience in the music industry in general and in providing B2B multi-platform music and in-store media solutions, including Pay-Audio services, the Arrangement represents a significant foray into the Canadian radio broadcasting business. Stingray cannot assure investors that it will be able to compete successfully in the Canadian radio broadcasting business or achieve the benefits it anticipates from the expansion of its operations into the Canadian radio broadcasting business. Moreover, many of the radio stations acquired as a result of the Arrangement will compete with radio stations owned and operated by some of the Corporation's existing customers of Stingray services such as BCE Inc. and Rogers Communications Inc. No assurances can be given as to the impact of such situation on the relationship of Stingray with such customers. However, Stingray expects that these risks will be mitigated by relying on NCC's seasoned management team, which is comprised of experienced and knowledgeable team members with diverse backgrounds and broad experiences in the radio broadcasting industry. Furthermore, Stingray anticipates that existing customers, such as BCE Inc. and Rogers Communications Inc., will appreciate that each operator is limited to a maximum number of broadcast licences in each market and competition is, therefore, inherent in the industry; Stingray expects that fair competition will not impact its existing relationship with its BDU customers.

Risks Relating to the Offering

Subscription Receipt Structure

The Subscription Receipts will be automatically exchanged for Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable) concurrently with the closing of the Arrangement. Stingray may, in its sole discretion, waive certain closing conditions in its favour in the Arrangement Agreement or agree to amend the Arrangement Agreement and consummate the Arrangement on terms that may be different from those described in this Prospectus, subject to the consent of the Co-lead Underwriters, on behalf of the Underwriters, in certain circumstances. As a result, the expected benefits of the Arrangement may not be fully realized. As a consequence, holders of Subscription Receipts will essentially assume the same risk as though they had invested directly in Subordinate Shares on the Offering Closing.

There is no prior public market for the Subscription Receipts.

There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell the Subscription Receipts purchased under this Prospectus. The Corporation has applied to have the Subscription Receipts and the Subordinate Voting Shares (or Variable Subordinate Voting Shares, as applicable) issuable pursuant to the terms of the Subscription Receipts listed on the TSX. Listing is subject to the approval of the TSX in accordance with its original listing requirements and to the Corporation fulfilling all of the listing requirements of the TSX, and there can be no assurance that these conditions will be met. There can be no assurance that an active trading market will develop for the Subscription Receipts after the Offering, or if developed, that such a market will be sustained at the price level of the Offering. To the extent that an active trading market for the Subscription Receipts does not develop, the liquidity and trading prices of the Subscription Receipts may be adversely affected.

Positive Return not Guaranteed

A positive return on an investment in the Subscription Receipts is not guaranteed. There is no guarantee that an investment in the Subscription Receipts will earn any positive return in the short term or long term. An investment in the Subscription Receipts involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Subscription Receipts is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

The Concurrent Private Placement may not be Completed

Although Stingray has entered into the Subscription Agreement with the Private Placement Subscriber, there is no guarantee that all of the conditions to the completion of the Concurrent Private Placement will be satisfied. The closing of the Offering is conditional on the closing of the Concurrent Private Placement; however, the Co-lead Underwriters, on behalf of the Underwriters, have the ability to waive such condition, if the Concurrent Private Placement does not close, in which case, the Offering could close without the concurrent closing of the Concurrent Private Placement. In addition, the escrow release condition for the Private Placement Subscription Receipts differs from the Escrow Release Condition in that (i) the consent of the Private Placement Subscriber is required upon a material amendment or waiver to the terms and conditions of the Arrangement Agreement and (ii) the escrow release condition under the Subscription Receipt Agreement and Pre-emptive Subscription Receipt Agreement must have also been satisfied or waived. Although unlikely, it is possible that upon a material amendment or waiver to the terms of the Arrangement Agreement, the Co-lead Underwriters consent to such amendment or waiver while the Private Placement Subscriber does not.

In those circumstances, Stingray will not have access to the aggregate net proceeds from the Concurrent Private Placement that does not close, but would have access to the net proceeds from the Offering, in which case further alternative sources of financing may be required to complete the Arrangement. The failure of the Concurrent Private Placement to close may adversely affect the market price of our securities (including the Subscription Receipts once issued).

The Escrow Release Condition may not be satisfied prior to the Deadline

The Subscription Receipts will be automatically exchanged for Subordinate Voting Shares (or the Variable Subordinate Voting Shares, as applicable) upon the satisfaction of the Escrow Release Condition. The Corporation may, in its sole discretion, waive certain closing conditions in its favour in the Arrangement Agreement or agree with NCC to amend the Arrangement Agreement and consummate the Arrangement on terms that may be substantially different from those contemplated in this Prospectus. See “Details of the Arrangement”.

There can also be no assurance that the Escrow Release Condition will be satisfied on or prior to the Deadline. Each subscriber’s subscription proceeds will be held in escrow pending a Termination Event or the satisfaction of the Escrow Release Condition, and accordingly subscribers will not be able to use such funds to take advantage of other investment opportunities that occur prior to the Termination Event or the satisfaction of the Escrow Release Condition. Holders of Subscription Receipts have only the rights described under “Description of the Subscription Receipts”.

If a Termination Event occurs, the Termination Payment will be paid from the balance of the Escrowed Funds, together with any remaining Earned Interest, on the Termination Date. Because 50% of the Underwriters’ Fee will be paid by the Corporation to the Underwriters upon the issuance of the applicable Subscription Receipts and the Capital Commitment Fee will be paid to the Private Placement Subscriber upon the issuance of the Private Placement Subscription Receipts, such amounts will not form part of the Escrowed Funds. Therefore, the aggregate amount that holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts shall be entitled to receive in the event that the Termination Payment becomes payable will be greater than the aggregate amount of the Escrowed Funds immediately following the issuance of the Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts. Additionally, the Dividend Equivalent Payments payable to holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts will be paid from the Escrowed Funds and any Earned Interest. If the balance of the Escrowed Funds, together with any remaining Earned Interest, is insufficient to cover the full amount of the Termination Payment, the Corporation will be required, under the Subscription Receipt Agreement, the Private Placement Subscription Receipt Agreement and the Pre-emptive Subscription Receipt Agreement, to pay to holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts the difference, if any, between the balance of Escrowed Funds, together with any remaining Earned Interest, on the Termination Date and the Termination Payment due to holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts. As a result, holders of Subscription Receipts will be required to rely on the Corporation to repay funds to the Escrow Agent or holders of Subscription Receipts, Private Placement Subscription Receipts and Pre-emptive Subscription Receipts. Although the Corporation believes that if such scenario were to occur, it would have sufficient funds to cover such payments, there is no guarantee that the Corporation would be in a financial position to cover such payments.

Use of Proceeds

The Corporation intends to use the net proceeds from the Offering, the Concurrent Private Placement and the Pre-emptive Rights Exercise as described under “Use of Proceeds”. However, management will have discretion in the actual application of the proceeds, and may elect to allocate proceeds differently from the description under “Use of Proceeds” if it believes that it would be in the best interests of the Corporation to do so or if circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Corporation.

The Pre-emptive Rights Exercise may not be Completed

The escrow release condition for the Pre-emptive Subscription Receipts differs from the Escrow Release Condition in that (i) the consent of the purchasers of Pre-emptive Subscription Receipts is required upon a material amendment or waiver to the terms and conditions of the Arrangement Agreement and (ii) the escrow release condition under the Subscription Receipt Agreement and Private Placement Subscription Receipt Agreement must have also been satisfied or waived. Although unlikely, it is possible that upon a material amendment or waiver to the terms of the Arrangement Agreement, the Co-lead Underwriters consent to such amendment or waiver while the purchasers of Pre-emptive Subscription Receipts do not.

