DHX MEDIA LTD.
ANNUAL INFORMATION FORM

For the Year Ended June 30, 2012

September 28, 2012

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ITEM 1. CORPORATE STRUCTURE

DHX Media Ltd. (the "Company" or "DHX") was incorporated as a company in Nova Scotia, Canada, under the *Companies Act* (Nova Scotia) (the "Companies Act") on February 12, 2004 under the name Slate Entertainment Limited. The Company's name was changed to The Halifax Film Company Limited on April 20, 2004, and again on March 17, 2006 to DHX Media Ltd. On April 25, 2006, the Company was continued federally as a corporation and is now subject to the *Canada Business Corporations Act* (the "CBCA"). The Company is federally registered in Canada and its corporate number is 655881-0. Neither the Company's Articles of Continuance, as amended from time to time (the "Articles of Continuance"), nor the Company's By-Laws (the "By-Laws") contain any restriction on the objects of the Company. The Company is domiciled in Canada and its registered office and principal place of business is located at 1478 Queen Street, Halifax, Nova Scotia, Canada, B3J 2H7.

The following is a list of the principal subsidiaries of the Company, the jurisdiction of incorporation each subsidiary and the percentage of voting securities beneficially owned or over which control or direction is exercised by the Company.

Subsidiary	**Jurisdiction**	**Percentage of Voting Securities Owned by the Company**
DHX Media (Halifax) Ltd. (formerly Halifax Film Ltd.)	Nova Scotia	100%
DHX Media (Toronto) Ltd. (formerly Decode Entertainment Inc.)	Ontario	100%
DHX Media (Vancouver) Ltd. (formerly Studio B Productions Inc.)	British Columbia	100%
Wild Brain Entertainment Inc.	Delaware	100%

ITEM 2. GENERAL DEVELOPMENT OF THE BUSINESS

THREE YEAR HISTORY

DHX is a leading supplier and distributor of television and film productions. On May 19, 2006, the Company's Common Shares were listed on the TSX and were admitted to trading on the AIM stock exchange in the United Kingdom under the trading symbol "DHX". On the same date, the Company acquired all of the issued and outstanding shares in the capital of Decode Entertainment Inc. The Company has since delisted from the AIM stock exchange.

Delisting from AIM

On September 2, 2009, the Company announced the delisting of its Common Shares from the AIM market of the London Stock Exchange plc ("AIM"), effective October 1, 2009. The Company's Common Shares continue to trade on the Toronto Stock Exchange. The Company determined that the on-going costs and regulatory requirements of maintaining a quotation on AIM were not justified in view of the fact that the vast majority of trading in its shares occurs on the Toronto Stock Exchange.

Annual General Meetings

All of the matters to be acted upon at the November 20, 2009, December 16, 2010 and December 9, 2011 meetings of holders of Common Shares, as set out in the Management Proxy Circular, were approved at the meetings.

Media Fund Put Option

On January 15, 2010, the holders of the Media Fund Put Options exercised their rights and exchanged the Put Options for common shares of the Company. As such, the Company has acquired effectively all of the outstanding shares in Media Fund. The consideration for the exchange was 425,420 common shares of the Company valued at $0.39 million.

Private Placement with Sprott Asset Management LP

On January 29, 2010, the Company completed a non-brokered private placement of 1,875,000 units (the "Units") at a price of $0.80 per Unit with Sprott Asset Management LP on behalf of certain funds and managed accounts. Gross proceeds from the offering were $1.50 million. Each Unit consisted of one common share and one-half common share purchase warrant. Each whole warrant was exercisable into one common share at an exercise price of $1.15 and all warrants expired unexercised on January 26, 2012.

Equity Offering

On April 15, 2010, the Company issued 14,605,000 common shares at a price of $1.30 per share for aggregate gross proceeds of approximately $19 million through a syndicate of underwriters co-led by Cormark Securities Inc. and Union Securities Ltd. and including TD Securities Inc., Beacon Securities Limited and Mackie Research Capital Corporation.

Conversion of Investment in Tribal Nova

On April 30, 2010, the Company's investment in Tribal Nova Inc. was restructured and replaced with 4,360,000 preferred shares of Tribal Nova Kids, representing a 33% share, and 670,000 preferred shares of Woozworld Inc. representing a 4% share.

Extension of RBC Credit Facility

On December 1, 2010, the Company extended the term of its revolving operating credit facility (the "RBC Revolving Operating Credit Facility") with the Royal Bank of Canada ("Royal Bank"). The RBC Revolving Operating Credit Facility has a maximum authorized amount of $3.51 million, bears interest at Royal Bank Prime + 1.25% and is for general working capital purposes. The RBC Revolving Operating Credit Facility has been extended to November 30, 2012.

The RBC Master Agreement includes a term facility with a maximum amount of $10.0 million ("RBC Acquisition Facility") to fund acceptable acquisitions as defined in the RBC master agreement. The RBC Acquisition Facility bears interest at RBC prime plus 2.5%. Each advance under the RBC Acquisition Facility will be amortized over 3 years with quarterly payments of principal and monthly payments of interest. The availability of the RBC Revolving Operating Credit Facility and RBC Acquisition Facility are subject to the Company maintaining funded debt and fixed charge ratios and certain other covenants.

The Company also extended the term of its revolving production credit facility ("The RBC Revolving Production Credit Facility") with the Royal Bank. The RBC Revolving Production Credit Facility currently has a maximum authorized amount of $40.28 million. The RBC Revolving Production Credit Facility is the aggregate of interim production financing of individual programs financed through the Royal Bank which are subject to individual approved tranches (collectively the "RBC Individual Approved Tranches"). The RBC Revolving Credit Production Facility matures at various dates twenty-four months following the first drawdown of funds in respect of each RBC Individual Approved Tranche. The maturity dates for the RBC Individual Approved Tranches vary, but the outside maturity date is August 2014.

DHX Rebrands

In September 2010, the Company and all its subsidiaries rebranded under the common brand of "DHX Media" to strengthen its domestic and international identity.

Acquisition of Wild Brain Entertainment Inc.

On September 14, 2010, the Company acquired all the outstanding shares in Wild Brain Entertainment Inc. ("DHX Wild Brain"), a privately owned company, based in Los Angeles California, for $8.00 million USD. DHX Wild Brain operates an animation studio in Los Angeles and is the co-owner of acclaimed children's television series and live touring show *Yo Gabba Gabba!*. Further consideration is payable in USD as an earn out payment calculated as 50% of cash receipts from the *Yo Gabba Gabba!* property over $11.50 million (inclusive of an allocation for $0.50 million per year in operating expenses beginning from the year in which $10.00 million in cash receipts are achieved, as defined in the DHX Wild Brain share purchase agreement) for a period of 36 months from closing. For more information see Note 6 of the Company's Audited Financial Statements for the years ended June 30, 2012 and 2011.

Normal Course Issuer Bid 2011

On February 28, 2011, the Company entered into a Normal Course Issuer Bid (the "2011 Bid") though the facilities of the Toronto Stock Exchange. The 2011 Bid commenced on March 4, 2011, and terminated on March 3, 2012. Over the course of the 2011 Bid, the Company was authorized to purchase, at market price, up to 3,629,576 of the Company's Common Shares, at a maximum of 26,467 Common Shares per day. To facilitate purchases under the 2011 Bid, on June 30, 2011, the Company entered into an automatic share purchase plan with Union Securities Ltd.. In the period up to March 3, 2012, the Company purchased and cancelled an aggregate of 1,454,500 Common Shares under the 2011 Bid for a gross amount of $1.15 million.

Substantial Issuer Bid

On December 30, 2011 closed its substantial issuer bid (the "SIB") of up to $5 million in value of its common shares made by way of modified "Dutch Auction", pursuant to which shareholders could specify the price per share at which they were willing to sell within the range of $0.60 to $0.70. The bid expired at 5:00 p.m. EST on December 29, 2011. In accordance with the terms of the SIB, the Company acquired 7,142,857 shares at $0.70 for an aggregate acquisition cost of $5 million, representing approximately 81% of common shares tendered. Common shares not taken up were returned to the tendering shareholders.

Normal Course Issuer Bid 2012

On May 25, 2012, the Company announced the resumption of its Normal Course Issuer Bid (the "2012 Bid") though the facilities of the Toronto Stock Exchange. The 2012 Bid commenced on May 29, 2012, and will terminate on May 28, 2013. Over the course of the 2012 Bid, the Company may purchase, at market price, up to 3,706,145 of the Company's Common Shares, at a maximum of 26,298 Common Shares per day. To facilitate purchases under the 2012 Bid, on May 24, 2012, the Company entered into an automatic share purchase plan with Union Securities Ltd.. To date the Company has not purchased any shares under the 2012 Bid.

RECENT DEVELOPMENTS

Acquisition of Cookie Jar Entertainment

DHX entered into a share purchase agreement with 4116372 Canada Inc. ("**4116372**") and Cookie Jar Entertainment Inc. ("**Cookie Jar**", and together with 4116372, the "**Vendor**"), dated as of August 20, 2012 for the acquisition of the business of Cookie Jar, an independent entertainment and consumer products company (the "**Acquisition**").

4116372 is the registered owner of all of the issued and outstanding securities in the capital of Cookie Jar. The agreement provides that DHX will acquire the outstanding shares of a newly formed company ("**Cookie Jar Holdco**") holding substantially all of the assets and liabilities comprising the business of Cookie Jar for consideration consisting of 36,044,492 Common Shares, subject to adjustment in the event either party is entitled to indemnification, and cash of $5 million, and the assumption of up to $66 million of existing debt of Cookie Jar. In particular, under the terms of the Acquisition Agreement, (i) the Vendor could receive up to 5,406,674 additional Common Shares subsequent to closing pursuant to certain indemnification obligations of DHX set forth in the Acquisition Agreement, or (ii) the Vendor may be required to re-convey to DHX up to 10,073,109 Common Shares issued to it on closing pursuant to certain indemnification obligations of the Vendor set forth in the Acquisition Agreement.

In addition, on closing of the Acquisition, DHX will purchase from 4116372 its right to receive repayment of all or a portion of a shareholder loan made by 4116372 to Cookie Jar and assumed by Cookie Jar Holdco pursuant to a reorganization occurring prior to the closing of the Acquisition (the "**Shareholder Loan**") to the principal amount of the Shareholder Loan that is purchased together with accrued and unpaid interest thereon at the closing of the Acquisition. The total principal amount of the Shareholder Loan and accrued and unpaid interest thereon that is currently expected to be purchased by DHX on closing is $8,663,000.

Concurrently with the Acquisition, and as a condition of closing, DHX will be entering into new credit facilities with a Canadian chartered bank that will replace the existing indebtedness of DHX and Cookie Jar, other than production-specific financing obtained by DHX's and Cookie Jar's subsidiaries.

The Acquisition is subject to certain other conditions precedent, including shareholder and final approval of the TSX.

Public Offering of Subscription Receipts

On September 12, 2012, the Company announced that it has entered into an agreement with a syndicate of underwriters led by Canaccord Genuity Corp. (the “**Underwriters**”) to purchase, on a bought deal basis, 11,820,000 Subscription Receipts of at a price of $1.50 per Subscription Receipt (the “**Offering**”). In addition, DHX has granted to the Underwriters an over allotment option exercisable at any time up to 30 days after closing of the Offering to acquire up to an additional 1,182,000 Subscription Receipts of the Company. In the event that the over allotment option is exercised in full, the aggregate gross proceeds of the Offering will be $19,503,000.

