

2016 Management's Discussion & Analysis ("MD&A")**Forward-Looking Statements**

In this MD&A, Glacier Media Inc. and its subsidiaries are referred to collectively as "Glacier", "us", "our", "we" or the "Company" unless the context requires otherwise.

The information in this report is as at March 30, 2017.

Glacier Media Inc.'s Annual Report, including this MD&A and the accompanying Report to Shareholders, contains forward-looking statements that relate to, among other things, our objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates and can generally be identified by the use of statements that include phrases such as "believe", "expected", "anticipate", "intend", "plan", "likely", "will", "may", "could", "should", "would", "suspect", "outlook", "estimate", "forecast", "objective", "continue" (or the negative thereof) or similar words or phrases. These forward-looking statements include, among other things, statements relating to our expectations regarding revenues, expenses, cash flows, future profitability and the effect of our strategic initiatives and restructuring, including our expectations to grow our business information operations, to generate new revenues, to generate sufficient cash flow from operations to meet anticipated working capital, capital expenditures, and debt service requirements and to reduce debt levels. These forward-looking statements are based on certain assumptions, including continued economic growth and recovery and the realization of cost savings in a timely manner and in the expected amounts, which are subject to risks, uncertainties and other factors which may cause results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, and undue reliance should not be placed on such statements.

Important factors that could cause actual results to differ materially from these expectations include failure to implement or achieve the intended results from our strategic initiatives, the failure to reduce debt and the other risk factors listed in our Annual Information Form under the heading "Risk Factors" and in our annual MD&A under the heading "Business Environment and Risks", many of which are out of our control. These other risk factors include, but are not limited to, the ability of the Company to sell advertising and subscriptions related to its publications, foreign exchange rate fluctuations, the seasonal and cyclical nature of the agricultural and energy sectors, discontinuation of the Department of Canadian Heritage's Canada Periodical Fund's Aid to Publishers, general market conditions in both Canada and the United States, changes in the prices of purchased supplies including newsprint, the effects of competition in the Company's markets, dependence on key personnel, integration of newly acquired businesses, technological changes, tax risk, financing risk and debt service risk.

The forward-looking statements made in the Company's Annual Report, including this MD&A and the accompanying Report to Shareholders, relate only to events or information as of the date on which the statements are made. Except as required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

The Annual Report, this MD&A and the documents to which we refer herein should be read completely and with the understanding that our actual future results may be materially different from what we expect.

Basis of Discussion and Analysis

The following management discussion and analysis of the financial condition and results of operations of the Company and other information is dated as at March 30, 2017 and should be read in conjunction with the Company's annual consolidated financial statements and notes thereto as at and for the year ended December 31, 2016. The annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Non-IFRS Measures

Earnings before interest, taxes, depreciation and amortization ("EBITDA"), EBITDA margin, EBITDA per share, cash flow from operations, cash flow from operations per share, net income attributable to common shareholders before non-recurring items and net income attributable to common shareholders before non-recurring items per share are not generally accepted measures of financial performance under IFRS. In addition, certain results in this MD&A stated to be "adjusted" have been presented on an adjusted basis that

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includes the Company's shares of revenue, expenses, assets and liabilities from its joint venture operations, which reflects the basis on which management makes its operating decisions and performance evaluation. These adjusted measures are also not generally accepted measures of financial performance under IFRS. Management utilizes these financial performance measures to assess profitability and return on equity in its decision making. In addition, the Company, its lenders and its investors use EBITDA to measure performance and value for various purposes. Investors are cautioned, however, that EBITDA should not be construed as an alternative to net income attributable to common shareholders determined in accordance with IFRS as an indicator of the Company's performance.

The Company's method of calculating these financial performance measures may differ from other companies and, accordingly, they may not be comparable to measures used by other companies. A quantitative reconciliation of these non-IFRS measures is included in the section entitled EBITDA, Cash Flow from Operations, Net Income Attributable to Common Shareholders before Non-Recurring Items and Net Income Attributable to Common Shareholders before Non-Recurring Items Reconciliation with Per Share Amounts and a reconciliation of the adjusted non-IFRS measures is included in the section entitled Reconciliation of IFRS to Adjusted Results in this MD&A.

All financial references are in millions of Canadian dollars unless otherwise noted.

Overview of the Business

Glacier Media Inc. is an information & marketing solutions company pursuing growth in sectors where the provision of essential information and related services provides high customer utility and value. The related "go to market" strategy is being pursued through two operational areas:

1. Content and marketing solutions; and
2. Data, analytics and intelligence

Through its brands and operations, Glacier serves clients in four business information verticals and through community media operations:

Agricultural Information	• Glacier FarmMedia ("GFM"): Western Producer Publications, Farm Business Communications, Canada's Outdoor Farm Show, Ag In Motion and Weather INnovations Network ("WIN")
Energy and Mining Information	• JuneWarren-Nickle's Energy Group (including CanOils) ("JWN"), Evaluate Energy, Northern Miner Group and Infomine (50% interest)
Environmental and Property Information	• ERIS (Environmental Risk Information Services), Specialty Technical Publishers ("STP") and REW.ca
Financial Information	• Fundata (50% interest)
Community Media	• local daily and weekly newspapers and related publications, websites and digital products in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and the United States (includes direct, joint venture and other interests)

For additional information on Glacier's operations see the Company's Annual Information Form as filed on SEDAR (www.sedar.com).

Significant Developments in 2016 and Outlook

Overall results for the year ended December 31, 2016 were encouraging in light of the many challenges faced in the year. Increases in EBITDA were achieved despite significantly reduced revenue and weaker energy and commodity markets in Western Canada, which had an overall effect on Glacier's results.

EBITDA growth occurred across a variety of the Company's business information divisions. Additionally, the Company's community media operations generated EBITDA increases as a result of the successful restructuring of newspaper and printing operations and growth in digital revenue and profitability.

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Depressed energy and commodity prices continue to weigh on the Western Canadian economy and certain operations of the Company. Glacier's energy information business and community media operations, particularly in the Prairies, continue to face challenges.

Revenue continues to be impacted by the maturing community media industry, along with the weak energy and commodity markets. A number of the business information divisions had increased revenue compared to prior year including environmental and property information and agricultural information. Approximately \$7.7 million of the revenue decline was due to the closure of the Printwest printing plant and consolidation. Digital community media revenues have performed well in comparison to traditional community media revenues.

During the year ended December 31, 2016, the Company completed a rights offering, raising net proceeds of \$13.2 million, all of which was used to reduce the Company's senior debt. The rights offering was undertaken to reduce financial leverage by paying down bank debt, thereby allowing sufficient free cash flow from operations to be available to support investments in the Company's operating businesses and to pay down additional debt as required, from time to time.

Business Information

Agricultural Information

- Conditions in the agricultural sector remain soft with low commodity prices and increasing industry consolidation. Despite this, certain operations within GFM grew during the year.
- GFM held two successful outdoor farm demonstration shows during the year. Combined, the shows experienced significant increases in both the number of exhibitors and attendance which resulted in significant increases in both revenue and profit.
- WIN continued a strong growth path aided by the agricultural industry's ongoing acceptance of data and precision agriculture technologies. During the year, WIN expanded operations in the EU and commenced the deployment of a U.K.-based weather network for the Food and Environment Research Agency, a U.K. crown corporation.

Energy and Mining Information

- Market conditions within both the energy and mining sectors remained very challenging in 2016. The Company implemented substantial cost reduction programs and focussed operations.
- Electronic information subscription and database revenue have continued to hold up relatively well during the downturn, and have been aided by the increased demand for information on distressed energy assets and companies. In order to mitigate reduced advertising revenues, JWN has pursued alternative revenue initiatives such as research contracts.
- Despite the difficult market conditions, the Company continued to invest in key subscription and database products such as the Daily Oil Bulletin, Canoils, Edumine and IntelligenceMine. Revenues in these products have held up relatively better than advertising revenues and will position the Company well when the cyclical downturns end.