In those circumstances, Stingray will not have access to the aggregate proceeds from the Pre-emptive Rights Exercise that does not close, but would have access to the net proceeds from the Offering, in which case further alternative sources of financing may be required to complete the Arrangement. The failure of the Pre-emptive Rights Exercise to close may adversely affect the market price of our securities (including the Subscription Receipts once issued).

Risks Relating to NCC's Radio Broadcasting Business

The Radio Broadcasting Industry is Regulated

NCC is regulated by the CRTC under the *Broadcasting Act* (Canada). Although this regulatory body provides a stable operating environment, NCC's financial results may be affected by changes in regulations, policies and decisions made by the CRTC. The current regulations with respect to the maximum number of broadcast licences held in any one market, the percentage of foreign ownership, the required level of Canadian content and other aspects of the regulations could change in the future. The licensing process creates a significant barrier to entry which provides a degree of protection for NCC in its existing markets. This also makes it difficult to enter new markets because a company either needs to be awarded a new licence (through the public process) or obtain CRTC approval and pay significant funds to purchase existing stations in a market.

The Radio Broadcasting Industry is Subject to Tariffs

NCC is subject to certain fees. Licence fees are payable to the CRTC, while copyright fees are payable to Copyright collective societies ("**Collectives**"), which include the Society of Composers, Authors and Music Publishers of Canada (SOCAN), Re:Sound, CSI and Connect based on rates set by the Copyright Board of Canada. The Collectives can apply at any time to the Copyright Board of Canada for amendments to the fees which could affect future results. The Copyright Committee of the Canadian Association of Broadcasters (CAB) is comprised of broadcaster members who represent jointly the interests of the industry in matters of copyright negotiation between broadcasters, Collectives and the Copyright Board of Canada.

Dependency on Advertising Revenue

NCC's revenue is derived from the sale of advertising airtime directed at retail consumers. This revenue fluctuates depending on the economic conditions of each market and the Canadian economy as a whole. Recently, radio advertising in Canada has declined compared to previous years. Other media compete for advertising dollars, such as print, television, outdoor, direct mail, online services and advertising via social media. In many instances, these competitors are targeting the same advertisers as radio broadcasters and advertising dollars often shift between the different media. While there is no assurance that NCC's radio stations will remain or increase their share of the advertising dollars, NCC is focused on mitigating any loss to other media by creating long-term relationships with customers and providing innovative, high-quality market campaigns. Over the past number of years, Radio's percentage share of advertising dollars has remained relatively constant with the increase of online advertising coming from the decline to print advertising.

Competition

NCC faces competition in some of its markets, which impacts NCC's audience, revenue share, and the level of promotional spending required to remain competitive. Any changes to the competitive environment could adversely affect NCC's financial results. NCC takes steps to mitigate these risks by constantly modifying its product and performing market research to ensure it is meeting the needs of the listener base. Management believes NCC is sheltered from the effect of competition in many of its small markets as it is the sole station serving those communities.

Technical Development

With the advent of new or alternative media technologies such as satellite radio, digital radio, the Internet, wireless broadcasting, podcasting and mobile advertising, competition for advertising revenue and listeners has, and will continue to increase. This increased competition could have the impact of reducing NCC's market share, its ratings within a market, or have an adverse effect on advertising revenue locally and nationally.

Other Risks

Potential Competition for Canadian BDU Business

At the end of March 2018, the CRTC published a notice of consultation regarding the application by 3305670 Nova Scotia Company (the "**Applicant**") for a broadcasting licence to operate a national pay audio programming service. Music Choice, an American company which produces music related content, holds a 20% voting interest in the Applicant. Stingray has filed an intervention with the CRTC as part of the consultation process contesting the granting of the requested licence. In its submission, Stingray has argued that the Applicant does not exhibit sufficient Canadian control given the *de facto* control exercised by Music Choice over the Applicant and that the granting of the licence requested is not in the public interest. In its submission, Stingray has indicated becoming aware of overtures made by Music Choice to certain Canadian BDUs involving particularly aggressive pricing tactics tantamount to dumping. There is no assurance that the CRTC will share Stingray's views and it may grant the licence. Nevertheless, even if the license is granted, Stingray believes that the Applicant would have difficulty meeting its Canadian and French language content requirements. Moreover, Stingray's wide array of service offerings, including higher margin services (such as premium television channels, 4K UHD television channels, karaoke products and Subscription Video On Demand (SVOD) services), as well as services tailored to the Canadian market, including services earmarked for Canadian cultural communities, trusted distribution system and web of long-term agreements with all Canadian BDUs would enable it to mitigate any pricing disruption caused by the Applicant's entry in the marketplace.

Renewal of an Affiliation Agreement

The Corporation is in the process of renewing its affiliation agreement with a large Canadian BDU. A portion of the Corporation's anticipated revenues from this agreement will be dependent on demand for the Corporation's services from the BDU's subscribers. If the offered services are not sufficiently popular and the revenue stream from this agreement decreases significantly, the Corporation's financial performance will be adversely affected. The Corporation anticipates that its entire suite of services will be well received by the BDU's subscribers and expects to generate additional revenues through advertising and sponsorship opportunities.

ENFORCEMENT OF LEGAL RIGHTS

Gary S. Rich, a director of Stingray, resides outside of Canada. Although Mr. Rich has appointed Stingray as his agent for service of process at the following address: 730 Wellington Street, Montréal, Québec, H3C 1T4, purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against Mr. Rich even if he has appointed an agent for service of process.

EXPERTS

There is no person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named as having prepared or certified a report, valuation, statement or opinion in this Prospectus, either directly or in a document incorporated by reference, other than Davies Ward Phillips & Vineberg LLP, Fasken Martineau DuMoulin LLP, KPMG LLP and Ernst & Young LLP.

Certain legal matters in connection with this Offering, will be passed upon on behalf of the Corporation by Davies Ward Phillips & Vineberg LLP and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP. As of the date of this Prospectus the respective partners and associates of each of Davies Ward Phillips & Vineberg LLP and Fasken Martineau DuMoulin LLP own beneficially, directly or indirectly, less than one percent (1%) of any outstanding securities of any class of the Corporation or any associate of the Corporation.

The Corporation's independent auditor, KPMG LLP, has confirmed that it is independent with respect to the Corporation within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

NCC's independent auditors, Ernst & Young LLP, have confirmed that they are independent with respect to NCC within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

AUDITORS, TRANSFER AGENT AND REGISTRAR AND ESCROW AGENT

Our independent auditor is KPMG LLP, 600 de Maisonneuve Boulevard West, Suite 1500, Tour KPMG, Montréal, Québec, H3A 0A3.

The consolidated financial statements of NCC for the years ended December 31, 2017 and 2016, incorporated by reference in this Prospectus, have been audited by Ernst & Young LLP.