The net proceeds from the Offering (after deducting the Underwriters' fees and Offering expenses) will be used to reduce indebtedness resulting from the Acquisition and for general corporate and working capital purposes

Each Subscription Receipt represents the right to receive one common share in the capital of the Company for no additional consideration on the closing of the Acquisition. The proceeds from the Offering of Subscription Receipts will be deposited in escrow pending satisfaction of the escrow release conditions, which include satisfying the closing conditions for the Acquisition. If the Acquisition closes on or before December 31, 2012, the net proceeds from the Offering of Subscription Receipts will be released to the Company. If the Acquisition fails to close by December 31, 2012, or the Acquisition is terminated at an earlier time, the escrow agent will return the gross proceeds and pro rata entitlement to interest thereon to holders of the Subscription Receipts.

ITEM 3. BUSINESS OF THE COMPANY

Introduction

DHX is a leading independent supplier and distributor of television and film productions. The Company produces, distributes, and exploits the rights for television and film programming and is the result of the combination of The Halifax Film Company Limited ("Halifax Film") and Decode Entertainment Inc. ("Decode") during fiscal 2006. On December 4, 2007, DHX acquired Studio B Productions Inc.. On July 21, 2008, DHX acquired imX Communications Incorporated. On September 14, 2010, the Company acquired Wild Brain Entertainment Inc..

DHX's content library includes over 2,550 half-hours of programming and over 60 individual titles. DHX operates from its offices and production facilities in Halifax, Toronto, and Vancouver, Canada, and Los Angeles, United States of America, producing content for distribution in domestic and international markets which is marketed via its Toronto based sales group and licensed via its Los Angeles based licensing group.

DHX's primary focus is on children, youth and family productions because of the international sales potential and longer-term revenue streams that this genre of programming provides, while maintaining some production activity in other genres where the Company has expertise. With respect to children's programming, the Company's presence in the marketplace is evidenced by its 15 series currently in first window broadcast on multiple major cable and broadcast networks in North America and internationally, including, *Yo Gabba Gabba!*, *Waybulloo, Super Why!*, *The Mighty Jungle, Bo on the Go!*, *dirtgirlworld, How to be Indie*, *Animal Mechanicals Kid vs Kat, Monster Math Squad and Martha Speaks*. In addition, *The Mighty Jungle* was awarded a 2011 Gemini Award for *Best Pre-School Program or Series*. Recently, *Rastamouse* was honoured at the Broadcast Awards 2012 in the United Kingdom and was named *Best Pre-School Programme*.

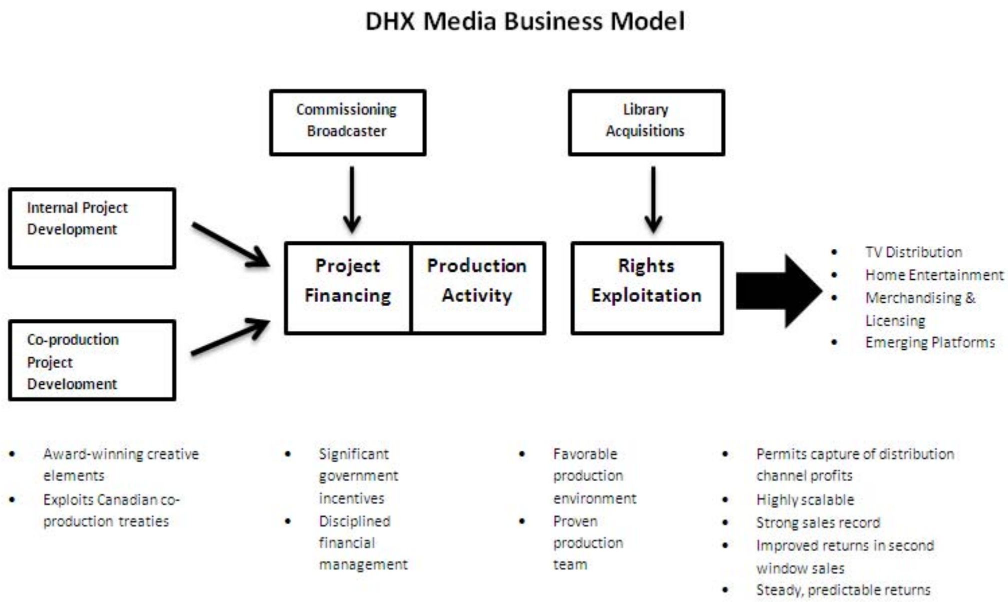
The Company has secured distribution deals for several of its leading children's properties (*Franny's Feet, Bo On the GO!* and *The Save-Ums*, for example) in key territories which include the US, UK, France and Germany, which lays the groundwork for exploitation of merchandising and licensing rights.

With respect to rights exploitation, the Company is also actively pursuing opportunities in new media, including the repurposing of existing content for Internet and mobile applications and the development of original content for emerging platforms. In addition, its stake in Tribal Nova will enable it to place its properties into games through Tribal Nova's subscription-based video-on-demand services.

The Company's prime-time production slate includes notable achievements in the comedy genre, including the award-winning prime-time comedy series *This Hour Has 22 Minutes*, which is produced for the CBC. *This Hour Has 22 Minutes* is now in its 20th season and provides the Company with steady and predictable cash flow while strengthening the Company's reputation as a producer of highly rated, audience-sustaining programming.

DHX benefits from an advantageous regime of Canadian federal and provincial government tax credits and incentives that have been in place in one form or another for over 35 years and which enables the Company to produce television and film productions for the domestic and international marketplace with limited investment by the Company. This financing environment enables the Company to retain exploitation rights to its productions and build greater value in its library of original productions for exploitation in worldwide and ancillary markets. Canadian producers have ready access to US television markets thanks to geographic and cultural factors such as proximity, common vernacular and shared cultural experience, providing an advantage over non-Canadian producers. These are some of the factors that have propelled the overall export value of film and television production in Canada to a seven-year high of $2.26 billion *(CMPA Profile 2011* published by the CMPA available online).

DHX's business model is based on producing audience-winning programming while minimizing financial risk and retaining the maximum exploitation rights associated with a production for the generation of multiple revenue streams. In the case of international co-productions, the Company may share some of a production's rights, such as individual territories for distribution or ancillary rights, in order to meet financing and co-production treaty requirements and to take advantage of a co-production partner's competitiveness in certain areas of ancillary rights. The Company's official co-productions qualify as local content in the co-production partners' territories while giving the co-production partners access to Canadian production financing as well as to the Company's worldwide rights exploitation capability.



The Company's Business Lines

Since incorporation and in each fiscal year thereafter, the Company's core business has been television production and distribution. Within its core business DHX has three integrated business lines: production, rights exploitation (television programme distribution and ancillary rights) and interactive. The Company's rights exploitation business encompasses distribution of its productions and exploitation of ancillary rights (which involves licensing rights to merchandisers for fabrication of consumer products based on intellectual property owned by the Company). The Company's interactive business oversees the development, production and exploitation of new media products on interactive, mobile, Internet and new digital platforms. Each of the Company's business lines is described in more detail below.

Production Business

Production Strategy

DHX has three production units. DHX Halifax produces children's programmes, prime time comedy and feature films. DHX Toronto is primarily focused on the production and distribution of family and children's programmes. DHX Vancouver produces family and children's programmes and specializes in digital and classical animation. DHX Wild Brain focuses on children's programming and service production (animation).

The Company creates and develops original concepts or existing properties (such as books and life stories) into television series and programmes, made-for-television movies and feature films. The Company manages all aspects of a programme's production, from developing original ideas, optioning literary or life rights, to engaging writers, directors, cast and crew, arranging production financing, and overseeing production and post-production of the programme.

The Company pursues a four-pronged production strategy:

- innovative children and youth programming for the international marketplace;
- international co-productions and partnerships;
- diversified production slate; and
- service production.

The Company assesses the international appeal, the financing profile, and the longer-term revenue generation potential of each programme it develops and produces. The Company enters into co-productions where the Company considers financial, creative and strategic relationship opportunities to be attractive. Management considers the combination of its focus on audience appealing programmes, its financing advantage, and its international distribution and co-production relationships to be critical to the building of a library of long-term value.

DHX's core production business focuses on superior quality programmes, primarily animation in the children and youth arena, that will appeal to worldwide audiences and that have the potential to generate multiple revenue streams. Children's programming, especially animation, travels across cultures more easily than non-children's programming as it can be more easily dubbed into other languages and can therefore be sold in numerous markets. Management believes that animated children's programming is particularly attractive due to the potential for longer-term revenue streams, including merchandising and licensing revenue, as it tends not to become dated as quickly as other forms of programming and consequently may be resold for viewing by successive generations of children.

In addition to developing and creating its own productions, the Company actively pursues co-production relationships in order to expand its output and to access international talent to create worldwide brands of value. Canada's international co-production treaty arrangements will continue to enable the Company to produce 'local' qualifying content for markets outside of Canada. As a result, the Company's co-production strategy will allow it to expand its reach into other markets that are already major distribution territories for the Company (e.g. France), where significant sources of co-production financing exist. European co-productions will add to the Company's library of European Union quota programming, the value of which Management believes will be enhanced in the long-term. The Company has already established co-production relationships with leading UK independent producers. These collaborations are valuable to the Company because they extend its reputation within the UK while providing efficient financing solutions to both companies. The Company intends to continue its focus on UK co-productions in order to access the talent base in the UK. This UK focus allows the Company access to the Canadian financing environment while at the same time benefiting from recent regulatory changes that require UK broadcasters to commission 25% of their schedules from independent producers.

The Company also produces some animation on a work for hire basis. DHX Vancouver has worked on a number of projects for Hasbro Studios, including production of the television series My Little Pony, Littlest Pet Shop and Pound Puppies. DHX Wild Brain animation, has completed projects such as The Ricky Gervais Show (HBO), Peanuts, Monster High (Mattel), and is presently involved in the production of Sheriff Callie's Wild West for Disney.

The Company's production strategy also encompasses development of properties outside of its core area of children and youth programming. Diversification of its production slate provides the Company with alternative revenue streams, and access to different markets.

Production Financing

The Company's production financing combines the following key components:

- broadcast license fee;
- pre-sales and/or co-production financing;
- pre-sales of merchandising rights; and
- Canadian government and provincial government labour tax-credits and other public-private incentives.

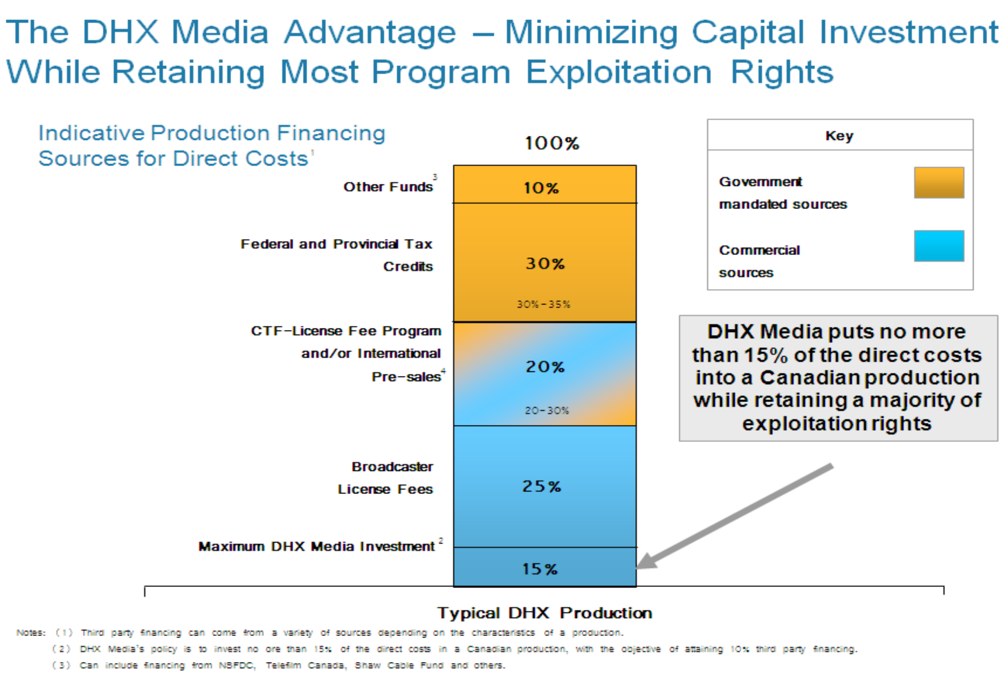
The Company's financial model for its primary focus within its core business is based on securing third-party financing for at least 85% of a production's direct costs before starting production. The Company is able to achieve this by accessing its extensive international client base for presales, securing a Canadian broadcast commission and by taking advantage of a variety of Canadian government and public-private incentives available to the Company while retaining a majority of the associated rights. This combination of third-party financing effectively lowers the Company's programme finance risk. Management believes the Company's combination of financing advantages compare favourably with production companies operating in other jurisdictions, which may be obliged to give up significant rights and/or to fund production deficits in order to complete production financing. The combination of its well-developed international sales and presales infrastructure and its access to the Canadian production financing environment leads the Company to believe that it is able to achieve a higher return on capital employed than many of its competitors.