Environmental and Property Information

- The environmental and property operations continues to experience solid revenue growth, adding a number of new customers during the year.
- Operating investments continue to be made to allow ERIS to scale to the next revenue tier and maintain strong product quality. The tangible benefits of these investments, along with increased profits, expect to be realized over the coming year.
- STP grew during the year as a result of continued growth in sales through Environmental Management Information Systems.
- REW.ca, the Company's online real estate portal, continued to grow rapidly. 2016 traffic grew by more than 80% versus the prior year with visits exceeding 18 million in the year. Improved features and products for customers resulted in a more than doubling of revenues.

Financial Information

- Fundata experienced growth through continued investment in new products and offerings. During the year, Fundata successfully launched a new Mutual Fund Point of Sale compliance offering, landing contracts with two large Canadian financial institutions.

Community Media

- Revenue declines within community media were driven by a combination of planned closures and restructuring, the maturing nature of print advertising and the impact of continued weak commodity prices in many Western Canadian communities.
- Digital community media revenues grew substantially as compared to last year.
- The total rate of revenue decline was lower in the later months of 2016 than earlier in the year.
- EBITDA increased in the year as a result of the continued realization of savings from the restructurings implemented throughout 2015 and 2016 and the relatively better revenue picture. In many cases, the restructurings have resulted in improved products for both readers and advertisers as fewer but more substantial editions are published.

Near-term uncertainty and market risk continues, especially given the ongoing impact of weak energy and commodity market conditions on the Western Canadian economy. Elements of both of the Company's segments, business information and community media, will continue to be negatively impacted. The Company remains confident in the longer term outlook for the energy and mining information sectors and a rebound in the mining sector appears to be underway.

The Company continues to invest in its business information operations which offer, and are demonstrating, substantial growth. These include ERIS, REW.ca, STP, Fundata, WIN and the agricultural exhibitions. The Company also continues to invest in and improve the value of its energy and mining database and subscription offerings, positioning itself for when the cyclical downturns reverse.

Within community media, cost savings initiatives from substantial restructurings, implemented throughout 2015 and 2016, continue to benefit the bottom line. As importantly, many of these restructurings strengthened the businesses by creating more efficient operations with improved offerings for both readers and advertisers. A relatively better revenue picture within a number of the operations provides some evidence of the better offerings.

Given the varied outlook, management plans to continue the progress of the last few years in strengthening the Company's financial position by further reducing debt. A strengthened balance sheet will mitigate risk while allowing the ongoing and planned operational and capital investments. These investments are necessary to continue the strong growth in a number of the Company's businesses that are creating real shareholder value.

Reconciliation of IFRS to Adjusted Results and Non-IFRS Measures

The following table reconciles the Company's results as reported under IFRS to the results presented on an adjusted basis that includes the Company's shares of revenue, expenses, assets and liabilities from its joint venture operations, which reflects the basis on which management makes its operating decisions and performance evaluation.

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(thousands of dollars) except share and per share amounts	Year ended December 31, 2016			Year ended December 31, 2015		
	Per IFRS	Differential	Adjusted ⁽¹⁾	Per IFRS	Differential	Adjusted ⁽¹⁾
Revenue	\$ 198,792	\$ 37,326	\$ 236,118	\$ 220,702	\$ 39,331	\$ 260,033
Gross profit ⁽³⁾	\$ 61,416	\$ 19,138	\$ 80,554	\$ 64,698	\$ 20,524	\$ 85,222
Gross margin	30.9%		34.1%	29.3%		32.8%
EBITDA ⁽¹⁾⁽²⁾	\$ 18,624	\$ 13,620	\$ 32,244	\$ 17,177	\$ 14,923	\$ 32,100
EBITDA margin ⁽¹⁾	9.4%		13.7%	7.8%		12.3%
EBITDA per share ⁽¹⁾⁽²⁾	\$ 0.19	\$ 0.13	\$ 0.32	\$ 0.19	\$ 0.17	\$ 0.36
Net income attributable to common shareholders before non-recurring items ⁽¹⁾⁽²⁾	\$ 9,178	\$ 43	\$ 9,221	\$ 11,156	\$ (33)	\$ 11,123
Net income attributable to common shareholders before non-recurring items per share ⁽¹⁾⁽²⁾	\$ 0.09	\$ -	\$ 0.09	\$ 0.13	\$ (0.01)	\$ 0.12
Net income (loss) attributable to common shareholders	\$ 1,420	\$ 11	\$ 1,431	\$ (152,813)	\$ (259)	\$ (153,072)
Net income (loss) attributable to common shareholders per share	\$ 0.01	\$ -	\$ 0.01	\$ (1.72)	\$ -	\$ (1.72)
Cash flow from operations before non-recurring items ⁽¹⁾⁽²⁾	\$ 16,917	\$ 11,854	\$ 28,771	\$ 16,139	\$ 13,108	\$ 29,247
Cash flow from operations per share ⁽¹⁾⁽²⁾	\$ 0.17	\$ 0.12	\$ 0.29	\$ 0.18	\$ 0.15	\$ 0.33
Total assets	\$ 252,003	\$ 20,957	\$ 272,960	\$ 263,461	\$ 24,390	\$ 287,851
Weighted average shares outstanding, net	99,342,554		99,342,554	89,083,105		89,083,105

Notes:

(1) Refer to "Non-IFRS Measures" section for discussion of non-IFRS measures used in this table.

(2) IFRS net income attributable to common shareholders and cash flow from operations have been adjusted for non-recurring items. Refer to "EBITDA, Cash Flow from Operations and Net Income Attributable to Common Shareholders Before Non-Recurring Items Reconciliation".

(3) Gross profit for these purposes excludes depreciation and amortization.

Adjusted Operational Performance⁽¹⁾

Management believes that including its share of revenues, expenses and cash flows of its joint venture operations in the Company's results provides a more comprehensive basis for reflecting and assessing the overall operations of the Company. Management bases its operating decisions and performance evaluation using the adjusted results⁽¹⁾. The following discussion adjusts the Company's reported results under IFRS to include the revenues, expenses and cash flows of its joint ventures.

Adjusted consolidated EBITDA increased to \$32.2 million for the year ended December 31, 2016 compared to \$32.1 million in the prior year. Increases in adjusted EBITDA were achieved despite significantly reduced revenue and weaker energy and commodity markets in Western Canada, which had an overall effect on Glacier's results.

Adjusted consolidated revenue was \$236.1 million for the year ended December 31, 2016 compared to \$260.0 million in the prior year. Revenue continues to be impacted by the maturing community media industry, along with the weak energy and commodity markets.

For the year ended December 31, 2016, adjusted net income attributable to common shareholders before non-recurring items decreased to \$9.2 million from \$11.1 million. Adjusted cash flow from operations before non-recurring items decreased to \$28.8 million from \$29.2 million.

On an adjusted basis, Glacier's consolidated debt net of cash outstanding before deferred financing charges was 1.68x trailing 12-months EBITDA as at December 31, 2016.

The main factors affecting the comparability of the results for the year are detailed below under the IFRS Selected Financial Information.

Note:

(1) The adjusted consolidated financial results have been adjusted to include the Company's share of revenue, expenses, assets and liabilities from its joint venture operations on a proportionate accounting basis as this is the basis on which management bases its operating decisions and performance evaluation. IFRS does not allow for the inclusion of the joint ventures on a proportionate basis. These results include additional non-IFRS measures such as EBITDA, cash flow from operations and net income attributable to common shareholders before non-recurring items.