The transfer agent and registrar for the Subordinate Shares and the Escrow Agent for the Subscription Receipts is AST Trust Company (Canada) at its principal office in Montréal, Québec.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may only be exercised within two (2) business days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

Under the Subscription Receipt Agreement, original purchasers of Subscription Receipts pursuant to the Offering will have a contractual right of rescission entitling such purchasers to receive the amount paid for the Subscription Receipts upon surrender of the Subscription Receipts or the Subordinate Shares issuable pursuant to their terms, as applicable, if this Prospectus (including documents incorporated herein by reference) or any amendment thereto contains a misrepresentation, as such term is defined in the Securities Act, provided such remedy for rescission is exercised within 180 days of the date of the Offering Closing. This contractual right of rescission shall be subject to the defences, limitations and other provisions described under Title VIII of the Securities Act, and is in addition to any other right or remedy available to original purchasers of Subscription Receipts under sections 217 to 219 of the Securities Act or otherwise at law. For greater certainty, this contractual right of rescission under the Subscription Receipt Agreement is only in connection with a misrepresentation (within the meaning of the Securities Act) and is not a right to withdraw from an agreement to purchase securities within two (2) business days as provided in securities legislation in certain provinces or territories of Canada.

Purchasers should refer to any applicable provisions of the securities legislation of such purchaser's province or territory for the particulars of these rights, or consult with a legal advisor.

GLOSSARY OF TERMS

The following terms used in this Prospectus have the meanings set forth below, unless otherwise indicated.

"**2017 AIF**" has the meaning set out under the heading "Documents Incorporated by Reference";

"**2017 MD&A**" has the meaning set out under the heading "Documents Incorporated by Reference";

"**50% Underwriters' Fee**" has the meaning set out on the cover page;

"**Acquisition Proposal**" has the meaning set out under the heading "Details of the Arrangement – Arrangement Agreement – Covenants – Non-Solicitation Covenants";

"**Acquisitionco**" has the meaning set out on the cover page;

"**allowable capital loss**" has the meaning set out under the heading "Certain Canadian Federal Income Tax Considerations — Taxation of Holders of Subordinate Shares — Disposition of Subordinate Shares";

"**Applicant**" has the meaning set out under the heading "Risk Factors — Other Risk";

"**Arrangement**" means an arrangement of NCC under the provisions of section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order (provided that any such amendment or variation is acceptable to Stingray, Acquisitionco and the Corporation, each acting reasonably);

"**Arrangement Agreement**" has the meaning set out on the cover page;

"**Arrangement Resolution**" means the special resolution approving the Arrangement to be considered and, if thought fit, passed by the NCC Shareholders;

"**BDU**" means broadcasting distribution undertaking;

"**BMO Capital Markets**" has the meaning set out on the cover page;

"**Board**" or "**Board of Directors**" means the board of directors of Stingray;

"**Boyko Group**" means, collectively, Newco1, Newco2 and Boyko Investments Corporation;

"**Break Fee**" has the meaning set out under "Details of the Arrangement – Arrangement Agreement – Break Fee and Reverse Break Fee";

"**Business Day**" means a day, other than a Saturday or a Sunday, on which the principal commercial banks located in Toronto, Ontario and Montréal, Québec are open for the conduct of business;

"**Capital Commitment Fee**" has the meaning set out under "Financing the Arrangement – Concurrent Private Placement";

"**Cash Consideration**" has the meaning set out under the heading "Details of the Arrangement – The Arrangement";

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44;

"**CDS**" has the meaning set out on the cover page;

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director pursuant to section 192(7) of the CBCA in respect of the Articles of Arrangement;

"**Change in Recommendation**" has the meaning set out under "Details of the Arrangement - Arrangement Agreement – Termination of the Arrangement Agreement";

"**Class A Shares**" has the meaning set out on the cover page;

"**Co-lead Underwriters**" has the meaning set out on the cover page;

“**Coattail Agreement**” has the meaning set out under the heading “Description of Share Capital — Summary of Rights, Privileges, Restrictions and Conditions of the Multiple Voting Shares, the Subordinate Voting Shares and the Variable Subordinate Voting Shares – Take-Over Bid Protection”;

“**Collectives**” has the meaning set out under the heading “Risk Factors — Risks Relating to the Radio Broadcasting Industry”;

“**Common Shares**” has the meaning set out on the cover page;

“**Corporation**” or “**Stingray**” has the meaning set out on the cover page;

“**Competition Act Approval**” has the meaning set out in “Details of the Arrangement – Arrangement Agreement – Conditions Precedent to the Arrangement – Conditions Precedent to the Obligations of Stingray and Acquisitionco”;

“**Competition Act**” means *Competition Act* (Canada), as amended;

“**Concurrent Private Placement**” has the meaning set out on the cover page;

“**Convertible Securities**” has the meaning set out under the heading “Description of Share Capital — Summary of Rights, Privileges, Restrictions and Conditions of the Multiple Voting Shares, the Subordinate Voting Shares and the Variable Subordinate Voting Shares – Subscription Rights”;

“**Counsel**” has the meaning set out under the heading “Eligibility for Investment”;

“**Court**” means the Supreme Court of Nova Scotia;

“**Credit Facilities**” means the Existing Credit Facility and the New Credit Facilities;

“**CRTC**” means the Canadian Radio-television and Telecommunications Commission;

“**CRTC Approval**” has the meaning set out in “Details of the Arrangement – Arrangement Agreement – Conditions Precedent to the Arrangement – Conditions Precedent to the Obligations of Stingray and Acquisitionco”;

“**CRTC Direction**” means a direction from the Governor in Council of Canada to the CRTC pursuant to the authority contained in the *Broadcasting Act* (Canada);

“**Deadline**” has the meaning set out on the cover page;

“**December 31, 2017 MD&A**” has the meaning set out under the heading “Documents Incorporated by Reference”;

“**Deferred Plan**” has the meaning set out under the heading “Eligibility for Investment”;

“**Director**” means the Director appointed under Section 260 of the CBCA;

“**Distributed Securities**” has the meaning set out under the heading “Description of Share Capital — Summary of Rights, Privileges, Restrictions and Conditions of the Multiple Voting Shares, the Subordinate Voting Shares and the Variable Subordinate Voting Shares – Subscription Rights”;

“**Distribution**” has the meaning set out under the heading “Description of Share Capital — Summary of Rights, Privileges, Restrictions and Conditions of the Multiple Voting Shares, the Subordinate Voting Shares and the Variable Subordinate Voting Shares – Subscription Rights”;

“**Dividend Equivalent Payment**” has the meaning set out on the cover page;

“**Earned Interest**” has the meaning set out on the cover page;

“**Effective Date**” has the meaning set out on the cover page;

“**Effective Time**” means 12:01 a.m. (Halifax time) on the Effective Date, or such other time as Stingray, Acquisitionco and NCC agree to in writing before the Effective Date;

“**Escrow Agent**” means AST Trust Company (Canada);

"**Escrow Release Condition**" means, collectively, (i) the satisfaction or waiver of all conditions to the closing of the Arrangement in all material respects in accordance with the terms of the Arrangement Agreement (other than the payment of the purchase price pursuant to the Arrangement Agreement and such conditions precedent that by their nature are to be satisfied at the closing of the Arrangement), without material amendment or waiver, unless consent of the Co-lead Underwriters is given to such amendment or waiver, and without the prior occurrence of a Termination Event, (ii) the delivery of a notice to that effect by Stingray to the Co-lead Underwriters and (iii) the delivery by Stingray and the Co-lead Underwriters of a joint notice to the Escrow Agent confirming that the conditions in (i) and (ii) have been met and that the Escrowed Funds may be released as per the terms of the Subscription Receipt Agreement;