With respect to international third-party financing, the Company or its co-production partner secures commissioning or pre-sale license fees from broadcasters and, in the case of official co-productions, may also indirectly benefit from government incentives such as equity investment and tax credits from the partner's country.

In Canada, DHX secures its third-party financing from a combination of commissioning broadcaster license fees, Canadian federal and provincial labour-based tax credits, and a number of government and public-private incentives. These incentives include equity investments and license fee contributions from the Canada Television Fund Equity Investment Program and License Fee Program, provincial government equity investments, provincial government development equity funds as well as public-private equity investments. Any equity investment flows directly to the production company incorporated for that purpose and as such is recouped solely against future returns on that particular property. The Company qualifies all of its productions, including co-productions, for all or some of these incentives, including tax credits for Canadian certified content from the Canadian Audio Visual Certification Office ("CAVCO").

While the Company maintains its low risk profile, the Canadian financing environment and DHX's rights exploitation capability usually allows it to retain a majority of ownership and exploitation rights. In addition to television distribution, these international exploitation rights include home entertainment as well as ancillary markets such as music and literary publishing, merchandising and licensing and new media. In the case of international co-productions, the Company may share rights with its partners where there are significant creative and strategic benefits to both parties.

The diagram below illustrates the Company's third-party financing model for its policy within its children's television programmes to cover at least 85% of the direct cost of its production budgets. Note that while the Company pursues the maximum third-party financing available to it, the sources of financing and amounts committed from each source may vary, perhaps significantly, from production to production from the illustration below.



Once the Company has secured third-party financing for a production, these commitments are pledged to a bank or other industry lender in order to obtain interim financing. Interim financing is required for the majority of the Company's productions because the timing of cash flows from financing sources does not necessarily match the cash flows required for production. Outstanding interim financing obligations are repaid to lenders as each financing source is collected by the Company. The Company manages each of its productions as a separate company in order to limit liability, to monitor production costs and to manage financing and future revenue streams associated with the production. This structure enables the Company to efficiently manage its selling general and administrative expense.

All productions are insured for potential losses, accidents and interruptions during the production period. The Company to date has a solid track record for producing its programming on budget and on schedule.

Rights Exploitation Business

The Company distributes its productions through DHX's international sales group, based in Toronto. DHX sells initial broadcast rights to individual broadcasters representing different 'windows' (pay cable, terrestrial, cable and satellite) in their respective territories, sells packages of programmes to individual broadcasters, reuse rights ('library' sales) to existing series with individual broadcasters and pre-sells series in development. The Company maintains relationships with all of the key broadcasters in the children and youth genre in all of the major territories worldwide. The Company's broad base of more than 200 different customers to date has been critical to the Company's growth, enabling it to minimize the effects of downturns in any one market. Since 1999, the Company's international sales group has concluded over 1,500 separate television series distribution agreements.

The Company's strategy for its merchandising business is to initiate negotiations with consumer product licensing companies and/or agents once it considers that a brand has achieved an appropriate level of development and market acceptance. In this way, the Company will not prematurely launch a product campaign associated with a little known property, but instead defer entering into arrangements until some level of demand has been created via television exposure.

With the acquisition of Wild Brain Entertainment Inc. the Company's licensing division builds on the global properties from its production subsidiaries. The licensing slate includes *Yo Gabba Gabba!*, *Rastamouse*, *Animal Mechanicals*, *Bo On the GO!* and *Kid vs Kat*, as well as third-party content currently represented by the Company such as *Grandpa In My Pocket*.

Interactive Business

DHX's interactive unit operates out of Toronto and Los Angeles and develops, produces and distributes interactive content across many digital platforms including websites, online video interface, online games and other interactive applications. The interactive unit licenses websites and other interactive assets to broadcasters worldwide and have provided important added value to the Company's worldwide television programme customers, which are focused on extending their broadcast brands to the Internet and other new media applications. To date, the Company's websites and interactive components have been licensed to 18 territories and translated into eight languages.

The Company's interactive business strategy is to build upon its expertise to create content for new platforms such as mobile phones, personal handheld devices and non-traditional broadcast media, to build highly-engaging interactivity into the narrative of shows across many platforms and to generate original online content. It also strives to develop revenue in proven and emerging direct-to-consumer distribution channel.

The Company continues to invest in this area of content development and technical expertise in order to capitalize on the expansion of media consumption around the world. In pursuit of this strategy, the Company has generated revenue by achieving the following:

- posted comedy sketches from the past five seasons of *This Hour Has 22 Minutes* onto ad-supported video services such as Joost and You Tube;
- some of the Company's video content is sold through Apple's iTunes Canada video store;
- launched its first interactive TV game on the Bell ExpressVu platform;
- launched its first application for the iPhone;
- launched living stories applications for the iPhone and iPad; and
- slated to launch five iOS and Android applications in the coming year.

In addition, the Company entered into its third year of a five year agreement with the U.S. Department of Education ("DOE"), in relation to a transmedia property where linear, interactive and licensing assets and content are developed in an integrated manner. The project, called *Umigo,* allows the Company to develop original content form the ground up with the DOE while capitalizing on the opportunity to expand the overall interactive business for the Company.

DHX Productions

Current Productions

The Company's following titles have been commissioned by Canadian, UK, US or European broadcasters for production in Fiscal 2012 and Fiscal 2013.

This Hour Has 22 Minutes currently in its 20th season for CBC Television with audience favorites Mark Critch, Cathy Jones, Shaun Majumder and Susan Kent. Armed with political satire, ambush, sketch comedy and parody, the multi-award winning *22 Minutes* has been a long time favourite of CBC viewers.

The Doozers is an animated series with 26 half hours in production in partnership with The Jim Henson Company, based on the characters from Fraggle Rock. *The Doozers* has been commissioned by Cartoonito, Cartoon Network's pre-school channel.

Monster Math Squad is a CG animation series for preschoolers that promotes the love of numeracy, the idea that math is everywhere, and that math is fun! They may not be the biggest, or bravest (or even the brainiest) monsters on the block, but the Squad loves nothing better than to put their monster minds together and use their math skills to overcome any obstacle they face. Each story features a job for the Squad, helping a monster with a unique problem. Along the way they face a variety of small challenges that require learning and using numeracy skills en route to and saving the day. *Monster Math Squad* will air on CBC and SRC.

Yo Gabba Gabba! premiered in the U.S. pre-school on Nickelodeon in August, 2007 and currently ranks as one of the most popular series on television. The show won a BAFTA in 2008, was nominated for an Emmy award in 2008 and was named one of the best new shows of 2007 by Time magazine. The series infuses retro-style and beat-driven music to teach simple life lessons through a vibrant world of characters who play and dance as soon as they hear the magic words, *Yo Gabba Gabba!*. The series is now in its second season in the U.S. and airs in several major international territories, including Australia, Canada, Israel, Latin America, New Zealand, South Africa and the U.K.

That's So Weird! is a live-action sketch comedy series co-produced for YTV. Featuring an ensemble cast of seven young, talented sketch players from across Canada, the half-hour series provides a weekly slice of the outrageous and bizarre programs generated by the teen-operated network So Weird TV.

Packages From Planet X is an animated series with 26 half hours currently in production in the DHX Vancouver studio, in partnership with American Greetings, for Teletoon Canada and Disney XD.

Specialized Skill and Knowledge

The Company's senior Management team collectively has over 100 years experience in the television and film production industry, with numerous awards of excellence including an Academy Award as producers of the feature documentary *Bowling for Columbine* in 2002. Under the direction of Management, Decode was recognized in 2001 and 2003 as one of "Canada's 50 Best Managed Private Companies". Senior

Management brings together complementary skills, expertise and extensive experience in every aspect of the television and film production industry, including production, financing, and international sales and marketing. Prior to forming the Company, part of the Company's senior Management team headed Salter Street Films, a publicly traded entertainment company which was purchased in 2001 by Alliance Atlantis. See "The Company" and "Directors and Officers".

Customers

DHX's target customers are, in large part, made up of conventional and specialty terrestrial and cable/satellite television broadcasters in the US, the UK, Canada and other international markets. The Company targets the following broadcasters some of which are currently clients of the Company.

US Networks	**UK Networks**	**Canadian Networks**	**International Networks**
BBC America	BBC[1]	CBC[1]	ABC Australia[1]
Cartoon Network[1]	BSkyB[1]	CHUM Television	Canal+ (France)[1]
Comedy Central	Cartoon Network UK[1]	Comedy Network [1]	France Television 2, 3 & 5[1]
The Hub[1]	Channel 4[1]	CTV Inc. [1]	Mediatrade (Italy)[1]
The Disney Channel[1]	Channel 5[1]	The Family Channel[1]	Nickelodeon (international)[1]
Lifetime	Discovery Channel UK[1]	Global Television Network[1]	Cartoon Network (international) [1]
MTV	The Disney Channel UK [1]	Societe Radio Canada[1]	The Disney Channel (international)[1]
Nickelodeon[1]	Television[1]	Teletoon[1]	Super RTL (Germany)[1]
PBS[1]	GMTV	Tele Quebec[1]	ZDF (Germany)[1]
SciFi Channel [1]	ITV[1]	TVO [1]	Kinderkanal (Germany)[1]
Starz Encore		YTV[1]	ARD (Germany)[1]
		VRAK[1]	Discovery Channel (Latin America) [1]
		Vision TV [1]	Netflix[1]

(1) Current customers of the Company.

The Company's clients number in excess of 200 broadcasters or major rights buyers.

Competition

There is a multi-billion dollar television market worldwide in addition to an even larger market for licensing and merchandising of children's products. The television market is a strategic entry point for building exposure to and awareness of a brand among children and often acts as an important marketing tool for the brand.

The Company's competitors can be segmented into two groups: Canadian production companies and international production companies.

Canadian Production Companies

The Company considers other Canadian producers that have access to the same financing environment in Canada and compete with the Company for programme commissions from Canadian broadcasters as its domestic competitors. Management believes that few of the Company's Canadian competitors have the Company's international distribution infrastructure and extensive international customer base which can be sourced to provide pre-sales and co-production financing.