The adjusted results are not generally accepted measures of financial performance under IFRS. The Company's method of calculating these financial performance measures may differ from other companies and accordingly, they may not be comparable to measures used by other companies. Please refer to the **Reconciliation of IFRS to Adjusted Results** for a reconciliation of these non-IFRS measures and adjusted results. Management reports its results adjusted to include its share of its joint ventures in the MD&A under the heading **Adjusted Operational Performance**. Management reports its results adjusted to include its share of its joint ventures in the Report to Shareholders.

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Annual IFRS Results and Overview of Operating Performance

Selected Financial Information

The following outlines selected financial statistics and performance measures for Glacier, on an IFRS basis (other than the non-IFRS measures noted) for the years ended December 31, 2016, 2015 and 2014:

(thousands of dollars)
except share and per share amounts

	2016	2015	2014 ⁽³⁾
Revenue	\$ 198,792	\$ 220,702	\$ 247,871
Gross profit ⁽²⁾	\$ 61,416	\$ 64,698	\$ 78,529
Gross margin	30.9%	29.3%	31.7%
EBITDA ⁽¹⁾	\$ 18,624	\$ 17,177	\$ 29,083
EBITDA margin ⁽¹⁾	9.4%	7.8%	11.7%
EBITDA per share ⁽¹⁾	\$ 0.19	\$ 0.19	\$ 0.33
Interest expense, net	\$ 3,719	\$ 4,121	\$ 4,511
Net income attributable to common shareholders before non-recurring items ⁽¹⁾	\$ 9,178	\$ 11,156	\$ 15,712
Net income attributable to common shareholder before non-recurring items per share ⁽¹⁾	\$ 0.09	\$ 0.13	\$ 0.18
Net income (loss) attributable to common shareholders	\$ 1,420	\$ (152,813)	\$ (250)
Net income (loss) attributable to common shareholders per share	\$ 0.01	\$ (1.72)	\$ 0.00
Cash flow from operations ⁽¹⁾	\$ 16,917	\$ 16,139	\$ 31,030
Cash flow from operations per share ⁽¹⁾	\$ 0.17	\$ 0.18	\$ 0.35
Capital expenditures	\$ 4,474	\$ 5,170	\$ 4,193
Total assets	\$ 252,003	\$ 263,461	\$ 485,183
Total non-current financial liabilities	\$ 50,747	\$ 70,589	\$ 75,059
Debt net of cash outstanding before deferred financing charges and other expenses	\$ 50,320	\$ 70,781	\$ 75,023
Equity attributable to common shareholders	\$ 133,351	\$ 116,727	\$ 273,349
Dividends paid ⁽⁴⁾⁽⁵⁾	\$ -	\$ 5,344	\$ 7,125
Dividends paid per share ⁽⁴⁾⁽⁵⁾	\$ -	\$ 0.06	\$ 0.08
Weighted average shares outstanding, net	99,342,554	89,083,105	89,083,105

Notes:

(1) Refer to "Non-IFRS Measures" and "EBITDA, Cash Flow from Operations and Net Income Attributable to Common Shareholders before Non-Recurring Items" section for calculation of non-IFRS measures used in this table.

(2) Gross profit for these purposes excludes depreciation and amortization.

(3) 2014 has been presented with certain assets as discontinued operations, which are not included in the above results.

(4) Dividends declared in 2015 total \$0.04 per share and dividends paid total \$0.06 per share, due to the fact that some dividends declared in 2014 being paid in 2015. In August 2015, the Company ceased the payment of dividends.

(5) Dividends declared and paid in 2014 total \$0.08 per share.

The main factors affecting the comparability of the results over the last two years include:

- Operating performance of the Company's various business units and general market conditions during the reported years;
- Decreased revenues due to the weaker community media industry, the cyclical nature of certain of Glacier's businesses, including the falling price of oil and general softness in the agriculture and mining industries;
- Fluctuations in restructuring expenses including severance payments, transaction and transition expenses, and the write-off of certain assets and other amounts related to the closure and sale of certain community media assets;
- The rights offering that was completed in July 2016 which raised proceeds of \$13.2 million, all of which was used to pay down debt. A total of 20,745,626 common shares were issued;
- The Company purchased the remaining ownership interest in Evaluate Energy for a cash purchase price of \$1.0 million. The Company's ownership interest increased from 60% to 100%;
- Decreased revenues and expenses primarily due to the restructurings and closures in the Lower Mainland of B.C. in 2015 and the closure of other smaller publications throughout 2015;

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- The Company recognized settlement gains on pension and post-retirement benefits of \$6.4 million in 2015;
- The sale of a package of real estate assets for \$4.8 million in 2015. \$2.7 million was generated through a sale lease-back transaction;
- An overall impairment charge of \$5.9 million in 2016 and \$194.0 million in 2015; and
- Impairments taken in 2016 within certain joint ventures and associates included in the Company's share of earnings from joint ventures and associates.

Revenue

Glacier's consolidated revenue for the year ended December 31, 2016 was \$198.8 million compared to \$220.7 million last year.

Business Information

The business information group generated revenues of \$85.9 million for the year ended December 31, 2016, as compared to \$88.2 million in the prior year. Information subscription and data related sales remained strong. ERIS, the Company's environmental risk information business, continues to generate strong growth in revenues, especially in the U.S. markets.

The Company's business information revenues were impacted by the downturn in the oil and gas sector, weaker agricultural conditions and softness in the mining industry. Concerted efforts have been put in place to mitigate the revenue decreases in the Company's energy operations through pursuing alternative revenue initiatives such as research contracts.

Community Media

The community media group generated \$112.9 million of revenue for the year ended December 31, 2016, as compared to \$132.5 million in the prior year.

Glacier's community media operations continued to experience softness due to increased digital competition, as well as softer economic conditions in some of the markets in which the Company's operations are located. In particular, local markets in Saskatchewan, Alberta, and Northern B.C. have been significantly affected by the downturn in the energy and agriculture industries. National advertising, in particular, continues to be affected by the shift to digital advertising. Part of the decline in community media revenue was from the sale, closure and restructuring of a group of community media assets in B.C. Restructuring continues and has resulted in large financial and operating improvements.

A wide array of sales initiatives are being pursued to find new sources of community media revenue. In particular, digital media initiatives resulted in growth in digital community media revenues and new features and supplements initiatives contributed to local revenue performance. The wide range of new revenue initiatives and focus on higher-margin revenues resulted in incremental sales that helped to partially offset the weaker traditional print advertising.

Gross Profit

Glacier's consolidated gross profit, being revenues less direct expenses, for the year ended December 31, 2016 was \$61.4 million compared to \$64.7 million last year. The decrease in gross profit is largely attributable to the decrease in revenues, which is partially offset by the related decrease in direct expenses.

Gross profit as a percentage of revenues ("gross profit margin") for the year ended December 31, 2016 was 30.9% as compared to 29.3% in the prior year.

General & Administrative Expenses

Glacier's consolidated general and administrative expenses were \$42.8 million for the year ended December 31, 2016 as compared to \$47.5 million last year. The decrease primarily relates to cost savings from the Company's restructuring efforts.

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EBITDA

EBITDA was \$18.6 million for the year ended December 31, 2016 as compared to \$17.2 million in the prior year. The results are due to the various reasons stated under **Revenue, Gross Profit and General & Administrative Expenses**.

Net Interest Expense

Glacier's consolidated net interest expense for the year ended December 31, 2016 was \$3.7 million as compared to \$4.1 million in the prior year, a decrease of \$0.4 million. The decrease was primarily the result of debt repayments made throughout 2016 and 2015.

Depreciation and Amortization

Depreciation of property, plant and equipment for the year ended December 31, 2016 decreased \$0.7 million as compared to the prior year mainly due to the disposition of certain community media assets in 2016. Amortization of intangible and other assets decreased \$1.3 million as compared to the prior year mainly due to impairment in amortizing intangible assets taken in 2015.