"**Escrowed Funds**" has the meaning set out on the cover page;

"**Existing Credit Agreement**" has the meaning set out under the heading "Relationship between the Corporation and Certain Underwriters";

"**Existing Credit Facilit**y" means the revolving credit facility in a principal amount of up to $100 million made available pursuant to that certain credit agreement (the Existing Credit Agreement) dated as of November 17, 2016, as amended prior to the date hereof, entered into by the Corporation, a syndicate of financial institutions party thereto, as lenders, and an affiliate of NBF, as administrative agent;

"**Extraordinary Resolution**" has the meaning set out under the heading "Description of the Subscription Receipts - Amendments";

"**Final Order**" means the order of the Court approving the Arrangement under section 192 of the CBCA, in a form acceptable to the Corporation, Stingray and Acquisitionco, each acting reasonably, as such order may be affirmed, amended, modified, supplemented or varied by the Court (with the consent of both the Corporation, Stingray and Acquisitionco, each acting reasonably) at any time prior to the Effective Date or, if appealed, as affirmed or amended (provided that any such amendment is acceptable to the Corporation, Stingray and Acquisitionco, each acting reasonably) on appeal unless such appeal is withdrawn, abandoned or denied;

"**Holder**" has the meaning set out under the heading "Certain Canadian Federal Income Tax Considerations";

"**IASB**" means the International Accounting Standards Board;

"**IFRS**" means the International Financial Reporting Standards;

"**Interim Financial Statements**" has the meaning set out under the heading "Documents Incorporated by Reference";

"**Interim Order**" means the interim order of the Court contemplated by the Arrangement Agreement, in a form acceptable to the Corporation, Stingray and Acquisitionco, each acting reasonably, providing for, among other things, the calling and holding of the NCC Meeting, as the same may be amended, modified, supplemented or varied by the Court;

"**Investor Presentation**" has the meaning set out under the heading "Documents Incorporated by Reference";

"**IPTV**" means Internet Protocol television;

"**Letter of Intent**" means the letter of intent of the Corporation dated April 23, 2018 in respect of the Arrangement, as accepted by NCC on April 24, 2018;

"**Marketing Materials**" has the meaning set out under the heading "Documents Incorporated by Reference";

"**Match Period**" has the meaning set out under the heading "Details of the Arrangement – Arrangement Agreement – Consideration of Acquisition Proposals";

"**Multiple Voting Shares**" has the meaning set out on the cover page;

"**NBF**" has the meaning set out on the cover page;

"**NCC**" has the meaning set out on the cover page;

"**NCC Board**" means the board of directors of NCC;

"**NCC Consideration**" has the meaning set out under the heading "Details of the Arrangement – The Arrangement";

“**NCC Disclosure Letter**” means the disclosure letter delivered by NCC to Stingray and Acquisitionco contemporaneously with the execution and delivery of the Arrangement Agreement;

“**NCC Financial Statements**” has the meaning set out under the heading “Documents Incorporated by Reference”;

“**NCC Meeting**” means the special meeting of the NCC Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order for the purpose of considering and, if thought fit, approving the Arrangement Resolution and all other matters requiring approval pursuant to the terms and conditions of the Arrangement Agreement or the Interim Order;

“**NCC Options**” has the meaning set out under the heading “Details of the Arrangement – The Arrangement”;

“**NCC Optionholder**” has the meaning set out under the heading “Details of the Arrangement – The Arrangement”;

“**NCC Shareholder**” means a holder of one or more NCC Shares;

“**NCC Shares**” has the meaning set out on the cover page;

“**NCI**” has the meaning set out under the heading “Description of the Subscription Receipts – Book Entry, Delivery and Form of Subscription Receipts and Subordinate Shares”;

“**Newco 1**” means 8242003 Canada Inc.;

“**Newco 2**” means 8978832 Canada Inc.;

“**New Credit Facilities**” has the meaning set out under the heading “Financing the Arrangement — New Credit Facilities”;

“**Non-Governmental Investments**” has the meaning set out on the cover page;

“**Offered Securities**” has the meaning set out under the heading “Eligibility for Investment”;

“**Offering Closing**” has the meaning set out on the cover page;

“**Offering**” has the meaning set out on the cover page;

“**Offering Price**” has the meaning set out on the cover page;

“**Outside Date**” means May 2, 2019, or such later date as may be provided in the Arrangement Agreement, or such later date as the parties to the Arrangement Agreement may agree in writing;

“**Over Allotment Option**” has the meaning set out on the cover page;

“**Over-Allotment Closing**” has the meaning set out under the heading “Plan of Distribution”;

“**Pay-TV**” means pay television;

“**Plan of Arrangement**” means the plan of arrangement of NCC, substantially in the form of set out in Schedule A to the Arrangement Agreement, and any amendments or variations thereto made in accordance with the Arrangement Agreement and the Plan of Arrangement or upon the direction of the Court in the Final Order with the consent of Stingray, Acquisitionco and the Corporation, each acting reasonably;

“**Plan**” has the meaning set out under the heading “Eligibility for Investment”;

“**Pre-emptive Rights Exercise**” has the meaning set out on the cover page;

“**Pre-emptive Subscription Receipt Agreement**” has the meaning set out under the heading “Description of the Subscription Receipts — General”;

“**Pre-emptive Subscription Receipts**” has the meaning set out on the cover page;

“**Principal Shareholders**” means, collectively, Newco1, Newco2, Boyko Investments Corporation and Télésystème Média Can Inc.;

“**Private Placement Option**” has the meaning set out on the cover page;

“**Private Placement Subscriber**” has the meaning set out on the cover page;

“**Private Placement Subscription Receipt Agreement**” has the meaning set out under the heading “Description of the Subscription Receipts — General”;

“**Private Placement Subscription Receipts**” has the meaning set out on the cover page;

“**Proposed Amendments**” has the meaning set out under the heading “Certain Canadian Federal Income Tax Considerations”;

“**Prospectus**” has the meaning set out on the cover page;

“**Qualifying Holdco**” means a corporation for which the Qualifying Holdco Shareholders elect to sell all (but not less than all) of the issued shares of such corporation subject to the terms of the Arrangement Agreement;

“**Qualifying Holdco Shareholders**” means NCC Shareholders that (a) are not non-residents of Canada for purposes of the Tax Act, (b) are beneficial owners of NCC Shares as of the date of the Arrangement Agreement, and (c) elect in respect of such NCC Shares, by notice in writing provided to Stingray not later than 5:00 p.m. (Halifax time) on the 10th business day prior to the Effective Date to sell all (but not less than all) of the issued shares of a Qualifying Holdco;

“**RDSP**” has the meaning set out under the heading “Eligibility for Investment”;

“**Regulation S**” has the meaning set out under the heading “Plan of Distribution”;

“**Regulatory Approvals**” means those sanctions, rulings consents, orders, clearances, exemptions, permits and other approvals (including the waiver or lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objecting being made) of Regulatory Authorities, including the CRTC Approval and the Competition Act Approval, that are required to be obtained in connection with the transactions contemplated by the Arrangement Agreement;

“**Regulatory Authority**” means any (a) multinational, federal, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission, commissioner, board, bureau or agency, domestic or foreign, (b) subdivision, agent, commission, board, or authority of any of the foregoing, or (c) quasi-governmental or private body, including any tribunal, commission, stock exchange (including the TSX), regulatory agency or self-regulatory organization exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

“**RESP**” has the meaning set out under the heading “Eligibility for Investment”;