According to the CMPA, there are nearly 400 producers in Canada, most of which have market share of less than 1%. The Company has identified the following companies as its competitors in the Canadian market, identified by focus on children's productions and cross-genre production:

Children's Entertainment Producers	Other Canadian Producers
9 Story Entertainment	Entertainment One
Amberwood	Breakthrough Entertainment
Bardel Entertainment	Galafilm Inc.
Cookie Jar Entertainment	Shaftesbury
Cuppa Coffee Studios	Brightlight Pictures
Rainmaker Entertainment	Temple Street
Nelvana Limited	
Zone 3 Inc.	
Fresh Animation	

International Production Companies

DHX also competes with international production and distribution companies for sales to international broadcasters. The following are examples of international production and distribution companies, with those having a focus on children's productions identified separately from those having a more general focus:

Children's Entertainment Producers	Other International Producers
US Major Producers and Distributors	Content Film
Buena Vista International (Disney)	Freemantle Media
MTV Network Int (Nickelodeon)	Granada
Warner Brothers International Television	ZodiakMedia Group
(Cartoon Network)	Shed Productions
	TV Corporation
	All 3 Media

Children's Entertainment Producers	Other International Producers
US Independent Producers and Distributors	***International Independent Producers and Distributors***
Scholastic Entertainment Inc.	Chorion PLC
Sesame Workshop	HIT Entertainment
Classic Media	Marathon Media
	Milimages S.A.
	Moonscoop
	Target Entertainment
	Studio 100

Facilities

The Company owns office space at 5466 Spring Garden Road, Halifax, Nova Scotia, with 6,500 square feet of available space. The Company has obtained two mortgages from the Business Development Bank of Canada, one for $2.49 million which bears interest at a rate of Business Development Bank of Canada's floating base rate minus 1.5%, has an amortization of 15 years with no renewal option, and of which $1.30 million remains outstanding as of June 30, 2012, and a second mortgage for $1.08 million which bears interest at a rate of Business Development Bank of Canada's floating base rate minus 1.0%, has an amortization of 15 years with no renewal option, and of which $0.65 million remains outstanding as of June 30, 2012. The Company also leases space in its new premises to other tenants.

DHX Toronto leases office space at 235 Carlaw Avenue, Toronto, Ontario in which its executive offices and production studio are located. The term of the lease commenced on August 1, 2008 and will expire on December 31, 2018. DHX Toronto pays gross rent of $37,242 per month for 21,800 square feet of space of which it sublets 6,000 square feet to a third party.

DHX Halifax subleases studio space at 1969 Upper Water Street, Halifax, Nova Scotia, for its computer graphic children's studio facility. The term of the lease commenced on June 1, 2012 and ends on May 31, 2014. DHX Halifax pays basic rent of $18,666.67 per month for 14,000 square feet of office space.

DHX Vancouver leases office space at 190 Alexander Street, Vancouver, British Columbia which commenced on January 1, 2011 for three years until December 31, 2013 at a monthly rent for 2011, 2012, and 2013 of $36,567, 37,074.88 and 37,582.75 respectively. The lease is triple net with DHX Vancouver responsible for its proportionate share of property taxes, operating costs and utilities.

DHX Wild Brain leases office space at 15000 Ventura Blvd., 3rd Floor, Sherman Oaks, California. DHX Wild Brain pays a base rent of $27,500 per month for 13,796 square feet. DHX Wild Brain is responsible for its proportionate share of operating costs and utilities. The term of this lease commenced on May 1, 2010 and expired on July 30, 2012. DHX Wild Brain has extended this lease from July 31, 2012 to January 31, 2013 at a base rent of $27,500 per month. DHX Wild Brain also leases office space at 144 Glendale Ave., Glendale, California. DHX Wild Brain pays a base rent of $7,874.06 per month for 3,498 square feet. The term of this lease commenced on April 1, 2012 and expired on August 31, 2012. DHX Wild Brain has extended this lease from September 1, 2012 to October 31, 2012 at a base rent of $7,874.06 per month. DHX Wild Brain's lease for office space at 14724 Ventura Blvd., Ste. 710, Sherman Oaks, California expired on 7/31/12 and was not renewed.

Employees

At June 30, 2012 the Company had 121 full-time employees. Nineteen of these employees are based in Halifax, while 47 are based at the Company's facilities in Toronto, 40 are based in Los Angeles, California and 14 are based in Vancouver. In addition, the Company retains individuals on a temporary contract basis, including directors, cast and crew, with the appropriate skills and background as required for particular projects under development or in production. During the year ended June 30, 2012 ("Fiscal 2012"), the Company retained approximately 210 temporary workers. Given the extent of the Company's production portfolio, it is able to maintain its access to skilled animators, artists, lighting crews, directors and line producers, by being able to provide relatively constant work. Many of the leading digital animation software titles were developed by Canadian companies, and animation schools such as Sheridan College in Oakville, Ontario, are leading training centres for animators. There are a number of independent animation studios across the country that can be engaged on a "work for hire" basis that can be used to manage production capacity while minimizing fixed overhead costs.

ITEM 4. DIVIDENDS

Holders of Common Shares are entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares of the Company, to receive dividends if, as and when declared by the board of directors of the Company. The Company may pay a dividend in money or property or by issuing fully paid shares. However, the Company may not declare or pay a dividend if there are reasonable grounds to believe that (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

No dividends have been declared or paid on the Common Shares of the Company since May 15, 2005. The Company will consider paying dividends in the future depending upon the Company's results of operations, capital requirements and other relevant factors.

ITEM 5. DESCRIPTION OF SHARE CAPITAL

The following description refers only to the Company's share capital and not to any of its subsidiaries. The Company's share capital is authorized under and subject to applicable provisions of the Canadian Business Corporations Act ("CBCA"). Any amendment to the Company's authorized share capital, or any other provision of its Articles of Continuance, is subject to shareholder approval as required by the CBCA. For a more detailed description of the Company's share capital, please refer to the provisions of the Articles of Continuance.

At February 12, 2004, the date of its incorporation, the Company's authorized share capital was 1,000,000 Common Shares. On April 19, 2004, the Company's authorized share capital was increased to 100,000,000 Common Shares. On June 6, 2005, the Company's authorized share capital was amended to convert 10,000,000 authorized Common Shares into 10,000,000 authorized Class A Preferred Shares. On May 12, 2006, the Company amended its authorized share capital to create an unlimited number of Common Shares. At the same time the Company was authorized by its shareholders to automatically convert the Class A Preferred Shares into Common Shares at the completion of the Company's initial Public Offering on May 19, 2006. The Common Shares do not have nominal or par value and all of the issued and outstanding Common Shares are fully paid-up. The Company also has Options and Warrants. On May 12, 2006, the Company amended its Articles of Continuance to create a new class of shares designated as Preferred Variable Voting Shares, with an authorized capital of an unlimited number of shares. The Preferred Variable Voting Shares do not have nominal or par value and all of the Preferred Variable Voting Shares are fully paid-up.

The Company may, by special resolution of its shareholders, amend its articles to: change any maximum number of shares that the Company is authorized to issue; create new classes of shares; reduce or increase its stated capital, if its stated capital is set out in the articles; change the designation of all or any of its shares, and add, change or remove any rights, privileges, restrictions and conditions, including rights to accrued dividends, in respect of all or any of its shares, whether issued or unissued; change the shares of any class or series, whether issued or unissued, into a different number of shares of the same class or series or into the same or a different number of shares of other classes or series; divide or authorize the directors (or revoke, diminish or enlarge such authority) to divide a class of shares, whether issued or unissued, into series and fix the number of shares in each series and the rights, privileges, restrictions and conditions thereof; authorize the directors (or revoke, diminish or enlarge such authority) to change the rights, privileges, restrictions and conditions attached to unissued shares of any series; add, change or remove restrictions on the issue, transfer or ownership of shares; or add, change or remove any other provision that is permitted by the CBCA to be set out in the articles.

The holders of shares of a class are entitled to vote separately as a class on a proposal to amend the Company's articles to: effect an exchange, reclassification or cancellation of all or part of the shares of such class; add, change or remove the rights, privileges, restrictions or conditions attached to the shares of such class; increase the rights or privileges of any class of shares having rights or privileges equal or superior to the shares of such class; make any class of shares having rights or privileges inferior to the shares of such class equal or superior to the shares of such class; effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class; or constrain the issue, transfer or ownership of the shares of such class or change or remove such constraint. Additionally, the holders of shares of a class, except the holders of Common Shares of the Company pursuant to the Company's articles, are entitled to vote separately as a class on a proposal to amend the Company's articles to: increase or decrease any maximum number of authorized shares of such class, or increase any maximum number of authorized shares of a class having rights or privileges equal or superior to the shares of such class; or create a new class of shares equal or superior to the shares of such class. The holders of shares of a series are entitled to vote separately as a series on any of the foregoing proposals if such series is affected by an amendment in a manner different from other shares of the same class.

Under the By-Laws, annual meetings must be held not later than 15 months after holding the last preceding annual meeting but no later than six months after the end of the Company's preceding financial year. The annual meeting of shareholders is held for the purpose of considering the financial statements and reports required by the CBCA to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting. The board of directors of the Company may call a special meeting of shareholders at any time. Annual or special meetings may be held at the registered office of the Company or elsewhere in Canada if the Company's board of directors so determines. Under the By-Laws, meetings of shareholders require 21 days' notice of such meetings. Under the CBCA, the holders of not less than 5% of the issued shares of the Company that carry the right to vote at a meeting sought to be held may requisition the board of directors of the Company to call a meeting of shareholders for the purposes stated in the requisition. If the directors of the Company do not proceed to call a meeting within 21 days from the date they receive the requisition, any shareholder who signed the requisition may call the meeting. The accidental omission to give notice to a shareholder, the non-receipt of a notice by a shareholder, or any error in any notice not affecting the substance thereof, does not invalidate any action taken at any meeting held pursuant to such notice. Not less than two persons holding or representing by proxy not less than 33 1/3% of the issued and outstanding shares of the Company entitled to vote at a meeting constitute a quorum for such meeting. Subject to the CBCA, a question at a meeting of shareholders shall be decided by show of hands unless a ballot thereon is required by the chair of the meeting or demanded by any person who is present and entitled to vote on such question at the meeting. Unless a ballot is so demanded, a declaration by the chair of the meeting that the vote upon the question has been carried or carried by a particular majority or defeated and an entry to that effect in the minutes of the meeting shall be *prima facie* proof of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the question, and the result of the vote so taken shall be the decision of the shareholders upon the question. In the case of an equality of votes either upon a show of hands or upon a poll, the chair of the meeting is not entitled to a second or casting vote.

A person or company (and any director or officer of such company) who beneficially owns, directly or indirectly, or exercises control or direction over, securities of the Company (such as Common Shares) carrying 10% or more of votes attached to all securities of the Company is, like directors and officers of the Company, considered an "insider" of the Company. Insiders of the Company are subject to requirements under securities legislation in Canadian jurisdictions to report trades of shares and each acquisition of 2% or more of additional voting securities of the Company.

Common Shares

As of June 30, 2012, the Company had issued and outstanding 53,069,712 Common Shares. The Common Shares entitle the holders thereof to one vote per share at meetings of the Company's shareholders; on any vote in respect of the Company's liquidation, dissolution or winding-up; on the sale, lease or exchange of all or substantially all of the Company's property; and as otherwise provided by applicable law. Holders of Common Shares participate in the Company's profit by way of the payments of dividends as may from time to time be declared and, subject to the nominal priority of holders of Preferred Variable Voting Shares, the return of capital in the event of the liquidation, dissolution or other distribution of the Company's assets for the purpose of winding up of the Company's affairs. There are no pre-emption, redemption, purchase or conversion rights attached to the Common Shares.