Settlement Gain on Pension and Post-Retirement Benefits

For the year ended December 31, 2015, the Company recognized a \$4.8 million non-cash settlement gain on pension and post-retirement benefits as a number of employees left the Company's pension and post-retirement benefit plan, as a result of the sale of certain of its business information media publications and related assets located in Toronto. The Company also recognized a \$1.6 million non-cash settlement gain on the pension and post-retirement benefits as result of the decision to eliminate, for all members, future benefit accruals under the defined benefit provision of the plan and the closure of the post retirement benefit plan for new retirees.

Restructuring and Other Expenses (Net)

Restructuring and other expenses (net) for the year ended December 31, 2016 were \$4.1 million compared to \$9.7 million last year. These expenses for the current year include restructuring costs, transaction and transition costs, foreign exchange, other income and net gains or losses on disposal of assets. Restructuring and other expenses were impacted by restructuring initiatives including severance costs incurred as the Company restructured and reduced its workforce.

Impairment Expense

The Company completed its annual impairment testing of goodwill and indefinite life intangible assets based on management's best estimates of key assumptions. These key assumptions include future cash flows (based on historic results and future operating plans), budgeted revenues, weighted average cost of capital, discount rate, current strategies, economic conditions and the general outlook for the industry and markets in which the cash generating units ("CGU") operate. The recoverable amounts are determined based on the greater of value in use and fair value less cost to dispose, of an individual CGU.

When indicators of impairment exists, the Company reviews finite life intangible assets and property, plant and equipment for impairment. The method for estimating impairment is consistent with goodwill and intangible assets with indefinite lives, as noted above.

For the year ended December 31, 2016, the Company recorded a \$5.9 million impairment of expense as compared to \$194.0 million in the prior year. The \$5.9 million impairment represents \$3.3 million of goodwill and \$2.6 million of indefinite intangible assets within the Prairie Community Media group of CGUs.

In 2015, the \$194.0 million impairment represent \$125.1 million in total goodwill impairments within the BC Community Media, Prairie Community Media, Agriculture and Energy, and Other Business Information groups of cash generating units, \$33.4 million of intangible asset impairments within the BC Community Media, Prairie Community Media, Agriculture and Energy, and Other Business Information groups of CGUs, \$31.5 million of investment in joint ventures and associates and \$4.0 million of property, plant and equipment within the Prairie Community Media group of cash generating units.

Impairment has no cash flow impact.

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Share of Earnings from Joint Ventures and Associates

Share of earnings from joint ventures and associates, which include the Company's share of Fundata Canada Inc. ("Fundata"), Continental Newspapers Ltd. ("Continental"), Great West Newspapers Limited Partnership ("GWNLP"), the Victoria Times-Colonist, Rhode Island Suburban Newspapers, Inc. ("RISN") and other joint ventures and associates, decreased \$1.8 million as compared to the prior year. This includes the Company's share of impairment expense recorded in the joint ventures and associates.

Aggregate operating results for the Company's joint ventures and associates, at the Company's proportionate share of the results, are as follows:

(thousands of dollars)	As at December 31,	
	2016	2015
	\$	\$
Assets	91,912	99,687
Liabilities	32,316	40,287
Net assets	59,596	59,400

	For the year ended December 31,	
	2016	2015
	\$	\$
Revenues	61,775	68,832
Net income for the year	9,291	11,274
Other comprehensive income (loss)	175	(455)

Net Income Attributable to Common Shareholders

Net income attributable to common shareholders increased by \$154.2 million compared to the prior year. The increase resulted from i) higher operating results of \$1.4 million, ii) lower impairment expense of \$188.1 million, iii) lower depreciation and amortization expense of \$2.1 million, iv) lower interest expense of \$0.4 million and v) lower restructuring and other expenses (net) of \$5.6 million. The increase was partially offset by i) lower settlement gain on pension and post-retirement benefits of \$6.4 million, ii) lower share of earnings from joint ventures and associates of \$1.9 million, iii) lower income tax recovery of \$7.3 million and iv) higher non-controlling interest of \$27.8 million.

Other Comprehensive Loss (net of tax)

For the year ended December 31, 2016, Glacier recognized other comprehensive income (net of tax) of \$2.3 million. The majority of the income related to the actuarial gain on defined benefit pension plans.

Cash Flow from Operations

Glacier's consolidated cash flow from operations was \$16.9 million (before changes in non-cash operating accounts and non-recurring items) for the year ended December 31, 2016 as compared to \$16.1 million in the prior year. The change in cash flow from operations resulted from the factors stated under **Revenue, Gross Profit, General & Administrative Expenses** and **EBITDA**.

Capital expenditures were \$4.5 million for the year ended December 31, 2016 compared to \$5.2 million in the prior year. The majority of the current year expenditures relate to software costs, buildings for the agricultural exhibition shows, deployment of weather station equipment and leaseholds relating to office relocations made to reduce operating costs. Prior year capital expenditures related to software costs, leaseholds for the agricultural exhibition shows, and leaseholds relating to office relocations made to reduce operation costs.

See "**Summary of Financial Position, Financial Requirements and Liquidity**" for further details.

Related Party Transactions

During the year ended December 31, 2016, the Company and its affiliates recorded administration, consulting, interest and other expenses of \$1.1 million from Madison Venture Corporation ("Madison") and its subsidiaries. Madison is a shareholder of the Company and certain of its officers and directors are officers and directors of the Company.

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Madison provides strategic, financial, transactional advisory services and administrative services to the Company on an ongoing basis and received \$0.5 million for these services in 2016. These services have been provided with the intention of maintaining an efficient and cost effective corporate overhead structure, instead of i) hiring more full-time corporate and administrative staff and thereby increasing fixed overhead costs and ii) retaining outside professional advisory firms on a more extensive basis. These services were provided in the normal course of operations and were measured at the amount of consideration established and agreed to by the related parties.

In addition, Madison was required to be the guarantor of a loan relating to the acquisition of interests in certain community newspapers in 2007. During the year, \$0.5 million of interest was incurred by a subsidiary of the Company in connection with the loan, which interest was paid by Madison and reimbursed by the subsidiary. Madison charges interest based on the prevailing bankers' acceptance rate plus an acceptance fee which ranges from 2.75% to 3.50% or the bank prime rate plus 1.38% to 2.13%. In addition, Madison charges an annual fee of 1% for the guarantee, which was \$0.1 million for the year.

Other office related expenses of \$0.1 million were paid to Madison during the year in relation to office space shared to reduce expenses.

During the year ended December 31, 2016, the Company paid its joint venture GWNLP for printing services as part of its normal operations. These services were provided at the agreed upon value. Total printing charged to the Company for the year was \$0.4 million. At December 31, 2016, \$2.0 million was due to GWNLP for printing services and other amounts plus accrued interest on the outstanding balance.

During the year ended December 31, 2016, the Company charged management fees to its joint venture, Fundata for management services as part of its normal operations. Total fees charged by the Company for the year were \$0.3 million.

During the year ended December 31, 2016, the Company received interest from its joint venture RISN, on a loan that was fully paid off in 2016. The loan was made to fund historical acquisitions. Total interest charged to RISN for the year was USD \$0.1 million.

During the year ended December 31, 2016, the Company had amounts due from Infomine Inc. of \$1.9 million. These amounts were non-interest bearing and were due on demand. In 2016, these amounts were included in other assets.

During the year ended December 31, 2016, a subsidiary of the Company received fee income of \$0.2 million related to providing a guarantee on the debt of one of the Company's associates.

At December 31, 2016, the Company had amounts due from an associate of \$5.2 million relating to non-operating advances. These amounts are non-interest bearing and have no fixed terms of repayment. These amounts are included in trade receivables.