“**Reverse Break Fee**” has the meaning set out under “Details of the Arrangement – Arrangement Agreement – Break Fee and Reverse Break Fee”;

“**Rights to Subscribe**” has the meaning set out under the heading “Description of Share Capital — Summary of Rights, Privileges, Restrictions and Conditions of the Multiple Voting Shares, the Subordinate Voting Shares and the Variable Subordinate Voting Shares – Subscription Rights”;

“**RRIF**” has the meaning set out under the heading “Eligibility for Investment”;

“**RRSP**” has the meaning set out under the heading “Eligibility for Investment”;

“**Securities Act**” means the *Securities Act* (Québec);

“**SEDAR**” has the meaning set out under the heading “Documents Incorporated by Reference”;

“**Share Consideration**” has the meaning set out under the heading “Details of the Arrangement – The Arrangement”;

“**Shares**” has the meaning set out on the cover page;

“**Special Share Redemption Price**” has the meaning set out under the heading “Description of Share Capital — Summary of Rights, Privileges, Restrictions and Conditions of the Special Shares”;

“**Subject Voting Shares**” has the meaning set out under the heading “Description of Share Capital — Summary of Rights, Privileges, Restrictions and Conditions of the Multiple Voting Shares, the Subordinate Voting Shares and the Variable Subordinate Voting Shares – Subscription Rights”;

“**Subordinate Shares**” has the meaning set out on the cover page;

“**Subordinate Voting Share**” has the meaning set out on the cover page;

“**Subscription Agreement**” has the meaning set out on the cover page;

“**Subscription Receipt Agreement**” has the meaning set out under the heading “Description of the Subscription Receipts — General”;

“**Subscription Receipts**” has the meaning set out on the cover page;

“**Subscription Securities**” has the meaning set out under the heading “Description of Share Capital — Summary of Rights, Privileges, Restrictions and Conditions of the Multiple Voting Shares, the Subordinate Voting Shares and the Variable Subordinate Voting Shares – Subscription Rights”;

“**Superior Proposal**” has the meaning set out under the heading “Details of the Arrangement – Arrangement Agreement - Consideration of Acquisition Proposals”;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder;

“**taxable capital gain**” has the meaning set out under the heading “Certain Canadian Federal Income Tax Considerations — Taxation of Holders of Subordinate Shares — Disposition of Subordinate Shares”;

“**Term Sheet**” has the meaning set out under the heading “Documents Incorporated by Reference”;

“**Termination Date**” has the meaning set out on the cover page;

“**Termination Event**” has the meaning set out on the cover page;

“**Termination Payment**” has the meaning set out on the cover page;

“**TFSA**” has the meaning set out under the heading “Eligibility for Investment”;

“**Top Up**” has the meaning set out under the heading “Certain Canadian Federal Income Tax Considerations — Taxation of Holders of Subordinate Shares — Termination Event”;

“**TSX**” has the meaning set out on the cover page;

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

“**Underwriters’ Fee**” has the meaning set out under the heading “Plan of Distribution”;

“**Underwriters**” has the meaning set out on the cover page;

“**Underwriting Agreement**” has the meaning set out on the cover page; and

“**Variable Subordinate Voting Share**” has the meaning set out on the cover page.

INDEX TO *PRO FORMA* FINANCIAL STATEMENTS

Stingray Digital Group Inc.

Pro Forma Consolidated Statements of Financial Position
As at December 31, 2017
(Unaudited)
(In thousands of Canadian dollars)

	Stingray Digital Group Inc.	Newfoundland Capital Corporation Limited	Pro Forma Adjustments	Note	Stingray Digital Group Inc. Pro Forma
Assets					
Current assets					
Cash and cash equivalents	$ 4,517	$ -	$ -	3 n)	$ 4,517
Trade and other receivables	32,124	41,248	-		73,372
Research and development tax credits	377	-	-		377
Income tax receivable	1,327	-	2,264	3 g)	3,591
Inventories	2,149	-	-		2,149
Other current assets	6,937	1,436	-		8,373
	47,431	42,684	2,264		92,379
Non-current assets					
Property and equipment	7,881	43,697	8,915	3 g)	60,493
Intangible assets, excluding broadcast licences	58,030	-	-		58,030
Broadcast licences	-	258,285	187,281	3 g)	445,566
Goodwill	95,205	20,015	85,569	3 g)	200,789
Investments	15,112	-	-		15,112
Investment in an associate	1,106	-	-		1,106
Investment in joint venture	796	-	-		796
Other non-current assets	949	2,309	-		3,258
Deferred tax assets	11,731	2,113	7,644	3 a) b) l)	21,488
Total assets	$ 238,241	$ 369,103	$ 291,673		$ 899,017
Liabilities and Equity					
Current liabilities					
Bank indebtedness	$ -	$ 1,584	$ (1,584)	3 g)	$ -
Accounts payable and accrued liabilities	31,776	21,373	-		53,149
Dividends payable	-	6,368	-		6,368
Deferred revenues	435	-	-		435
Current portion of other payables	27,667	-	-		27,667
Current portion of long-term debt	-	11,250	(11,250)	3 g)	-
Income taxes payable	2,310	1,412	-		3,722
	62,188	41,987	(12,834)		91,341
Non-current liabilities					
Revolving facility	26,633	-	192,507	3 e)	219,140
Term loan	-	-	149,003	3 f)	149,003
Long-term debt	-	98,545	(98,545)	3 g)	-
Other payables	15,337	-	22,531	3 l)	37,868
Other liabilities	-	12,305	-		12,305
Deferred tax liabilities	5,530	52,508	51,578	3 g)	109,616
Total liabilities	109,688	205,345	304,240		619,273
Shareholders' equity					
Share capital	146,339	32,892	140,924	3 a) b) c) d)	320,155
Contributed surplus	3,542	2,881	(2,881)		3,542
Deficit	(20,405)	128,239	(150,864)	3 g) l)	(43,030)
Accumulated other comprehensive income (loss)	(923)	(254)	254		(923)
Total equity	128,553	163,758	(12,567)		279,744
Total liabilities and equity	$ 238,241	$ 369,103	$ 291,673		$ 899,017

Stingray Digital Group Inc.

Pro Forma Consolidated Statements of Comprehensive Income
For the nine month period ended December 31, 2017
(Unaudited)
(In thousands of Canadian dollars, except per share amounts)

	Stingray Digital Group Inc.	Newfoundland Capital Corporation Limited	Reclassifications	Pro Forma Adjustments	Note	Stingray Digital Group Inc. Pro Forma
Revenues	$ 93,915	$ 134,137	$ -	$ -		$ 228,052
Music programming, cost of services and content	33,674	-	(33,674)	-		-
Selling and marketing	10,875	-	(10,875)	-		-
Research and development, support and information technology	8,508	-	(8,508)	-		-
General and administrative	22,617	-	(22,617)	-		-
Operation costs	-	88,530	75,674	-		164,204
Depreciation, amortization and write-off	15,674	3,593	-	223	3 j)	19,490
Net finance (income) expense	3,552	-	3,451	8,020	3 i)	15,023
Accretion of other liabilities	-	189	(189)	-		-
Interest expenses	-	3,262	(3,262)	-		-
Impairment charge	-	5,500	-	-		5,500
Change in fair value of investments	1,021	-	-	-		1,021
Business acquisition, integration, disposal and other expense (income)	-	161	-	-		161
Income (loss) before income taxes	(2,006)	32,902	-	(8,243)		22,653
Income taxes (recovery)	372	9,168	-	(2,187)	3 k)	7,353
Net income (loss)	$ (2,378)	$ 23,734	$ -	$ (6,056)		$ 15,300
Net income per share – Basic	(0.05)					0.22
Net income per share – Diluted	(0.05)					0.22
Weighted average number of shares – Basic	52,527,467			17,167,895	3 m)	69,695,362
Weighted average number of shares – Diluted	53,081,137			17,167,895	3 m)	70,249,032