The international security identification number ("ISIN") and CUSIP number of the Common Shares are CA 2524061033 and 252406103, respectively. The Common Shares are in registered form.

Preferred Variable Voting Shares

In order to ensure that a majority of the Company's voting shares are owned by Canadians, on May 12, 2006 the Company was granted the approval of its shareholders for an amendment to its Articles of Continuance to create a new class of Preferred Variable Voting Shares. The votes attached to the Preferred Variable Voting Shares as a class are automatically adjusted so that they, together with the votes attached to Common Shares that are owned by Canadians (as determined based on inquiries the Company has made of the holders of Common Shares and depositary interests), equal 55% of the votes attached to all shares in the capital of the Company. The votes attached to the Preferred Variable Voting Shares as a class are, in aggregate, not less than 1% of the votes attached to all shares in the capital of the Company. The Preferred Variable Voting Shares are not listed on any stock exchange.

The votes attached to the Preferred Variable Voting Shares as a class are determined based on the level of Canadian ownership of Common Shares ascertained through the company's monitoring process. If no response to these inquiries is received from a particular broker or market intermediary, the Common Shares or depositary interests held by that broker or market intermediary will be deemed to be owned by non-Canadians. The votes attached to the Preferred Variable Voting Shares as a class are determined once the level of Canadian ownership of Common Shares has been established through this monitoring process.

The board of directors of the Company will not approve or compel a transfer to a person that is not a current officer of the Company and a Resident Canadian, and it is the current intention of the Company's board of directors that all of the Preferred Variable Voting Shares be held by the individual that holds the position of Chief Executive Officer of the Company from time to time. The Company issued 100,000,000 Preferred Variable Voting Shares to the Company's Chief Executive Officer, Michael Donovan, who entered into a Preferred Variable Voting Shareholders Agreement with the Company pursuant to which Michael Donovan (i) agreed not to transfer Preferred Variable Voting Shares, in whole or in part, except with the prior written approval of the board of directors of the Company, (ii) granted to the Company the unilateral right to compel the transfer of the Preferred Variable Voting Shares, at any time and from time to time, in whole or in part, to a person designated by the board of directors of the Company and (iii) granted to the Company a power of attorney to effect any transfers contemplated by the Preferred Variable Voting Shareholders Agreement. The board of directors of the Company will not approve or compel a transfer without first obtaining the approval of the TSX and the Preferred Variable Voting Shareholders Agreement cannot be amended, waived or terminated unless approved by the TSX. In determining whether to approve or compel a transfer, the board of directors of the Company will act in the best interests of the Company in order to enable the Company to be eligible for tax credits or government incentives. Pursuant to the Preferred Variable Voting Shareholders Agreement, the consideration received as a result of the transfer of Preferred Variable Voting Shares cannot exceed one/one millionth of a cent per share. Under the terms of the Preferred Variable Voting Shares, transfers of the shares will be restricted to Resident Canadians.

The Preferred Variable Voting Shares are redeemable at the option of the Company for one/one millionth of a cent per share and, in the event of the liquidation, dissolution or other distribution of the Company's assets for the purpose of winding up of the Company's affairs, holders of Preferred Variable Voting Shares are entitled to one/one millionth of a cent per share in priority to holders of Common Shares, but have no further rights. Preferred Variable Voting Shares will not be entitled to receive dividends. The terms of the Preferred Variable Voting Shares and the Preferred Variable Voting Shareholders Agreement contain a coattail provision which prevents a holder of Preferred Variable Voting Shares from accepting an offer to purchase all or part of the holder's shares unless the party making the offer also offers to purchaser, by way of a take-over bid, all of the outstanding Common Shares at a price per Common Share and on other terms and conditions as are approved by the Company's board of directors.

ITEM 6. MARKET FOR SECURITIES

The Company's common shares are listed on the Toronto Stock Exchange. The monthly price ranges and volume for the year ended June 30, 2012 on the Toronto Stock Exchange is as follows:

DHX MEDIA LTD (Toronto: DHX)

Date	Open	High	Low	Close	Volume
Jun-12	1.03	1.22	1.01	1.11	2,083,348
May-12	0.95	1.05	0.87	1.05	640,931
Apr-12	0.92	0.98	0.84	0.90	636,529
Mar-12	0.93	1.05	0.90	0.90	1,349,351
Feb-12	0.98	1.05	0.90	0.95	5,434,409
Jan-12	0.73	0.99	0.71	0.97	2,839,838
Dec-11	0.65	0.74	0.60	0.73	1,945,767
Nov-11	0.70	0.76	0.61	0.65	1,266,100
Oct-11	0.72	0.83	0.67	0.70	2,778,513
Sep-11	0.80	0.87	0.72	0.72	562,950
Aug-11	0.83	0.87	0.71	0.78	553,153
Jul-11	0.86	0.93	0.80	0.86	496,609

Prior Sales of Shares

Preferred Variable Voting Shares

On May 19, 2006, the Company issued 100,000,000 Preferred Variable Voting Shares to the Company's Chief Executive Officer, Michael Donovan, at one millionth of a cent per share.

ITEM 7. DIRECTORS AND OFFICERS

The Company's board of directors is elected at each annual general meeting of shareholders. Additional directors may, within the maximum number permitted by the Articles of Continuance, be appointed by the board of directors of the Company, provided that the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders. The Company may have as few as three directors, at least two of whom cannot be officers or employees of the Company or its affiliates, and as many as ten directors. A director or officer of the Company must disclose to the Company, in the manner and to the extent provided by the CBCA, any interest that such director or officer has in a material contract or transaction, whether made or proposed, with the Company, if such director or officer (a) is a party to the contract or transaction; (b) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or (c) has a material interest in a party to the contract or transaction. Such a director shall not vote on any resolution to approve the material contact or transaction except as allowed under the CBCA. Directors are paid such remuneration for their services as the board of directors of the Company may from time to time determine. Directors are entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board of directors of the Company or any committee thereof. Subject to the CBCA, the Company will indemnify a director or an officer, a former director or officer, or another individual who acts or acted at the Company's request as a director or officer, or an individual acting in a similar capacity, of another entity, and their heirs and legal representatives, against all costs and expenses reasonably incurred by the individual in respect of any civil, criminal or other proceeding in which the individual is involved because of that association with the Company, or other entity, if such individual (a) acted honestly and in good faith with a view to the best interests of the Company, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Company's request; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful. The board of directors of the Company may from time to time appoint a chair of the board of directors of the Company, a chief executive officer, a president, one or more vice-presidents, a secretary, a treasurer and such other officers as the board of directors of the Company may determine. The board of directors of the Company may from time to time specify the duties of each officer, delegate to him or her powers to manage any business or affairs of the Company (including the power to sub-delegate) and change such duties and powers, all insofar as not prohibited by the CBCA. The board of directors of the Company may, in its discretion, remove any officer of the Company. To the extent not otherwise so specified or delegated, and subject to the CBCA, the duties and powers of the officers of the Company shall be those usually pertaining to their respective offices. The board of directors of the Company has the power to approve offerings of authorized capital. The board of directors of the Company may appoint one or more committees of the board of directors of the Company and, subject to the CBCA, delegate to any such committee any of the powers of the board of directors of the Company.

The following table sets out, for each of the Company's directors and executive officers, the person's name, age, municipality of residence, positions with the Company, principal occupation and, if a director, the day, month and year in which the person became a director. The term of office for each of the directors will expire at the time of the Company's next annual shareholders meeting. As of June 30, 2012, the Company's current directors and officers own or exercise direction or control over a total of 10,532,650 Common Shares, representing 19.85% of the outstanding number of Common Shares.

Name and Municipality of Residence	Age	Offices with the Company	Principal Occupation	Director Since
MICHAEL PATRICK DONOVAN(1) Halifax, Nova Scotia, Canada	59	Chairman and Chief Executive Officer	Officer of the Company	February 12, 2004
STEVEN GRAHAM DENURE Toronto, Ontario, Canada	53	President and COO	Officer of the Company	N/A
DANA SEAN LANDRY Halifax, Nova Scotia, Canada	41	Chief Financial Officer	Officer of the Company	N/A
DAVID ANDREW REGAN Halifax, Nova Scotia, Canada	43	Executive Vice President, Corporate Development, and IR	Officer of the Company	N/A
MARK GREGORY GOSINE, Halifax, Nova Scotia, Canada	45	Executive Vice President, Legal Affairs, General Counsel and Corporate Secretary	Officer of the Company	N/A
JOHN WILLIAM RITCHIE(3) Halifax, Nova Scotia, Canada	83	Director	Corporate director	February 12, 2004
SIR JUDSON GRAHAM DAY(1),(3) Hantsport, Nova Scotia, Canada	79	Lead Director	Corporate director	January 9, 2006
DONALD ARTHUR WRIGHT(3) Toronto, Ontario, Canada	64	Director	Corporate director	January 9, 2006
JOSEPH ALLEN MEDJUCK(3) Santa Barbara, California, USA	69	Director	Film producer	January 9, 2006
ROBERT G. C. SOBEY(2) New Glasgow, Nova Scotia, Canada	45	Director	Corporate director	December 16, 2010
LAURA MARY FORMUSA Toronto, Ontario, Canada	57	Director	Corporate director	December 16, 2010

(1) Member of the Production Financing Committee.
(2) Member of the Compensation Committee.
(3) Member of the Audit Committee, Compensation Committee and the Nominating and Governance Committee.

Except as noted below, each of the Company's directors and executive officers has been engaged for more than five years in his or her present principal occupation or in other capacities with the company or organization (or predecessor) in which he or she currently holds his or her principal occupation.

Directors and Officers

Michael Patrick Donovan, the Chairman of the board of directors and Chief Executive Officer of DHX, has been recognized with numerous awards for his work in the television and film industry, including an Academy Award for the feature documentary Bowling for Columbine. Mr. Donovan co-founded and was chairman and chief executive officer of Salter Street Films, which was purchased by Alliance Atlantis in 2001. Mr. Donovan is a non-practicing member of the Barristers Society of Nova Scotia, was previously a member of the Board of the Academy of Canadian Cinema and Television, and is currently the Chair of the Board of Trustees of the Nova Scotia College of Art and Design (NSCAD). In 2009 he was elected to the Board of the Canadian Media Production Association (CMPA). Mr. Donovan holds a B.A. (1974), LL.B. (1977) and LL.D. (Hon) (2004) degrees from Dalhousie University.

John William Ritchie, a non-executive director of DHX, has over 50 years of experience in the Canadian financial community. Mr. Ritchie is a former director of Empire Co. Ltd., Sobeys Inc. and Salter Street Films. Mr. Ritchie also co-owned and operated Scotia Bond Company Limited, an Atlantic Canadian-based, regional investment dealer, from 1963 to 1990. Scotia Bond was a member of the Toronto and Montreal Stock Exchanges and was sold to a national investment dealer in 1990.

Sir Judson Graham Day, Q.C., O.N.S., a non-executive and Lead Director of DHX, is Counsel to the Atlantic Canada law firm of Stewart McKelvey. He has served as Chairman of the board of directors of Sobeys Inc., Cadbury Schweppes plc, PowerGen plc, British Aerospace plc, Hydro One Inc., Scotia Investments Limited, The CSL Group Inc., as well as lead director of The Bank of Nova Scotia. Sir Graham Day is a Fellow of the Institute of Corporate Directors of Canada and a Companion of the Chartered Management Institute in the United Kingdom. He is the Colonel Commandant of the Canadian Forces Legal Branch. He is Chancellor Emeritus of Dalhousie University, was knighted in 1989 by Queen Elizabeth II for services to British industry and was has been elected to the Canadian Business Hall of Fame.