Contingency

During 2014-2016 an affiliate of the Company ("the affiliate") received, from the Canada Revenue Agency ("CRA") and provincial tax authorities, tax notices of reassessments and assessments relating to the taxation years 2008-2015. The notices deny the application of non-capital losses, capital losses, scientific research and experimental development ("SR&ED") pool deductions and SR&ED tax credits claimed. As a result additional taxes payable including interest and penalties are approximately \$53.3 million.

The affiliate has filed notices of objection with the CRA and provincial taxing authorities. In connection with filing the notice of objections, the affiliate is required to make a 50% deposit of the amounts claimed by the CRA and provincial authorities as assessed. The affiliate has paid the required deposit of \$21.8 million of which \$1.6 was paid during 2016. No further amounts are due at this time for the 2008-2014 taxation years as the appeal process continues. These payments have been recorded as other assets, within non-current assets, as the Company and its affiliate expect to ultimately be successful in its objection.

The affiliate has filed a notice of objection with the CRA relating to its 2015 year. The affiliate will be required to make a \$1.1 million deposit, 50% of amounts claimed by the CRA as assessed. The affiliate will pay the required deposit during 2017.

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The Company, the affiliate and its counsel believe that the filing positions adopted by the affiliate in all years are appropriate and in accordance with the law. The affiliate intends to vigorously defend such positions.

If the affiliate is successful in defending its positions, the deposits made plus applicable interest will be refunded to the affiliate. There is no assurance that the affiliate's objections and appeals will be successful. If the CRA and provincial tax authorities are successful, the affiliate will be required to pay the remaining balance of taxes owing plus applicable interest, and will be required to write-off any remaining tax assets relating to reassessed amounts.

Fourth Quarter IFRS Results and Overview of Operating Performance

Revenue

Glacier's consolidated revenue for the quarter ended December 31, 2016 was \$48.8 million compared to \$53.4 million in the same period last year.

In a number of the Company's operations, fourth quarter results showed improvements over the same period in the prior year and are reflective of overall operating improvements that took place during 2016. In particular, the environmental and property group experienced revenue growth.

Glacier's energy group continues to be adversely impacted by the difficult oil and gas environment in Western Canada. This down turn is also affecting certain community media markets. The negative market conditions substantially impacted the fourth quarter with revenues lower than the prior year. Community media, in general, also experienced softness in the fourth quarter of 2016 in many of Glacier's markets due primarily to softer national advertising, although digital community media revenues continued to grow. Additionally, community media's total rate of revenue decline was lower in the later months of 2016 than earlier in the year.

Gross Profit

Glacier's consolidated gross profit for the three months ended December 31, 2016 was \$15.9 million compared to \$16.7 million in the same period last year. The gross profit decreased compared to the prior year, as a result of the lower revenue in the Company's community media operations and certain business information sectors, which were partially offset by the realization of cost saving initiatives and growth in other community media and business information sectors.

General & Administrative Expenses

Glacier's consolidated general and administrative expenses were \$10.7 million for the three months ended December 31, 2016 compared to \$10.9 million in the same period in the prior year. The decrease was due to cost savings from the Company's restructuring efforts.

EBITDA

Consolidated EBITDA decreased to \$5.3 million for the three months ended December 31, 2016 as compared to \$5.8 million in the same period in the prior year. The decrease in EBITDA was due to the reasons stated under **Revenue**, **Gross Profit** and **General & Administrative Expenses**.

Net Loss Attributable to Common Shareholders

Net loss attributable to common shareholders decreased by \$146.1 million compared to the fourth quarter of 2015. The decrease resulted from i) lower impairment expense of \$188.1 million, ii) lower interest expense of \$0.2 million and iii) lower amortization and depreciation of \$0.2. This was partially offset by i) lower operating results of \$0.5 million, ii) lower settlement gain on pension and post-retirement benefits of \$1.5 million, iii) a change in restructuring and other expenses (net) of \$6.1 million, iv) lower share of earnings from joint ventures and associates of \$0.8 million, vii) lower income tax recovery of \$6.3 million and viii) higher non-controlling interests of \$27.1 million.

Cash Flow from Operations

Glacier's consolidated cash flow from operations was \$4.2 million (before changes in non-cash working capital and non-recurring items) for the three month period ended December 31, 2016 compared to \$5.0 million for

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the same period last year. The decrease in cash flow from operations was primarily a result of the reasons described under **Revenue, Gross Profit** and **General & Administrative Expenses**.

See **Summary of Financial Position, Financial Requirements and Liquidity** for further details.

Summary of Selected Quarterly IFRS Results

The following outlines the significant financial performance measures for Glacier for the last eight quarters:

<i>(thousands of dollars) except share and per share amounts</i>	Trailing 12 Months	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Revenue	\$ 198,792	\$ 48,840	\$ 49,603	\$ 51,018	\$ 49,331
EBITDA ⁽¹⁾	\$ 18,624	\$ 5,289	\$ 4,534	\$ 3,933	\$ 4,868
EBITDA margin ⁽¹⁾	9.4%	10.8%	9.1%	7.7%	9.9%
EBITDA per share ⁽¹⁾	\$ 0.19	\$ 0.05	\$ 0.04	\$ 0.04	\$ 0.05
Interest expense, net	\$ 3,719	\$ 1,056	\$ 745	\$ 917	\$ 1,001
Net income attributable to common shareholders before non-recurring items ⁽¹⁾	\$ 9,178	\$ 2,841	\$ 1,563	\$ 3,429	\$ 1,345
Net income attributable to common shareholders before non-recurring items per share ⁽¹⁾	\$ 0.09	\$ 0.03	\$ 0.01	\$ 0.04	\$ 0.02
Net income (loss) attributable to common shareholders	\$ 1,420	\$ (2,587)	\$ 1,784	\$ 2,495	\$ (272)
Net income (loss) attributable to common shareholders per share	\$ 0.01	\$ (0.02)	\$ 0.02	\$ 0.03	\$ 0.00
Cash flow from operations ⁽¹⁾	\$ 16,917	\$ 4,156	\$ 4,713	\$ 3,682	\$ 4,366
Cash flow from operations per share ⁽¹⁾	\$ 0.17	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.05
Capital expenditures	\$ 4,474	\$ 1,835	\$ 1,232	\$ 819	\$ 588
Debt net of cash outstanding before deferred financing charges and other expenses	\$ 50,320	\$ 50,320	\$ 51,591	\$ 64,786	\$ 68,417
Equity attributable to common shareholders	\$ 133,351	\$ 133,351	\$ 131,986	\$ 115,586	\$ 115,972
Weighted average shares outstanding, net	99,342,554	109,828,731	109,152,243	89,083,105	89,083,105

	Trailing 12 Months	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Revenue	\$ 220,702	\$ 53,369	\$ 50,320	\$ 60,940	\$ 56,073
EBITDA ⁽¹⁾	\$ 17,177	\$ 5,838	\$ 2,034	\$ 5,832	\$ 3,473
EBITDA margin ⁽¹⁾	7.8%	10.9%	4.0%	9.6%	6.2%
EBITDA per share ⁽¹⁾	\$ 0.19	\$ 0.07	\$ 0.02	\$ 0.07	\$ 0.04
Interest expense, net	\$ 4,121	\$ 1,257	\$ 926	\$ 983	\$ 955
Net income attributable to common shareholders before non-recurring items ⁽¹⁾	\$ 11,156	\$ 6,274	\$ 2,537	\$ 2,233	\$ 112
Net income attributable to common shareholders before non-recurring items per share ⁽¹⁾	\$ 0.13	\$ 0.07	\$ 0.03	\$ 0.03	\$ 0.00
Net (loss) income attributable to common shareholders	\$ (152,813)	\$ (148,649)	\$ (6,775)	\$ (1,052)	\$ 3,663
Net (loss) income attributable to common shareholders per share	\$ (1.72)	\$ (1.67)	\$ (0.08)	\$ (0.01)	\$ 0.04
Cash flow from operations ⁽¹⁾	\$ 16,139	\$ 4,967	\$ 2,138	\$ 5,213	\$ 3,821
Cash flow from operations per share ⁽¹⁾	\$ 0.18	\$ 0.06	\$ 0.02	\$ 0.06	\$ 0.04
Capital expenditures	\$ 5,170	\$ 137	\$ 1,272	\$ 1,863	\$ 1,898
Debt net of cash outstanding before deferred financing charges and other expenses	\$ 70,781	\$ 70,781	\$ 78,041	\$ 71,674	\$ 75,235
Equity attributable to common shareholders	\$ 116,727	\$ 116,727	\$ 265,737	\$ 272,625	\$ 274,743
Weighted average shares outstanding, net	89,083,105	89,083,105	89,083,105	89,083,105	89,083,105

Notes:

(1) Refer to "Non-IFRS Measures" and "EBITDA, Cash Flow from Operations Reconciliation and Net Income Attributable to Common Shareholders Before Non-Recurring Items" section for calculation of non-IFRS measures used in this table.