Comprehensive income						
Net income (loss)	$ (2,378)	$ 23,734	$ -	$ (6,056)		$ 15,300
Other comprehensive income						
Items that may be reclassified to profit and loss						
Exchange differences on translation of foreign operations	(598)	-	-	-		(598)
Items that will not be reclassified to profit and loss						
Remeasurements of post-employment benefit obligations, net of tax	-	(227)	-	-		(227)
Total other comprehensive loss	(598)	(227)	-	-		(825)
Total comprehensive income	$ (2,976)	$ 23,507	$ -	$ (6,056)		$ 14,475

Stingray Digital Group Inc.

Pro Forma Consolidated Statements of Comprehensive Income
For the year ended March 31, 2017
(Unaudited)
(In thousands of Canadian dollars, except per share amounts)

	Stingray Digital Group Inc.	Newfoundland Capital Corporation Limited	Reclassifications	Pro Forma Adjustments	Note	Stingray Digital Group Inc. Pro Forma
Revenues	$ 101,501	$ 168,386	$ -	$ -		$ 269,887
Music programming, cost of services and content	35,270	-	(35,270)	-		-
Selling and marketing	12,338	-	(12,338)	-		-
Research and development, support and information technology	8,960	-	(8,960)	-		-
General and administrative	19,016	-	(19,016)	-		-
Operation costs	-	117,716	75,584	-		193,300
Depreciation, amortization and write-off	17,168	4,809	-	297	3 j)	22,274
Net finance (income) expense	2,036	-	5,010	9,996	3 i)	17,042
Accretion of other liabilities	-	292	(292)	-		-
Interest expenses	-	4,718	(4,718)	-		-
Change in fair value of investments	(408)	-	-	-		(408)
Business acquisition, integration, disposal and other expense (income)	-	(671)	-	-		(671)
Income before income taxes	7,121	41,522	-	(10,293)		38,350
Income taxes (recovery)	(3,596)	12,153	-	(2,729)	3 k)	5,828
Net income	$ 10,717	$ 29,369	$ -	$ (7,564)		$ 32,522
Net income per share – Basic	0.21					0.48
Net income per share – Diluted	0.21					0.48
Weighted average number of shares – Basic	51,242,611			17,167,895	3 m)	68,410,506
Weighted average number of shares – Diluted	51,497,510			17,167,895	3 m)	68,665,405
Comprehensive income						
Net income	$ 10,717	$ 29,369	$ -	$ (7,564)		$ 32,522
Other comprehensive income						
Items that may be reclassified to profit and loss						
Exchange differences on translation of foreign operations	(1,129)	-	-	-		(1,129)
Cash flow hedge, net of tax	-	(95)	-	-		(127)
Items that will not be reclassified to profit and loss						
Remeasurements of post-employment benefit obligations, net of tax	44	243	-	-		319
Total other comprehensive income (loss)	(1,085)	148	-	-		(937)
Total comprehensive income	$ 9,632	$ 29,517	$ -	$ (7,564)		$ 31,585

1. Proposed Acquisition of Newfoundland Capital Corporation Limited

On May 2, 2018, Stingray Digital Group Inc. (the "Corporation") and 10643432 Canada Inc. ("Acquisitionco"), a wholly-owned subsidiary of the Corporation, entered into a definitive arrangement agreement (the "Arrangement Agreement") with Newfoundland Capital Corporation Limited ("NCC") whereby, subject to the terms and conditions of the Arrangement Agreement, the Corporation and Acquisitionco have agreed to acquire pursuant to a plan of arrangement (the "Arrangement") under the *Canada Business Corporations Act* ("CBCA") all of the (i) Class A subordinate voting shares of NCC and (ii) Class B common shares of NCC issued and outstanding immediately prior to the closing of the Arrangement, (the "Arrangement Closing"). Assuming the Arrangement becomes effective, the shareholders of NCC will receive (i) between 0.14294 and 0.15371 of a Subordinate Voting Share (or Variable Subordinate Voting Share, as applicable) of the Corporation; and (ii) between $13.17 and $13.28 in cash for each NCC Share held, based on the total number of NCC Shares outstanding on the date of the Arrangement Closing. Total consideration given for the acquisition of NCC (the "Acquisition") amounts to $505,324 and is calculated with the most recent information available to the Corporation.

The Corporation will finance the Acquisition through the net proceeds of (i) a public offering of 7,981,000 subscription receipts (the "Subscription Receipts") of the Corporation at a price $10.40 per subscription receipt contemplated by prospectus (the "Offering") for aggregate gross proceeds of $83,002, (ii) a private placement with CDP Investissements inc. (the "Private Placement Subscriber"), a wholly-owned subsidiary of Caisse de dépôt et placement du Québec pursuant to which the Private Placement Subscriber will purchase an aggregate of 3,846,100 Subscription Receipts at a price of $10.40 per subscription receipt for aggregate gross proceeds of $39,999 (the "Concurrent Private Placement"), (iii) the exercise of 1,452,850 Subscription Rights for the purchase of the corresponding number of Pre-emptive Subscription Receipts (the "Pre-emptive Rights Exercise") at a price of $10.40 per Pre-emptive Subscription Receipt for aggregate proceeds to the Corporation of $15,110 and (iv) funds drawn from the new credit facilities to be provided by National Bank of Canada, as administrative agent, for a syndicate of financial institutions, consisting of a secured revolving credit facility in the maximum amount of $300,000 (the "Revolving Facility") and a non-revolving term facility in the maximum principal amount of $150,000, (the "Term Loan" and, collectively with the "New Credit Facilities").

2. Basis of Preparation

The accompanying unaudited pro forma consolidated financial statements of the Corporation have been prepared by Management of the Corporation to give effect to the Acquisition, the Offering, the Concurrent Private Placement, the Pre-emptive Rights Exercise and the New Credit Facilities. In Management's opinion, these unaudited pro forma consolidated financial statements include all material adjustments necessary for a fair presentation in accordance with international Financial Reporting Standards ("IFRS").

The unaudited pro forma consolidated financial statements are not necessarily indicative of the operating results or financial condition that would have been achieved if the Acquisition had been completed on the dates or for the periods presented, nor do they purport or project the results of operations or financial position of the combined entities for any future period or as of any future date.

The pro forma adjustments and purchase price allocation have been determined from information available to the Management of the Corporation at this time. Accordingly, the purchase price allocation is subject to material changes.