Donald Arthur Wright, a non-executive director of DHX. He is the President and Chief Executive Officer of The Winnington Capital Group Inc., He is an active investor in both the private and public equity markets. Mr. Wright's career has spanned over 30 years in the investment industry. He has held a number of leadership positions, including President of Merrill Lynch Canada, Executive Vice-President, Director and member of the Executive Committee of Burns Fry Ltd., Chairman and Chief Executive Officer of TD Securities Inc. and Deputy Chairman of TD Bank Financial Group. Currently he is the President and CEO of The Winnington Capital Group. Mr. Wright serves as Chairman of the Board of Directors of GMP Capital Inc., Cinaport Capital Inc., Equity Financial Holdings Inc. and Richards Packaging Inc., Chairman of the Board of Trustees of Richards Packaging Income Fund and Lead Director of Tuscany International Drilling Inc. Mr. Wright also serves as a Director of American Cancer Center Limited., Bank of China, Clear Energy Systems, Condor Petroleum Inc., Director of MaRS Innovation and Public Mobile Inc. He actively supports numerous charitable organizations and is a member of the Board of Directors; for MaRS Innovation, the Royal Ontario Museum Governors' Finance Committee and a member of the Campaign Cabinet of the Centre for Addiction and Mental Health Foundation and Honorary Chair Pine River Institute Cabinet. He is also a past member of the Board of Trustees of The Hospital for Sick Children, and Past Chairman of the Board of Directors of VIA Rail Canada Inc.

Joseph Allen Medjuck, a non-executive director of DHX, is a producer living in Montecito, California whose recent films include *Old School, Road Trip, Disturbia*, *Up in the Air, Chloe* and *No Strings Attached*. Mr. Medjuck was executive producer of *Legal Eagles*, *Twins, Ghostbusters II, Kindergarten Cop, Dave, Junior, Private Parts, Father's Day and Six Days/Seven Nights*. He was a producer on the films *Big Shots, Beethoven, Beethoven's 2nd, Commandments, Space Jam*. His television producing credits include the cartoon shows *The Real Ghostbusters,* and *Mummies Alive* as well as the Emmy nominated HBO film *The Late Shift*. Mr. Medjuck holds a B.A. (Hon.) in English from McGill University and a Masters and PhD from the University of Toronto, where he subsequently taught and founded the university's film program. He was also one of the founders of The Criterion Collection. In addition to the experience outlined above Mr. Medjuck has acquired significant knowledge of financing principles in his role as a film and television producer.

Robert (Rob) G. C. Sobey, a non-executive director of DHX, is the President and CEO of Lawtons Drugs and a Director of Empire Co. Limited and Sobeys Inc.. He has served on numerous foundations and not-for-profit boards. He is the Past Chairman of the Art Gallery of Nova Scotia and the Nova Scotia Community College, and sat on the boards of the Nova Scotia College of Art and Design and Queen's University. Mr. Sobey currently sits on the Advisory Board of Queens School of Business and on the North American Acquisitions Committee for the Tate Museum (England). He is the chairman of the Sobey Art Award, Canada's top prize for contemporary visual arts, and is Honorary Colonel of the 1st Field Artillery Regiment, RCA. Mr. Sobey was selected as a Top 50 CEO for Atlantic Canada in 2007, 2008, 2010, and in 2009 was chosen as the CEO of the Year. Mr. Sobey has an MBA and the ICD.D designation.

Laura Mary Formusa, a non-executive director of DHX, was appointed President and Chief Executive Officer, Hydro One Inc., on November 23, 2007, having served as Hydro One's acting President and Chief Executive Officer since December 8, 2006. Ms. Formusa's career spans more than 30 years at Ontario Hydro and Hydro One Inc. She practised law in the areas of corporate/commercial, regulatory and environment and held various senior positions within Hydro One until being appointed its General Counsel in 2003. Ms. Formusa earned her Bachelor of Laws degree at Osgoode Hall Law School and was admitted to the Law Society of Upper Canada in 1980. Ms. Formusa also holds a Bachelor of Applied Studies (Hon.)(2010) from Georgian College, Doctor of Laws (Hon.) from both Ryerson University (2011) and the University of Ontario Institute of Technology (2012) and the ICD.D designation. Ms. Formusa is currently serving a second term as Trustee to the Banting Research Foundation and is also a Director of Plug'nDrive. She has been a Director of Hydro One since March 30, 2007.

Other Officers

Steven Graham DeNure, President and Chief Operating Officer of DHX, is responsible for overseeing overall operations of DHX and its subsidiaries. Mr. DeNure also serves as Executive Producer on many of the Company's television and interactive media projects. Mr. DeNure co-founded Decode Entertainment in 1997 and in 2006 merged the operations of Decode with Halifax Film to create DHX. Prior to founding Decode Mr. DeNure was at Alliance Communications Corporation for more than 10 years and served in a number of senior positions including President of Alliance Productions and President of Alliance Multimedia. During his tenure at Alliance Communications Corporation, he was involved in the development, financing and production of all television and feature film projects, including notable projects such as *Due South, North Of 60, Eng, And Blackrobe,* and was responsible for the animation division, music-publishing division (TMP), and for merchandising and licensing. Mr. DeNure is a pioneer in CGI animation, having acted as Executive Producer of the groundbreaking *Reboot* and *Beast Wars* animation series. Mr. DeNure serves on the board of the Canadian Film Centre as Vice Chair. Mr. DeNure graduated from Simon Fraser University with a BA in Economics & Business Administration.

Dana Sean Landry, CA, has been the Chief Financial Officer of DHX since early 2006. Before DHX he was CFO, General Manager and Corporate Secretary for SolutionInc Technologies Limited ("SolutionInc") from 2003-2006, a public technology company traded on the TSX Venture Exchange. Before joining SolutionInc, Mr. Landry was a financial advisor to Collideascope Digital Productions Inc., an integrated television and new media production company and President and Chief Financial Officer of imX communications Inc., a feature film, MOW and television production company. Mr. Landry began his career at Doane Raymond, Chartered Accountants (now Grant Thornton LLP) and then moved on to PwC where he had extensive involvement with the successful initial public offering of Salter Street Films. Mr. Landry is Chartered Accountant in good standing with the Institute of Chartered Accountants of Nova Scotia and holds a BBA from Acadia University (1993).

David Andrew Regan, Executive Vice President, Corporate Development and Investor Relations of DHX, is responsible for the Company's corporate finance and development activities. Prior to working with DHX, Mr. Regan held positions with VI Associates, A.T. Kearney's New York Financial Institutions Group and Export Development Corporation. In these positions he worked with clients in the entertainment and financial services industries throughout North America, Europe and Asia to provide financing, corporate development and business strategy advisory services. Mr. Regan holds an MBA from INSEAD in Fontainebleau, France, and a BBA Honours degree from St. Francis Xavier University in Nova Scotia. Mr. Regan serves on the board of directors of Watts Wind Energy Inc. and Katalyst Wind Inc..

Mark Gregory Gosine, Executive Vice President, Legal Affairs, General Counsel and Corporate Secretary of DHX is responsible for all of the legal and regulatory affairs for the Company. His principal areas of focus are compliance and governance, commercial negotiations, mergers and acquisitions, securities and intellectual property. Prior to joining DHX in April 2006, Mr. Gosine was in private practice in Halifax. Mr. Gosine holds an LL.B. from Dalhousie University, a B.A. Honours degree from Saint Mary's University and completed jazz studies program at St. Francis Xavier University. He is member of the Nova Scotia Barristers' Society, the Canadian Bar Association and the Canadian Corporate Counsel Association. Mr. Gosine serves on the boards of the Nova Scotia Youth Orchestra, the Social Cultural Recreational Inclusion Society and the Atlantic Film Festival.

The following chart sets forth the companies and partnerships (other than the Company and its subsidiaries) of which a director or of the Company is, or has in the past five years been, a director or partner:

Director	Past Directorships and Partnerships	Current Directorships and Partnerships
MICHAEL PATRICK DONOVAN	Salter Street Films Queen Street Entertainment Capital Inc.	3124518 Nova Scotia Limited Media Fund
JOHN WILLIAM RITCHIE	Salter Street Films Queen Street Entertainment Capital Inc. Sobeys Inc. 1X Inc. Empire Company Limited CrossOff Inc. Scotia Bond Company Limited Keltic Savings Corporation Ltd. imX Communications Sampling Technologies Inc.	e-academy Inc. Simply Cast
SIR JUDSON GRAHAM DAY	Sobeys Inc. Assisted Living Concepts LLC Scotia Investments Limited Acadia Seaplants Limited Bank of Nova Scotia Empire Company Limited Extendicare Inc. Jacques Whitford Group Limited Moosehead Breweries Limited The Shaw Group Limited Minas Basin Pulp and Power Limited The CSL Group Inc.	
DONALD ARTHUR WRIGHT	Fralex Therapeutics Inc. Saxon Energy Services Inc. Investment Dealers Association Black Bull Resources Inc. VIA Rail Canada Attwell Capital Inc. GMP Capital Trust	American Cancer Centers Ltd. Cinaport Inc. Condor Petroleum Inc. Equity Financial Holdings Inc. GMP Capital Inc. Tuscany International Drilling Inc. Richards Packaging Income Fund Public Mobile Inc.
JOSEPH ALLEN MEDJUCK	—	Montecito Picture Company Limited Sussex Avenue Productions Inc.

Director	Past Directorships and Partnerships	Current Directorships and Partnerships
ROBERT G. C. SOBEY	—	Sobeys Inc. Empire Co. Limited
LAURA MARY FORMUSA	—	Hydro One Inc. Plug'nDrive

Directors' Interests in Common Shares

The interests (all of which are beneficial, unless otherwise stated) of the Company's directors, their immediate families and persons connected with them, in Common Shares and options or warrants to acquire Common Shares are as follows:

Name	Common Shares Owned	Common Shares under Options/Warrants
Michael Donovan	7,007,077	40,000
J. William Ritchie	650,830	240,000
Sir Graham Day	50,000	240,000
Donald Wright	327,435	240,000
Joseph Medjuck	25,000	215,000
Robert Sobey	100,000	100,000
Laura Formusa	Nil	100,000

There are no directors of the Company or members of their immediate families or affiliated companies or trusts who, at the date hereof, have any financial product (including, a contract for difference or a fixed odds bet) whose value in whole or part is determined directly or indirectly by reference to the price of the Common Shares.

Committees of the Board of Directors

The board of directors of the Company has established an audit committee, a compensation committee, a nominating and corporate governance committee and a production financing committee. Each of the committees has adopted a written charter establishing its role and responsibilities.

Audit Committee

The audit committee assists the board of directors of the Company in fulfilling its responsibilities for oversight and supervision of financial and accounting matters. These responsibilities include oversight of the quality and integrity of the Company's internal controls and procedures, reviewing annual and quarterly financial statements and related management discussion and analysis, engaging the external auditor and approving independent audit fees and considering the recommendations of the independent auditor, monitoring the Company's compliance with legal and regulatory requirements related to financial reporting and examining improprieties or suspected improprieties with respect to accounting and other matters that impact financial reporting. The audit committee has the authority to retain outside counsel or experts to assist the Committee in performing its functions. The Company's audit committee is chaired by Donald Wright and currently composed of Sir Graham Day, Joseph Medjuck and J. William Ritchie each of whom is an unrelated independent director. A copy of the audit committee charter is attached as Schedule "A" to this annual information form. Each of the members of the Audit Committee is "independent" and "financially literate" within the meaning of Multilateral Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators. For a description of the relevant education and experience of the Audit Committee members, see "*Directors and Officers*".

The following table outlines the audit, audit-related, tax and other fees billed to the Company by its external auditor, PricewaterhouseCoopers, in each of the fiscal years ended June 30, 2011 and June 30, 2012.