The main factors affecting comparability of results over the last eight quarters are:

- Operating performance of the Company's various business units, including cost-reduction initiatives and general market conditions during the reported periods;
- Decreased revenues during the reported periods due to the structural changes in the community media industry and the cyclical nature of certain of Glacier's businesses, including softness in the energy and mining sectors;
- Decreased revenues and expenses, and quarterly fluctuations in restructuring expenses, primarily due to the restructuring, sale and closure of certain community media assets, specifically in the Lower Mainland of B.C. in the second quarter of 2015;

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- The rights offering that was completed in July 2016 which raised proceeds of \$13.2 million, all of which was used to pay down debt. A total of 20,745,626 common shares were issued;
- The purchase of a 60% interest in Evaluate Energy, based in the U.K., in the fourth quarter of 2014, and the purchase of the remaining 40% ownership interest in the second quarter of 2016 for a cash purchase price of \$1.0 million.;
- The Company recognized settlement gains on pension and post-retirement benefits of \$4.8 million in the first quarter of 2015, and \$1.6 million in the fourth quarter of 2015;
- The sale of a package of real estate assets for \$4.8 million in the fourth quarter of 2015. \$2.7 million was generated through a sale lease-back transaction;
- The sale, closure and asset write-down of Printwest in the third quarter of 2015;
- An overall impairment charge of \$5.9 million in the fourth quarter of 2016 and \$194.0 million in fourth quarter of 2015; and
- The sale of certain business information media publications and related assets located in Toronto in the first quarter of 2015. The assets and liabilities were considered to be held for sale as at December 31, 2014 and previously presented as discontinued operations.

EBITDA, Cash Flow from Operations and Net Income Attributable to Common Shareholders before Non-Recurring Items Reconciliation

The following tables reconciles the Company's net income attributable to common shareholders as reported under IFRS to EBITDA, cash flow from operations and net income attributable to common shareholders before non-recurring items.

<i>(thousands of dollars) except share and per share amounts</i>	2016	2015	2014
EBITDA ⁽¹⁾			
Net income (loss) attributable to common shareholders	\$ 1,420	\$ (152,813)	\$ (250)
Add (deduct):			
Non-controlling interests	\$ 1,751	\$ (26,018)	\$ 4,455
Net loss from discontinued operations (net of tax)	\$ -	\$ -	\$ 5,557
Net interest expense	\$ 3,719	\$ 4,121	\$ 4,511
Depreciation of property, plant and equipment	\$ 4,660	\$ 5,404	\$ 5,675
Amortization of intangible assets	\$ 6,742	\$ 8,049	\$ 7,073
Settlement gain on pension and post-retirement benefits	\$ -	\$ (6,388)	\$ (1,151)
Other income	\$ -	\$ -	\$ (878)
Net gain on disposal	\$ -	\$ -	\$ (1,778)
Impairment expense	\$ 5,881	\$ 193,953	\$ 10,982
Restructuring and other expenses (net)	\$ 4,117	\$ 9,724	\$ 2,406
Share of earnings from joint ventures and associates	\$ (8,618)	\$ (10,475)	\$ (8,107)
Income tax (recovery) expense	\$ (1,048)	\$ (8,380)	\$ 588
EBITDA ⁽¹⁾	\$ 18,624	\$ 17,177	\$ 29,083

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(thousands of dollars)
except share and per share amounts

	2016	2015	2014
Cash flow from operations ⁽¹⁾			
Net income (loss) attributable to common shareholders	\$ 1,420	\$ (152,813)	\$ (250)
Add (deduct):			
Non-controlling interests	\$ 1,751	\$ (26,018)	\$ 4,455
Depreciation of property, plant and equipment	\$ 4,660	\$ 5,404	\$ 5,675
Amortization of intangible assets	\$ 6,742	\$ 8,049	\$ 7,073
Net gain on disposal	\$ -	\$ -	\$ (2,432)
Impairment expense	\$ 5,881	\$ 193,953	\$ 10,982
Employee future benefit expense (less than) in excess of employer contributions	\$ (125)	\$ 608	\$ 789
Deferred income tax recovery	\$ (1,792)	\$ (8,380)	\$ (2,818)
Interest expense	\$ 3,806	\$ 4,173	\$ 4,689
Share of earnings from joint ventures and associates	\$ (8,618)	\$ (10,475)	\$ (8,107)
Change in non-cash operating accounts from discontinued operations	\$ -	\$ -	\$ 8,699
Settlement gain on pension and post-retirement benefits	\$ -	\$ (6,388)	\$ (1,151)
Other non-cash items	\$ 723	\$ 1,056	\$ 651
Other income	\$ (238)	\$ -	\$ (605)
Restructuring costs (net of tax)	\$ 2,283	\$ 4,613	\$ 1,817
Transaction and transition costs (net of tax)	\$ 424	\$ 2,357	\$ 1,563
Cash flow from operations ⁽¹⁾	\$ 16,917	\$ 16,139	\$ 31,030
Net income attributable to common shareholders before non-recurring items ⁽¹⁾			
Net income (loss) attributable to common shareholders	\$ 1,420	\$ (152,813)	\$ (250)
Add (deduct):			
Other expenses (net)	\$ -	\$ 534	\$ 323
Settlement gain on pension and post-retirement benefits	\$ -	\$ (6,388)	\$ (1,151)
Other income	\$ (251)	\$ (83)	\$ (605)
Net gain on disposal	\$ (814)	\$ (421)	\$ (1,778)
Impairment expense (net of tax)	\$ 5,333	\$ 161,586	\$ 18,364
Restructuring costs (net of tax)	\$ 3,066	\$ 6,384	\$ 1,817
Transaction and transition costs (net of tax)	\$ 424	\$ 2,357	\$ 2,714
Items from discontinued operations	\$ -	\$ -	\$ (3,722)
Net income attributable to common shareholders before non-recurring items ⁽¹⁾	\$ 9,178	\$ 11,156	\$ 15,712
Weighted average shares outstanding, net	99,342,554	89,083,105	89,083,105
Net income (loss) attributable to common shareholders per share	\$ 0.01	\$ (1.72)	\$ 0.00
EBITDA per share ⁽¹⁾	\$ 0.19	\$ 0.19	\$ 0.33
Cash flow from operations before non-recurring items per share ⁽¹⁾	\$ 0.17	\$ 0.18	\$ 0.35
Net income attributable to common shareholders before non-recurring items per share ⁽¹⁾	\$ 0.09	\$ 0.13	\$ 0.18

Notes:

⁽¹⁾ Refer to "Non-IFRS Measures" section for discussion of non-IFRS measures used in this table.

Summary of Financial Position, Financial Requirements and Liquidity

Glacier generates sufficient cash flow from operations to meet anticipated working capital, capital expenditures, and debt service requirements.