The unaudited pro forma consolidated financial statements of the Corporation have been compiled from and include:

(In thousands of Canadian dollars)

i. The unaudited pro forma consolidated statement of financial position as at December 31, 2017 which has been prepared from the unaudited interim consolidated statement of financial position of the Corporation and the audited consolidated statement of financial position of NCC as at December 31, 2017 and the pro forma assumptions and adjustments, as set out in Note 3.

ii. The unaudited pro forma consolidated statement of comprehensive income for the nine month period ended December 31, 2017 which has been prepared from the unaudited consolidated statement of comprehensive income of the Corporation for the nine month period ended December 31, 2017, the audited consolidated statement of comprehensive income of NCC for the year ended December 31, 2017, the unaudited consolidated statement of comprehensive income of NCC for the three month period ended March 31, 2017, and the pro forma assumptions and adjustments, as set out in Note 3.

iii. The unaudited pro forma consolidated statement of comprehensive income for the year ended March 31, 2017 which has been prepared from the audited consolidated statement of comprehensive income of the Corporation for the year ended March 31, 2017, the audited consolidated statement of comprehensive income of NCC for the year ended December 31, 2017, the unaudited consolidated statements of comprehensive income of NCC for the three month periods ended March 31, 2017, and 2016, and the pro forma assumptions and adjustments, as set out in Note 3.

3. Pro Forma Assumptions and Adjustments

The unaudited pro forma consolidated statement of financial position as at December 31, 2017, the unaudited pro forma consolidated statement of comprehensive income for the nine month period ended December 31, 2017 and the unaudited pro forma consolidated statement of comprehensive income for year ended March 31, 2017 give effect to the Acquisition, the Offering, the Concurrent Private Placement, the Pre-emptive Rights Exercise and the New Credit Facilities as if they had occurred on December 31, 2017 and April 1, 2017 and April 1, 2016, as applicable, respectively.

Financing of the acquisition:

	Note		Amount
Aggregate purchase price		**$**	**505,324**
Financing			
Subscription Receipts issued to the Public	3 a)		83,002
Concurrent Private Placement	3 b)		39,999
Pre-emptive Subscription Receipts (exchangeable into Multiple Voting Shares)	3 c)		15,110
New Equity issued to NCC Shareholders	3 d)		40,007
New Revolving Facility	3 e)		220,607
Settlement of Existing Revolving Facility	3 e)		(26,633)
New Term Loan	3 f)		150,000
Financing costs, Subscription Receipts issue costs and transactions costs	3 a) b) e) f) g)		(16,768)
Total financing (net of financing, issuance and transaction costs)		**$**	**505,324**

a) On May 2, 2018, the Corporation announced the Offering of 7,981,000 Subscription Receipts, each of which will entitle the holder thereof to receive, upon the Arrangement Closing, one Subordinate Voting Share (or Variable Subordinate Voting Share as applicable) of the Corporation. The Subscription Receipts will be issued at a price of $10.40 per Subscription Receipt for aggregate gross proceeds of $83,002. The net proceeds to the Corporation will be approximately $78,913 after deducting the total underwriting fee and other transaction costs of approximately $4,090. The increase to share capital will be $80,013 after adjustment for deferred income tax of $1,100. The Corporation has granted the underwriters an overallotment option to purchase up to an additional 1,197,150 Subscription Receipts at a price of $10.40 per Subscription Receipt, representing maximum additional gross proceeds of approximately $12,450. These unaudited pro forma financial statements do not reflect the exercise of the over-allotment option.

b) On May 2, 2018, the Corporation announced the Concurrent Private Placement with Private Placement Subscriber whereby the Private Placement Subscriber will purchase an aggregate of 3,846,100 Subscription Receipts at a price of $10.40 per Subscription Receipt for aggregate gross proceeds of $39,999. The net proceeds to the Corporation will be approximately $38,205 after deducting the total capital commitment fee payment and other transaction costs of approximately $1,794. The increase to share capital will be $38,687 after adjustment for deferred income tax of $482. The Corporation has granted to the Private Placement Subscriber an additional subscription option to purchase up to an additional 576,915 Subscription Receipts at a purchase price of $10.40 per Subscription Receipt, representing maximum additional gross proceeds of approximately $6,000. The unaudited pro forma consolidated statement of financial position does not reflect the exercise of the additional subscription option.

c) As a result of the Offering and the Concurrent Private Placement, the holders of Multiple Voting Shares will be issued Rights to Subscribe (as defined herein) for that number of subscription receipts of the Corporation (the “Pre-emptive Subscription Receipts”) exchangeable into Multiple Voting Shares of the Corporation, which carry, in the aggregate, a number of voting rights sufficient to fully maintain the total voting rights (on a fully-diluted basis) associated with the then outstanding Multiple Voting Shares. Each Pre-emptive Subscription Receipt entitles the holder thereof to receive, upon the satisfaction of certain conditions and without payment of additional consideration or further action, one Multiple Voting Share for each Pre-emptive Subscription Receipt held of the Corporation. Certain members of the Boyko Group (as defined in the prospectus) have indicated to Stingray their intention of exercising 1,452,850 Subscription Rights for the purchase of the corresponding number of Pre-emptive Subscription Receipts (the “Pre-emptive Rights Exercise”) at a price of $10.40 per Pre-emptive Subscription Receipt for aggregate proceeds to the Corporation of $15,110. No commission or other fee will be paid to the Underwriters or any other underwriter or agent in connection with the Pre-emptive Rights Exercise.

d) Assuming the Arrangement becomes effective, the shareholders of NCC will receive (i) between 0.14294 and 0.15371 of a Subordinate Voting Share (or Variable Subordinate Voting Share, as applicable) of the Corporation; and (ii) between $13.17 and $13.28 in cash for each NCC Share held, based on the total number of NCC Shares outstanding on the date of the Arrangement Closing. For the purpose of the unaudited pro forma consolidated statement of financial position, the Corporation estimated an issuance of 3,887,945 Subordinate Voting Share of the Corporation at a price of $10.29, representing an amount of share capital of $40,007 to be issued on the date of the Arrangement closing. No commission or other fee will be paid to the Underwriters or any other underwriter or agent in connection with the Arrangement Agreement.

e) On May 2, 2018, pursuant to a commitment letter (the "Commitment Letter"), the Corporation obtained a commitment from National Bank Financial Inc., as sole lead arranger and sole bookrunner (in such capacity, the "Arranger") for a 3-year revolving facility in the principal amount of up to $300,000 (the “Revolving Facility”). The Revolving Facility may be drawn in Canadian dollars in the form of prime rate loan or bankers' acceptance, in US dollars in the form of US base rate loan or LIBOR loan, or in Euro and British Pound in the form of LIBOR loan and in Australian dollars in the form of BBSY loan. The Revolving Facility will bear interest at the reference rate plus an applicable margin which will be determined with the Net Debt to EBITDA ratio of the Corporation. The applicable margin for borrowings in the form of prime rate loan or US base rate loan will range from 0.375% to 2.00%. The applicable margin for borrowings in the form of bankers' acceptance, LIBOR loan, BBSY loan and letters of credit will range from 1.375% to 3.00%. The maturity date of the Revolving Facility is 3 years from the closing date, with possibly of annual extension options. For the purpose of the pro forma consolidated statement of comprehensive income, the reference rate was assumed to be 4.11%. The Corporation expects to draw $220,607 on the Revolving Facility. Financing fees of $1,467 related to the Revolving Facility will be netted against the Revolving Facility and amortized over the remaining life of the Revolving Facility, which is 36 months. The Corporation’s existing Revolving facility will be concurrently refinanced, as such, an amount of $26,633 was netted against the new Revolving Facility in the proforma consolidated statement of financial position.