Fees	**Fiscal Year ended June 30, 2011**	**Fiscal Year ended June 30, 2012**
Audit Fees (1)	$337,600	$409,000
Audit Related Fees (2)	$71,600	$105,400
Tax Fees (3)	$72,500	$71,235
All Other Fees (4)	$13,450	-
Total	**$495,150**	**$585,635**

(1) Audit fees are for services related to the audit of the consolidated financial statements (2011 - $330,000) and (2012 - $300,000) and reviewing disclosure in quarterly statements (2011 - $7,600) and (2012 - $15,000) and $94,000 relating to IFRS conversion in 2012.
(2) Audit related fees are for services including those related to production cost audits (2011- $71,600) and (2012 - $105,400).
(3) Tax fees are for services related to tax compliance and planning.
(4) All other fees in 2011 include fees for due diligence services.

Compensation Committee

The compensation committee ensures that the Company has high calibre executive management in place and a total compensation plan that is competitive, motivating and rewarding for participants. The compensation committee reviews and makes recommendations to the Company's board of directors regarding the appointment of the Company's executive officers, and the establishment of, and any material changes to, executive compensation programmes, including that of the Chief Executive Officer. The compensation committee also oversees and administers the Company's employee compensation and benefits plans. The compensation committee is responsible for reviewing and recommending to the board of directors of the Company the terms of compensation of directors. The compensation committee is chaired by Robert Sobey and currently composed of Sir Graham Day, Donald Wright, J. William Ritchie and Joseph Medjuck.

Nominating and Governance Committee

The nominating and governance committee assists the board of directors of the Company in identifying candidates for the board of directors of the Company and in developing and implementing effective corporate governance principles for the Company. The committee is responsible for establishing a code of conduct and ethics for the Company and for overseeing the Company's policy on insider trading. The nominating and governance committee also evaluates the effectiveness of the board of directors of the Company as a whole, each committee of the board of directors of the Company and the contribution of individual directors. The nominating and governance committee is chaired by Sir Graham Day and is currently composed of Donald A. Wright, J. William Ritchie and Joseph Medjuck.

Production Financing Committee

The production and financing committee consists of Michael Donovan and Sir Graham Day and has the authority to approve, execute and authorize all film and television production financing.

ITEM 8. LEGAL PROCEEDINGS

The Company is not, and was not during fiscal 2011, a party or subject to any legal proceedings or group of similar proceedings, nor are any such proceedings known to the Company to be contemplated, where the amount involved, exclusive of interest and costs, exceeds or exceeded ten percent of the current assets of the Company.

ITEM 9. RISK FACTORS

The following are the specific and general risks that could affect the Company that each reader should carefully consider. Additional risks and uncertainties not presently known to the Company or that the Company does not currently anticipate will be material, may impair the Company's business operations and its operating results and as a result could materially impact its business, results of operations, prospects and financial condition.

Risks Related to the Nature of the Entertainment Industry

The entertainment industry involves a substantial degree of risk. Acceptance of entertainment programming represents a response not only to the production's artistic components, but also the quality and acceptance of other competing programs released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions, public tastes generally and other intangible factors, all of which could change rapidly or without notice and cannot be predicted with certainty. There is a risk that some or all of the Company's programming will not be purchased or accepted by the public generally, resulting in a portion of costs not being recouped or anticipated profits not being realized. There can be no assurance that revenue from existing or future programming will replace loss of revenue associated with the cancellation or unsuccessful commercialization of any particular production.

Risks Related to Television and Film Industries

Because the performance of television and film programs in ancillary markets, such as home video and pay and free television, is often directly related to reviews from critics and/or television ratings, poor reviews from critics or television ratings may negatively affect future revenue. The Company's results of operation will depend, in part, on the experience and judgment of its Management to select and develop new investment and production opportunities. The Company cannot make assurances that the Company's films and television programs will obtain favourable reviews or ratings, that its films will perform well in ancillary markets or that broadcasters will license the rights to broadcast any of the Company's film and television programs in development or renew licenses to broadcast film and television programs in the Company's library. The failure to achieve any of the foregoing could have a material adverse effect on the Company's business, results of operations or financial condition.

Licensed distributors' decisions regarding the timing of release and promotional support of the Company's films, television programs and related products are important in determining the success of these films, programs and related products. The Company does not control the timing and manner in which the Company's licensed distributors distribute the Company's films, television programs or related products. Any decision by those distributors not to distribute or promote one of the Company's films, television programs or related products or to promote competitors' films, programs or related products to a greater extent than they promote the Company could have a material adverse effect on the Company's business, results of operations or financial condition.

Risks Related to Doing Business Internationally

The Company distributes films and television productions outside Canada through third party licensees and derives revenues from these sources. As a result, the Company's business is subject to certain risks inherent in international business, many of which are beyond its control. These risks include: changes in local regulatory requirements, including restrictions on content; changes in the laws and policies affecting trade, investment and taxes (including laws and policies relating to the repatriation of funds and to withholding taxes); differing degrees of protection for intellectual property; instability of foreign economies and governments; cultural barriers; wars and acts of terrorism; and the spread of swine flu or other widespread health hazard.

Any of these factors could have a material adverse effect on the Company's business, results of operations or financial condition.

Loss of Canadian Status

The Company could lose its ability to exploit Canadian government tax credits and incentives described above if it ceases to be "Canadian" as defined under the *Investment Canada Act*. In particular, the Company would not qualify as a Canadian if Canadian nationals cease to beneficially own shares of the Company having more than 50% of the combined voting power of its outstanding shares. In Canada and under international treaties, under applicable regulations, a program will qualify as a Canadian-content production if, among other things: (i) it is produced by Canadians with the involvement of Canadians in principal functions; and (ii) a substantial portion of the budget is spent on Canadian elements. As well, substantially all of the Company's programs are contractually required by broadcasters to be certified as "Canadian". In the event a production does not qualify for certification as Canadian, the Company would be in default under any government incentive and broadcast licenses for that production. In the event of such default, the broadcaster could refuse acceptance of the Company's productions.

Competition

Substantially all of the Company's revenues are derived from the production and distribution of television and film programs. The business of producing and distributing television and film programs is highly competitive. The Company faces intense competition with other producers and distributors, many of whom are substantially larger and have greater financial, technical and marketing resources than the Company. The Company competes with other television and film production companies for ideas and storylines created by third parties as well as for actors, directors and other personnel required for a production. The Company may not be successful in any of these efforts which may adversely affect business, results of operations or financial condition.

The Company intends to increase its penetration of the prime-time television network market. The Company competes for time slots with a variety of companies which produce televised programming. The number of network prime-time slots remains limited (a "slot" being a broadcast time period for a program), even though the total number of outlets for television programming has increased over the last decade. Competition created by the emergence of new broadcasters has generally caused the market shares of the major networks to decrease. Even so, the licence fees paid by the major networks remain the most lucrative. As a result, there continues to be intense competition for the time slots offered by those networks. There can be no assurance that the Company will be able to increase its penetration of the prime-time network market or obtain favourable programming slots, the failure to do so may have negative impact on the Company's business.

Limited Ability to Exploit Filmed and Television Content Library

The Company depends on a limited number of titles for the majority of the revenues generated by its film and television content library. In addition, many of the titles in its library are not presently distributed and generate substantially no revenue. If the Company cannot acquire new products and rights to popular titles through production, distribution agreements, acquisitions, mergers, joint ventures or other strategic alliances, it could have a material adverse effect on its business, results of operations or financial condition.

Protecting and Defending Against Intellectual Property Claims

The Company's ability to compete depends, in part, upon successful protection of its intellectual property. Furthermore, the Company's revenues are dependent on the unrestricted ownership of its rights to television and film productions. Any successful claims to the ownership of these intangible assets could hinder the Company's ability to exploit these rights. The Company does not have the financial resources to protect its rights to the same extent as its competitors. The Company attempts to protect proprietary and intellectual property rights to its productions through available copyright and trademark laws in a number of jurisdictions and licensing and distribution arrangements with reputable international companies in specific territories and media for limited durations. Despite these precautions, existing copyright and trademark laws afford only limited practical protection in certain countries in which the Company may distribute its products and in other jurisdictions no assurance can be given that challenges will not be made to the Company's copyright and trade-marks. In addition, technological advances and conversion of motion pictures into digital format have made it easier to create, transmit and share unauthorized copies of motion pictures, DVDs and television shows. Users may be able to download and distribute unauthorized or "pirated" copies of copyrighted material over the Internet. As long as pirated content is available to download digitally, some consumers may choose to digitally download material illegally. As a result, it may be possible for unauthorized third parties to copy and distribute the Company's productions or certain portions or applications of its intended productions, which could have a material adverse effect on its business, results of operations or financial condition.

Litigation may also be necessary in the future to enforce the Company's intellectual property rights, to protect its trade secrets, or to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Any such litigation could result in substantial costs and the diversion of resources and could have a material adverse effect on the Company's business, results of operations or financial condition. The Company cannot provide assurances that infringement or invalidity claims will not materially adversely affect its business, results of operations or financial condition. Regardless of the validity or the success of the assertion of these claims, the Company could incur significant costs and diversion of resources in enforcing its intellectual property rights or in defending against such claims, which could have a material adverse effect on the Company's business, results of operations or financial condition.

Fluctuating Results of Operations

Results of operations for any periods are significantly dependent on the number and timing of television programs and films delivered or made available to various media. Consequently, the Company's results of operations may fluctuate materially from period to period and the results of any one period are not necessarily indicative of results for future periods. Cash flows may also fluctuate and are not necessarily closely correlated with revenue recognition. Although traditions are changing, due in part to increased competition from new channels, industry practice is that broadcasters make most of their annual programming commitments between February and June in order that new programs can be ready for telecast at the start of the broadcast season in September, or as mid-season replacements in January. Because of this annual production cycle, DHX's revenues are not earned on an even basis throughout the year. Results from operations fluctuate materially from quarter to quarter and the results for any one quarter are not necessarily indicative of results for future quarters.

Raising Additional Capital

The Company is likely to require capital in the future, as to meet additional working capital requirements, capital expenditures or to take advantage of investment or acquisition opportunities. Accordingly, it may need to raise additional capital in the future. The Company's ability to obtain additional financing will be subject to a number of factors including market conditions and its operating performance. These factors may make the timing, amount, terms and conditions of additional financing unattractive or unavailable for the Company. If the Company raises additional funds by issuing equity securities, the relative equity ownership of its existing investors could be diluted or new investors could obtain terms more favourable than previous investors. If the Company raises additional funds through debt financing it could incur significant borrowing costs. If the Company is unable to raise additional funds when needed, or on terms acceptable to the Company, its ability to operate and grow its business could be impeded.

Concentration Risk

Revenue may originate from disproportionately few productions and broadcasters. The value of the Common Shares may be substantially adversely affected should the Company lose the revenue generated by any such production or broadcaster.

Reliance on Key Personnel

The Company is substantially dependent upon the services of certain key personnel, particularly Michael Donovan and Steven DeNure. The loss of the services of any one or more of such individuals could have a material adverse effect on the business, results of operations or financial condition of the Company. Each of Mr. Donovan and Mr. DeNure are under contract to the Company until 2013 and 2014 respectively.