As at December 31, 2016, Glacier had consolidated cash and cash equivalents of \$3.6 million, current and long-term debt of \$53.9 million before adjustment for deferred financing fees attributable directly to the issuance of long-term debt, and working capital of \$15.8 million excluding deferred revenue. Glacier's actual cash working capital is greater than reflected by the amounts indicated on the consolidated balance sheet due to deferred revenue relating to renewals and newspaper subscriptions that have been paid for by subscribers but not yet delivered; and the costs associated with the fulfillment of this liability are less than the amount indicated in current liabilities.

Capital expenditures were \$4.5 million for the year ended December 31, 2016 compared to \$5.2 million in the prior year. The majority of the current year expenditures relate to software costs, buildings for the agricultural exhibition shows, deployment of weather station equipment and leaseholds relating to office relocations made

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to reduce operating costs. Prior year capital expenditures related to software costs, leaseholds for the agricultural exhibition shows, and leaseholds relating to office relocations made to reduce operation costs.

Changes in Financial Position

(thousands of dollars)	2016	2015	2014
Cash generated from (used in)			
Operating activities	11,783	12,768	25,465
Investing activities	2,121	5,552	8,249
Financing activities	(14,541)	(22,263)	(32,492)
(Decrease) increase in cash	(637)	(3,943)	1,222

The changes in the components of cash flows during 2016 and 2015 are detailed in the consolidated statements of cash flows of the financial statements. The more significant changes are discussed below.

Operating Activities

Glacier generated cash from operations before non-recurring items and changes in non-cash operating accounts of \$16.9 million compared to \$16.1 million in the prior year as a result of the factors stated under **Revenue, Gross Profit, General & Administrative Expenses** and **EBITDA**. Cash flows from operations before non-recurring items and after change in non-cash working capital was \$14.3 million compared to \$19.7 million in the prior year.

Investing Activities

Cash generated by investing activities totalled \$2.1 million for the year ended December 31, 2016 compared to \$5.6 million in 2015. Investing activities included \$4.5 million of capital expenditures, distributions received of \$9.0 million, \$0.6 million proceeds received from disposal of assets, deposits paid to the CRA relating to the tax reassessment of \$1.6 million and cash used in other investing activities of \$1.5 million.

Financing Activities

Cash used for financing activities was \$14.5 million for the year ended December 31, 2016 compared to \$22.3 million for 2015. The Company made net debt repayments of \$21.1 million for the year ended December 31, 2016 compared to \$8.1 million in the prior year. Of the \$21.1 million repayment in 2016, \$13.2 million came from the issuance of shares pursuant to the rights offering. In the year ended December 31, 2016, the Company distributed \$2.0 million to its non-controlling interests, paid \$3.7 million in interest and repurchased non-controlling interest for \$1.0 million.

Outstanding Share Data

As at December 31, 2016 and March 30, 2017, there were 109,828,731 common shares and 1,115,000 share purchase warrants outstanding.

The warrants outstanding allow the holder to purchase one common share per warrant at \$4.48 per share. The warrants expire on June 28, 2019, unless extended.

Contractual Agreements

As at December 31, 2016, the Company has agreements with a syndicate of major Canadian banks whereby the lenders provide a revolving loan facility with no required principal repayments during its term. The lenders also provide a term loan facility which requires annual principal payments of \$1.0 million, paid quarterly.

The Company also has additional long-term debt with a major international bank which is held by Alta Newspaper Group Limited Partnership and is non-recourse to the Company.

The Company has also entered into operating leases for premises and office equipment, which expire on various dates up to 2026.

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In summary, the Company's contractual obligations due over the next five calendar years are as follows:

(thousands of dollars)	Total	2017	2018	2019	2020	2021	Thereafter
Long-term debt	53,609	4,923	46,353	1,933	93	98	209
Operating leases	21,055	5,066	4,712	3,360	3,070	2,511	2,336
	74,664	9,989	51,065	5,293	3,163	2,609	2,545

Under various financing arrangements with its banks, the Company, its subsidiaries, and its affiliates are required to meet certain covenants. The Company, its subsidiaries, and its affiliates were fully in compliance with these covenants at December 31, 2016 and December 31, 2015.

Financial Instruments

The Company's activities result in exposure to a variety of financial risks, including risks relating to foreign exchange, credit, interest rate, and liquidity risk.

A small portion of the Company's products are sold at prices denominated in U.S. dollars while the majority of its operational costs and expenses are incurred in Canadian dollars. An increase in the value of the Canadian dollar relative to the U.S. dollar reduces the revenue in Canadian dollar terms realized by the Company from sales made in U.S. dollars.

The Company also has foreign operations in the United States and the United Kingdom, whose earnings are exposed to foreign exchange risk.

The Company sells its products and services to a variety of customers under various payment terms and therefore is exposed to credit risks from its trade receivables from customers. The Company has adopted policies and procedures designed to limit these risks. The carrying amounts for trade receivables are net of applicable allowances for doubtful accounts, which are estimated based on past experience, specific risks associated with the customer and other relevant information. The Company is protected against any concentration of credit risk through its products, broad clientele and geographic diversity.

The Company's interest rate risk mainly arises from the interest rate impact on cash and floating rate debt. The Company actively manages its interest rate risk through ongoing monitoring of market interest rates and the overall economic situation.

The Company is exposed to liquidity risk with respect to trade payables, long-term debt, derivatives and contractual obligations. The Company manages liquidity by maintaining adequate cash balances and by having appropriate lines of credit available. In addition, the Company continuously monitors and reviews both actual and forecasted cash flows. Management believes that future cash flows from operations and the availability under existing banking arrangements will be adequate to support its financial liabilities.

The carrying value of certain financial instruments maturing in the short-term approximates their fair value. These financial instruments include cash and cash equivalents, trade and other receivables, trade payables and other current liabilities. The fair value of the other financial instruments is determined essentially by discounting cash flows or quoted market prices. The fair values calculated approximate the amounts for which the financial instruments could be settled between consenting parties, based on current market data for similar instruments. Consequently, as estimates must be used to determine fair value, they must not be interpreted as being realizable in the event of an immediate settlement of the instruments. For fair value estimates relating to derivatives and available-for-sale securities, the Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements. The fair value of all of the Company's available for sale financial instruments was determined using quoted prices in active markets.

Business Environment and Risks

Foreign Exchange

A small portion of the Company's products are sold at prices denominated in U.S. dollars while the majority of its operational costs and expenses are incurred in Canadian dollars. An increase in the value of the Canadian

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dollar relative to the U.S. dollar reduces the revenue in Canadian dollar terms realized by the Company from sales made in U.S. dollars.

The Company also has foreign operations in the United States and the United Kingdom, whose earnings are exposed to foreign exchange risk.

Government Programs

The Department of Canadian Heritage's Canada Periodical Fund's Aid to Publishers program provides postal subsidies to eligible Canadian publications, including Western Producer Publications, Farm Business Communications and the Glacier community media group. While this program has been in place for decades, there is no guarantee that this subsidy will continue to be offered.

General Market Conditions

Glacier's community media group generates revenue through the sale of advertising and newspaper subscriptions. As such, it is reliant upon general economic conditions and the spending plans of advertisers. A significant downturn in the national or regional economies may adversely affect revenues, as could significant changes in advertisers' promotional strategies.

Glacier's publications are affected by changes in the prices of purchased supplies, including newsprint.

Although Glacier is well diversified, competition is a continuing risk from existing businesses or new ones in a variety of media formats including print, online, radio and broadcast.

- The community media group publishes newspapers in a variety of communities in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and the United States, and is diversified as a result;
- Glacier FarmMedia, June Warren-Nickle's Energy Group, Evaluate Energy and the Business in Vancouver Media Group publishes a wide variety of publications distributed across Canada;
- Fundata competes with other companies in the financial information market in Canada;
- ERIS provides comprehensive information from a variety of databases regarding potential environmental liability; and
- Glacier disseminates its information in print, online and digital format.