(In thousands of Canadian dollars)

f) Under the Commitment Letter, the Arranger has also provided a commitment to the Corporation for a 3-year non-revolving facility in the principal amount of $150,000 (the "Term Loan"). The Term Loan is available through a single draw on the date of closing of the acquisition in Canadian dollars in the form of prime rate loan or bankers' acceptance. The Term Loan will bear interest at the reference rate plus an applicable margin which will be determined with the Net Debt to EBITDA ratio of the Corporation. The applicable margin for borrowings in the form of prime rate loan will range from 0.375% to 2.00%. The applicable margin for borrowings in the form of bankers' acceptance will range from 1.375% to 3.00%. The maturity date of the Term Loan is 3 years from the closing date. For the purpose of the pro forma consolidated statement of comprehensive income, the reference rate was assumed to be 4.11%. The Corporation expects to draw $150,000 on the Term Loan. Financing fees of $997 related to the Term Loan will be netted against the Term Loan and amortized over the life of the Term Loan using the effective interest rate method over duration of the Term Loan.

Purchase price allocation:

g) The following table reflects the effect of NCC's preliminary purchase price allocation. The Corporation will purchase all of the outstanding shares of NCC for total consideration of $505,324. The transaction costs related to the Acquisition are estimated at $8,420 before tax (tax impact of $2,264 presented in income tax receivable of the unaudited pro forma consolidated statement of financial position), are non-recurring items that result from the transaction and have been recognized as an adjustment to cash and retained earnings in the unaudited pro forma consolidated statement of financial position as at December 31, 2017.

		Preliminary
Assets acquired :		
Trade and other receivables	$	41,248
Other current assets		1,436
Property and equipment		52,612
Broadcast licence		445,566
Goodwill		105,584
Other assets		2,309
Deferred tax assets		2,113
		650,868
Liabilities assumed :		
Accounts payable and accrued liabilities		21,373
Dividends payable		6,368
Income tax payable		1,412
Other payables		12,305
Deferred tax liabilities		104,086
		145,544
Net assets acquired at fair value	$	505,324
Consideration given :		
Cash		353,938
New Equity issued		40,007
Debt repayment		111,379
	$	505,324

(In thousands of Canadian dollars)

The above represents Management's preliminary assessment of the total consideration, net assets acquired and liabilities assumed. The fair value allocation of the purchase price will be finalized after the values of consideration, assets and liabilities have been definitively determined. Accordingly, the above fair value allocation is subject to change and such change may be material.

h) The deferred income tax liability recorded in conjunction with the fair value of the Broadcast licence and certain tangible assets as a result of the purchase price allocation for the Acquisition is $51,578 and was based on an estimated effective tax rate of approximately 26.3%.

Other Pro Forma adjustments:

i) For the nine month period ended December 31, 2017, the effect of the issuance of the New Credit Facilities on the Finance expenses (income) amounted to $8,020, including $11,968 of new interest expense, and elimination of Stingray existing interest expense of $1,070, and NCC existing interest expense of $2,878. For the year ended March 31, 2017, the effect of the issuance of the New Credit Facilities on the Finance expenses (income) amounted to $9,996, including $15,762 of new interest expense, and elimination of Stingray existing interest expense of $1,170, and of NCC existing interest expense of $4,596. Per the Arrangement, the existing NCC long-term debt will be assumed by the Corporation upon closing of the Acquisition and immediately repaid (Note 3 g)). For the purpose of the pro forma consolidated statement of comprehensive income, NCC' interest expense has been eliminated.

j) For the purpose of the preliminary purchase price allocation, fair value adjustments were recognized on certain tangible assets. The amortization expense has been adjusted to record the additional amortization of tangible assets acquired as a result of the Acquisition (see Note 3(g)). The additional amortization expense for the nine month period ended December 31, 2017 amounted to $223 (for the year ended March 31, 2017 - $297). Broadcast licences are deemed indefinite life assets since they are renewed every seven years without significant cost, with the chance that the renewal will be denied assessed as unlikely; therefore, there is no foreseeable limit to the period over which broadcast licences are expected to generate net cash flows for the Corporation.

k) Adjustments to income tax recovery in the amount of $2,187 for the nine months period ended December 31, 2017 ($2,729 for the year ended March 31, 2017) to reflect, where required, the impact on income taxes of the adjustments described in note 3i) and j).

l) Upon the Arrangement Closing, Management estimates that the Canadian Radio-television and Telecommunications Commission ("CRTC") will require the Corporation to pay tangible benefits corresponding to an amount of approximately $30,497 million, payable over a seven-year period in equal annual amounts. The Corporation recognized another payable of $22,531 million in the unaudited pro forma consolidated statement of financial position, which reflects the fair value of the payment stream using a discount rate of 10.0%, which is the Corporation estimated effective interest rate plus a risk premium. The Corporation recorded a deferred tax asset of $6,061 related to the CRTC tangible benefits.

m) The basic and diluted net income per share has been calculated based on the following basic and diluted weighted average number of the Corporation common shares outstanding adjusted as follows:

(number of shares, except per share amount)	Nine months ended December 31, 2017	Year ended March 31, 2017
Basic weighted-average number of shares per the Corporation audited consolidated financial statements	52,527,467	51,242,611
Issuance of share (Note 3 a), b), c) and d))	17,167,895	17,167,895

(In thousands of Canadian dollars)

Pro forma basic weighted-average number of shares	69,695,362	68,410,506
Effect of dilutive securities	553,670	254,899
Pro forma diluted weighted-average number of shares	70,249,032	68,665,405
Pro forma net income per share attributable to shareholders		
Basic	$0.22	$0.48
Diluted	$0.22	$0.48

n) Net adjustment to cash:

	Note		Amount
Subscription Receipts issued to the Public	3 a)	$	83,002
Concurrent Private Placement	3 b)		39,999
Pre-emptive Subscription Receipts (exchangeable into Multiple Voting Shares)	3 c)		15,110
New Revolving Facility	3 e)		220,607
Settlement of Existing Revolving Facility	3 e)		(26,633)
New Term Loan	3 f)		150,000
Financing costs, Subscription Receipts issue costs and transactions costs	3 a) b) e) f) g)		(16,768)
Consideration given for the Acquisition of NCC (cash and debt repayment)	3 g)		(465,317)
Net adjustment to cash		$	-

o) Although the Corporation believes cost savings and other synergies will be realized following the business combination, there can be no assurance that these cost savings or any other synergies will be achieved in full or at all and accordingly, have not been reflected in the unaudited pro forma consolidated statements of comprehensive income.

CERTIFICATE OF THE CORPORATION

Date: May 7, 2018

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

(Signed) ERIC BOYKO President and Chief Executive Officer	(Signed) JEAN-PIERRE TRAHAN Chief Financial Officer

On behalf of the Board of Directors

(Signed) MARK PATHY Director	(Signed) PASCAL TREMBLAY Director

CERTIFICATE OF THE UNDERWRITERS

Date: May 7, 2018

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces and territories of Canada.

NATIONAL BANK FINANCIAL INC.	BMO NESBITT BURNS INC.
By: (Signed) Benoit Véronneau	By: (Signed) Nicolas Brunet

CIBC WORLD MARKETS INC.

By: (Signed) Paul St-Michel

GMP SECURITIES L.P.

By: (Signed) Éric Desrosiers

DESJARDINS SECURITIES INC.	RBC DOMINION SECURITIES INC.	SCOTIA CAPITAL INC.	TD SECURITIES INC.
By: (Signed) François Carrier	By: (Signed) Thierry Nguyen	By: (Signed) Rob Sainsbury	By: (Signed) Hany Tawfik