Market Share Price Fluctuation

The market price of the Company's Common Shares may be subject to significant fluctuation in response to numerous factors, including variations in its annual or quarterly financial results or those of its competitors, changes by financial research analysts in their recommendations or estimates of the Company's earnings, conditions in the economy in general or in the broadcasting, film or television sectors in particular, unfavourable publicity or changes in applicable laws and regulations, exercise of the Company's outstanding options and/or warrants, or other factors. Moreover, from time to time, the stock markets on which the Company's Common Shares will be listed may experience significant price and volume volatility that may affect the market price of the Company's common shares for reasons unrelated to its economic performance. No prediction can be made as to the effect, if any, that future sales of Common Shares or the availability of common shares for future sale (including Common Shares issuable upon the exercise of stock options) will have on the market price of the Common Shares prevailing from time to time. Sales of substantial numbers of Common Shares, or the perception that such sales could occur, could adversely affect the prevailing price of the Company's common shares.

Risks Associated with Acquisitions and Joint Ventures

The Company has made or entered into, and will continue to pursue, various acquisitions, business combinations and joint ventures intended to complement or expand its business. The Company has no present agreements or commitments to enter into any such material transactions. Any indebtedness incurred or assumed in any such transaction may or may not increase the Company's leverage relative to its earnings before interest, provisions for income taxes, amortization, minority interests, gain on dilution of investment in subsidiary and discounted operation, or EBITDA, or relative to its equity capitalization, and any equity issued may or may not be at prices dilutive to its then existing shareholders. The Company may encounter difficulties in integrating acquired assets with its operations. Furthermore, the Company may not realize the benefits it anticipated when it entered into these transactions. In addition, the negotiation of potential acquisitions, business combinations or joint ventures as well as the integration of an acquired business could require the Company to incur significant costs and cause diversion of Management's time and resources. Future acquisitions could also result in impairment of goodwill and other intangibles, development write-offs and other acquisition-related expenses.

Although the Company has no current commitments with respect to future acquisitions, the Company may use a portion of the proceeds of this offering to establish or acquire expanded distribution capacity, production capacity, and product libraries. There can be no assurance that appropriate acquisitions or expansion opportunities will be identified or available; that the Company will have or be able to obtain sufficient financing or acceptable terms to fund any such acquisition or expansion; that any such acquisition or expansion will be consummated, or, if consummated, the timing thereof; or that any such acquisition or expansion can be successfully integrated into or with the Company's existing operations and business strategy and ultimately prove beneficial to the Company.

Any of the foregoing could have a material adverse effect on the Company's business, results of operations or financial condition.

Potential for Budget Overruns and Other Production Risks

A production's costs may exceed its budget. Unforeseen events such as labour disputes, death or disability of a star performer, changes related to technology, special effects or other aspects of production, shortage of necessary equipment, damage to film negatives, master tapes and recordings, or adverse weather conditions, or other unforeseen events may cause cost overruns and delay or frustrate completion of a production. Although the Company has historically completed its productions within budget, there can be no assurance that it will continue to do so. The Company currently maintains insurance policies and when necessary, completion bonds, covering certain of these risks. There can be no assurance that any overrun resulting from any occurrence will be adequately covered or that such insurance and completion bonds will continue to be available or, if available on terms acceptable to the Company. DHX has never made a material claim on its insurance or called on a completion bond. In the event of budget overruns, the Company may have to seek additional financing from outside sources in order to complete production of a television program. No assurance can be given as to the availability of such financing or, if available on terms acceptable to the Company. In addition, in the event of substantial budget overruns, there can be no assurance that such costs will be recouped, which could have a significant impact on the Company's results of operations or financial condition.

Management Estimates in Revenues and Earnings

The Company makes numerous estimates as to its revenues and matching production and direct distribution expenses on a project by project basis. As a result of this accounting policy, earnings can widely fluctuate if Management has not accurately forecast the revenue potential of a production.

Stoppage of Incentive Programs

There can be no assurance that the local cultural incentive programs which DHX may access in Canada and internationally from time to time, including those sponsored by various European, Australian and Canadian governmental agencies, will not be reduced, amended or eliminated. Any change in the policies of those countries in connection with their incentive programs may have an adverse impact on DHX's business, results of operation or financial condition.

Financial Risks Resulting from the Company's Capital Requirements

The production, acquisition and distribution of films and television programs require a significant amount of capital. The Company cannot provide assurance that it will be able to continue to successfully implement financing arrangements or that it will not be subject to substantial financial risks relating to the production, acquisition, completion and release of future films and television programs. If the Company increases (through internal growth or acquisition) its production slate or its production budgets, it may be required to increase overhead, make larger up-front payments to talent, and consequently bear greater financial risks. The occurrence of any of the foregoing could have a material adverse effect on the Company's business, results of operations or financial condition.

Government Incentive Program

In addition to license fees from domestic and foreign broadcasters and financial contributions from co-producers, the Company finances a significant portion of its production budgets from federal and provincial governmental agencies and incentive programs, including the Canadian Television and Cable Production Fund, the provincial film equity investment programs, federal tax credits and provincial tax credits. The tax credits are considered part of the Company's equity in any production for which they are used as financing. There can be no assurance that individual incentive programs available to the Company will not be reduced, amended or eliminated or that the Company or any production will qualify for them, any of which may have an adverse effect on the Company's business, results of operations or financial condition.

Changes in Regulatory Environment

At the present time, the film industry is subject to a regulatory environment. The Company's operations may be affected in varying degrees by future changes in the regulatory environment. Any change in the regulatory environment could have a material adverse affect on the Company's revenues and earnings.

Litigation

Governmental, legal or arbitration proceedings may be brought or threatened against the Company in the future. Regardless of their merit, any such claims could be time consuming and expensive to evaluate and defend, divert management's attention and focus away from the business and subject the Company to potentially significant liabilities.

Technological Change

Technological change may have a materially adverse effect on the Company's business, results of operations and financial condition. The emergence of new production or CGI technologies, or a new digital television broadcasting standard, may diminish the value of the Company's existing equipment and programs. Although the Company is committed to production technologies such as CGI and digital post-production, there can be no assurance that it will be able to incorporate other new production and post-production technologies which may become de facto industry standards. In particular, the advent of new broadcast standards, which may result in television programming being presented with greater resolution and on a wider screen than is currently the case, may diminish the evergreen value of the Company's programming library because such productions may not be able to take full advantage of such features. There can be no assurance that the Company will be successful in adapting to these changes on a timely basis.

Labour Relations

Many individuals associated with the Company's projects are members of guilds or unions which bargain collectively with producers on an industry-wide basis from time to time. While the Company has positive relationships with the guilds and unions in the industry, a strike or other form of labour protest affecting those guilds or unions could, to some extent, disrupt production schedules which could result in delays and additional expenses.

Exchange Rates

The returns to the Company from foreign exploitations of its properties are customarily paid in US currency and, as such, may be affected by fluctuations in the exchange rate of the US dollar. Currency exchange rates are determined by market factors beyond the control of the Company and may vary substantially during the course of a production period. In addition, the ability of the Company to repatriate to Canadian funds arising in connection with foreign exploitation of its properties may also be adversely affected by currency and exchange control regulations imposed by the country in which the production is exploited. At present, the Company is not aware of any existing currency or exchange control regulations in any country in which the Company currently contemplates exploiting its properties which would have an adverse effect on the Company's ability to repatriate such funds. Where appropriate, the Company will hedge its foreign exchange risk through the use of derivatives.

ITEM 10. AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's auditors are PricewaterhouseCoopers LLP 1601 Lower Water Street, Suite 400, Halifax, Nova Scotia, B3J 3PS, Canada. PricewaterhouseCoopers LLP is registered with the Institute of Chartered Accountants of Nova Scotia and has entered into an agreement with the Canadian Public Accountability Board.

The transfer agent and registrar for the Company's Common Shares in Canada is Computershare Investor Services Inc. at its principal offices at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Canada.

ITEM 11. MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, which the Company has entered into within the past year or which are still in effect:

- the Preferred Variable Voting Shareholders Agreement described under "Description of Share Capital – Preferred Variable Voting Shares".
- "Regulatory Considerations – Maintaining Canadian Control" contained in the Supplemented PREP Prospectus dated May 12, 2006 on file at SEDAR.com.
- The Share Purchase Agreement for the acquisition of the business of Cookie Jar dated August 20, 2012 described above and on file at SEDAR.com.

- Voting agreements entered into between DHX, 4116372 and each of Michael Donovan, the other members of the Board of Directors and Steve DeNure on August 20, 2012.

- The Underwriting Agreement described in the Short Form Prospectus dated September 25, 2012 and on file at SEDAR.com

ITEM 12. ADDITIONAL INFORMATION

Additional financial information is provided in the Company's comparative consolidated financial statements and Management's Discussion & Analysis for the most recently completed financial fiscal year. Other additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's most current management information circular. These documents, and additional information on the Company may be found on SEDAR at www.sedar.com

SCHEDULE "A"

Audit Committee Charter

DHX Media Ltd.
Audit Committee Charter

Adopted by the Board of Directors on February 27, 2006.

A. PURPOSE AND SCOPE

The primary function of the Audit Committee (the "Committee") is to assist the Board of Directors (the "Board") in fulfilling its responsibilities by reviewing: (i) the financial reports provided by the Corporation to applicable securities regulators, the Corporation's shareholders or to the general public, and (ii) the Corporation's internal financial and accounting controls.

B. COMPOSITION

The Committee shall be comprised of a minimum of three directors as appointed by the Board, who shall meet the independence and audit committee composition requirements under any applicable rules or regulations of applicable securities regulators and stock exchanges, as in effect from time to time, and each such director shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgement as a member of the Committee.

All members of the Committee shall either (i) be able to read and understand fundamental financial statements, including a balance sheet, cash flow statement and income statement, or (ii) be able to do so within a reasonable period of time after appointment to the Committee. At least one member of the Committee shall have employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

The Board may appoint one member who does not meet the independence requirements set forth above and who is not a current employee of the Corporation or an immediate family member of such employee if the Board, under exceptional and limited circumstances, determines that membership on the Committee by the individual is required in the best interests of the Corporation and its shareholders. The Board shall disclose in the next management information circular after such determination the nature of the relationship and the reasons for the determination.

The members of the Committee shall be elected by the Board at the meeting of the Board following each annual meeting of shareholders and shall serve until their successors shall be duly elected and qualified or until their earlier resignation or removal. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

C. RESPONSIBILITIES AND DUTIES

To fulfil its responsibilities and duties the Committee shall:

Document Review

1. Review and assess the adequacy of this Charter periodically as conditions dictate, but at least annually (and update this Charter if and when appropriate).

Auditors

2. Recommend to the Board, the selection of the auditors, and approve the fees and other compensation to be paid to the auditors. The Committee and the Board shall have the ultimate authority and responsibility to select, evaluate and, when warranted, replace such auditors (or to recommend such replacement for shareholder approval in any management information circular).

3. On an annual basis, receive from the auditors a formal written statement identifying all relationships between the auditors and the Corporation consistent with any applicable rules or regulations of applicable securities regulators and stock exchanges. The Committee shall actively engage in a dialogue with the auditors as to any disclosed relationships or services that may impact its independence. The Committee shall take, or recommend that the Board take, appropriate action to oversee the independence of the auditors.

4. On an annual basis, discuss with representatives of the auditors the matters required to be discussed by any applicable rules or regulations of applicable securities regulators and stock exchanges.

5. Meet with the auditors prior to the audit to review the planning and staffing of the audit.

6. Evaluate the performance of the auditors and recommend to the Board any proposed discharge of the auditors when circumstances warrant. The auditors shall be ultimately accountable to the Board and the Committee.

Financial Reporting Processes

7. In consultation with the auditors and management, review annually the adequacy of the Corporation's internal financial and accounting controls.

Compliance

8. To the extent deemed necessary by the Committee, it shall have the authority to engage outside counsel and/or independent accounting consultants to review any matter under its responsibility.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate and are in accordance with applicable generally accepted accounting principles.