The large North American business information and community media markets continue to offer many growth opportunities for the Company.

Additional information on the Company's business environment and risks is included in the Company's Annual Information Form filed on SEDAR.

Disclosure Controls and Internal Controls over Financial Reporting

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related consolidated financial statements was properly recorded, processed, summarized and reported to the Audit Committee and the Board. The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have evaluated the effectiveness of these disclosure controls and procedures for the year ending December 31, 2016, and have concluded that they are effective.

The CEO and CFO, while acknowledging responsibility for the design of internal controls over financial reporting ("ICFR"), and confirming that there were no changes in these controls that occurred during the most recent year ended December 31, 2016 which materially affected, or are reasonably likely to materially affect, the Company's ICFR and based upon their evaluation of these controls for the year ended December 31, 2016, the CEO and CFO have concluded that these controls are effective. The CEO and CFO have certified such findings and reported to the Audit Committee, which in turn, has included such certification and report in the Audit Committee's recommendation to the Board of Directors. The Board of Directors in passing its resolutions acknowledges that it is basing and relying on such certification and report.

Future Accounting Policies

In May 2014, the International Accounting Standards Board and the Financial Accounting Standards Board completed its joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for IFRS and United States Generally Accepted Accounting Principles. As a result of the joint project, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

IFRS 15 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company expects the application of IFRS 15 will not significantly affect the financial statements, especially with regards to the timing of revenue recognition and treatment of costs incurred in acquiring customer contracts.

In July 2014, the IASB issued IFRS 9, Financial Instruments, which addresses classification and measurement of financial assets and replaces the multiple category and measurement models for debt instruments in IAS 39, Financial Instruments: Recognition and Measurement. Debt instruments will be measured with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. The new standard also addresses financial liabilities which largely carries forward existing requirements in IAS 39, with the exception of fair value changes to credit risk for liabilities designated at fair value through profit and loss which are generally to be recorded in other comprehensive income. In addition, the new standard introduces a new hedge accounting model more closely aligned with risk management activities undertaken by entities.

The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is still in the process of assessing the impact, if any, on the financial statements of this new standard.

In January 2016, the IASB issued IFRS 16, Leases, which supersedes IAS 17, Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted, but only if the Company also applies IFRS 15 Revenues from Contracts with Customers.

The most significant impacts of IFRS 16 includes the lessee's recognition of the initial present value of future lease payments as lease assets and lease liabilities on the statement of financial position, except for those leases that meet a limited exception criteria. The presentation on the statement of operations and other comprehensive income will be affected by the new standard and will result in lease expenses being presented as depreciation and finance expenses. Net income is likely to be effected as the timing of expenses is accelerated when applying the new standard which uses a finance lease model compared to straight line recognition.

The Company is still in the process of assessing the impact, if any, on the financial statements of this new standard.

Critical Accounting Estimates

The preparation of the annual consolidated financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts recorded in the consolidated financial statements. Management regularly reviews these estimates, including impairment of goodwill and assets with indefinite and finite lives, retirement benefit assets/obligations, income taxes, fair value assessment of business combinations, and useful lives for depreciation and amortization of property, plant and equipment and finite life intangible assets. While it is reasonably possible that circumstances may arise which cause actual results to differ from these estimates, management does not believe it is likely that any such differences will materially affect Glacier's financial position.

Income Taxes

In accordance with IFRS recommendations, Glacier recognizes future income tax assets when it is more likely than not that the future income tax assets will be realized. This assumption is based on management's best estimate of future circumstances and events. If these estimates and assumptions are changed in the future,

the value of the future income tax assets could be reduced or increased, resulting in an income tax expense or recovery. Glacier re-evaluates its future income tax assets on a regular basis.

Retirement Benefit Assets/Obligations

Glacier's defined benefit plan provides both pension and other retirement benefits to certain salaried and hourly employees not covered by industry union plans.

Effective December 31, 2015, the Company made the decision to eliminate future benefit accruals under the defined benefit provision of the plan. Credited Service and final average earnings were permanently set. This change affects all members who were actively accruing benefits in the Plan as at December 31, 2015. Effective January 1, 2016, all eligible employees have joined a new defined contribution plan sponsored by Glacier. The Company also has health care plans covering certain hourly and retired salaried employees. Effective December 31, 2015, the post retirement benefit plan was closed for new retirees. Employees retiring after December 31, 2015, are not eligible for post-retirement benefits. The Company's defined benefit pension plan related to its subsidiary remains unchanged.

Glacier uses independent actuarial firms to perform actuarial valuations of the fair value of pension and other retirement benefit plan obligations. The application of these recommendations requires judgments regarding certain assumptions that affect the accrued benefit provisions and related expenses, including the discount rate used to calculate the present value of the obligations and the assumed health care cost trend rates. Management and the Board of Director's Pension Committee evaluate these assumptions annually based on experience and the recommendations of its actuarial firms. Changes in these assumptions result in actuarial gains or losses, which are recorded in comprehensive income or loss for the year.

Share-Based Payments

The Company provides incentives via share-based payment entitlements. The fair value of entitlements is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the equity instrument, the vesting and performance criteria, the share price at the grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the equity instrument. If certain assumptions used in the fair value calculation were to change, there would be an impact on the statement of operations in future financial periods.

Impairment of Intangible Assets and Goodwill

Goodwill, which is the excess of the purchase price paid for an acquisition over the fair value of the net assets acquired, is not amortized but is assessed annually for impairment or more frequently if events or circumstances indicate that it may be impaired.

Indefinite life intangible assets consisting mainly of mastheads which have an indefinite useful life and are not amortized, but tested annually for impairment or more frequently if impairment indicators arise.

Intangible assets with a finite life, which consist of subscription lists, customer relationships, other intangible assets and software, are reviewed for impairment when the occurrence of events or changes in circumstances indicates that the carrying value of the assets may not be recoverable.

For goodwill and finite life intangible assets, the recoverable amount was determined using five year cash flow budgets approved by management that made maximum use of observable market inputs and outputs. For periods beyond the budget period, cash flows were extrapolated using expected future growth rates taking into consideration historical rates and projected future structural changes to the industry, in the respective CGU or groups of CGUs and taking into account expected future operating results, cost savings achieved through cost savings initiatives, economic conditions and outlook for the industry within which the reporting unit operates.

For indefinite life intangible assets, the recoverable amount was determined using budgeted revenues to determine the relief from royalties that the mastheads and trademarks provide. For periods beyond the budget period, revenues were extrapolated using expected future growth rates taking into consideration historical rates and projected future structural changes to the industry.

The methods are based on many assumptions and estimates that may have a significant impact on the recoverable value of a CGU, and as a result on the amount of impairment recorded, if any. The impact of any

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significant changes in assumptions and the review of estimates are recognized through profit or loss in the period in which the change occurs.

Based upon the analysis performed in 2016, the Company recorded an impairment of goodwill and indefinite life intangible assets within the in the Prairie Community Media group of CGUs. In 2015, the Company concluded that there was an impairment of goodwill, indefinite life intangible assets and definite life intangible assets within the BC Community Media, Prairie Community Media, Agriculture and Energy, and Other Business Information groups of CGUs.

Fair Value of Business Combinations

On the acquisition of a business, the Company is required to identify and measure the various assets and liabilities acquired. This is based on the estimated fair value of each item acquired with the remainder of the purchase price being recognized as goodwill.

Estimated Useful Lives

Management estimates the useful lives of property, plant and equipment and finite life intangible assets based on the period during which the assets are available for use. The amounts and timing of depreciation and amortization for these assets are affected by useful lives. The estimates are reviewed annually and are updated for changes in the assets' expected useful lives.