

**FORM 7**  
**NOVEMBER 2015 PROGRESS REPORT**

**Name of CNSX Issuer:** Arctic Glacier Income Fund (the "Issuer").  
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**Trading Symbol:** AG.UN  
\_\_\_\_\_

**Number of Outstanding Listed Securities:** 350,317,221 Units  
\_\_\_\_\_

**Date:** February 2, 2016  
\_\_\_\_\_

**REPORT ON BUSINESS**

- 1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.**

The Issuer sold substantially all of its business and assets to an affiliate of H.I.G. Capital ("H.I.G.") a prominent private equity investment fund headquartered in Miami, Florida, on July 27, 2012 (the "Transaction"). The Transaction was effected and court ("Court") approved pursuant to the Companies' Creditors Arrangement Act (Canada) ("CCAA") and the U.S. Bankruptcy Code.

A portion of the cash proceeds received by the Issuer on closing of the Transaction was used to satisfy all amounts owing to the Issuer's existing secured lenders. The remainder of those proceeds is being held by Alvarez & Marsal Canada Inc., the CCAA Court-appointed monitor (the "Monitor"). The Monitor was engaged by the Issuer and appointed by the Court to oversee activities of the Issuer and to report and make recommendations to the Court in that regard. The Issuer expects that the remaining proceeds of sale will be sufficient to pay all of its known unsecured creditors and sufficient to permit distributions to its unitholders after all unsecured creditor claims have been proven and satisfied. Prior to any distribution of the balance of funds held by the Monitor to the unsecured creditors of the Issuer and its subsidiaries, a Court-approved claims process was undertaken to identify unsecured creditor claims against the Issuer and its subsidiaries and adjudicate or resolve any claims filed. The deadline for filing Proofs of Claim was October 31, 2012. On January 21, 2015 the Issuer announced that the Plan of Compromise or Arrangement (the "**Plan**") of, inter alia, the Issuer dated May 21, 2014, as amended would be implemented on January 22, 2015 (the "**Plan Implementation Date**").

On the Plan Implementation Date, unitholders of the Issuer as of December 18, 2014 (the “Record Date”) were entitled to receive an initial distribution from the Issuer pursuant to the Plan of \$0.155570 USD per unit of the Issuer held on the Record Date. Pursuant to the Plan, the Monitor transferred the aggregate value of the initial distribution, on behalf and for the account of the Issuer, to the Issuer’s transfer agent (the “Transfer Agent”) on the Plan Implementation Date. The Plan required that the Transfer Agent distribute the initial distribution to each of the Issuer’s registered unitholders as soon as reasonably practicable and in no event later than five business days following the receipt of funds from the Monitor. The initial distribution was made on the Plan Implementation Date. After the Plan Implementation Date certain persons have asserted that they did not receive a portion of the initial distribution despite being entitled to it. On June 2, 2015 by order of the Court, a unitholder claims process was approved to address these assertions with a deadline for receipt of claims by July 28, 2015. A total of 16 claims were received, 3 of which have been withdrawn. These claims will be adjudicated in accordance with the unitholder claims process.

Pursuant to the Plan, the Monitor is holding the Administrative Costs Reserve, the Insurance Deductible Reserve and the Unresolved Claims Reserve (as each such term is defined in the Plan) (collectively, the “Reserves”) on behalf of the Issuer and its subsidiaries (collectively, the “Arctic Glacier Parties”). The value of these Reserves on January 22, 2015, the Plan implementation date, was \$10,000,000 USD, \$850,000 USD and \$16,562,220 USD, respectively, representing an aggregate value of \$27,412,220 USD. As at Oct 31, 2015, the Monitor was holding approximately US\$23.6 million and CAD\$262,000. Details of the Monitor’s activities since January 22, 2015 can be found in the Monitor’s Twenty-First, Twenty-Second and Twenty-Third Reports at <http://www.alvarezandmarsal.com/arctic-glacier-income-fund-arctic-glacier-inc-and-subsidiaries>.

Pursuant to the Plan, to the extent that there is any balance remaining in the Reserves following payment of all Administrative Reserve Costs (as such term is defined in the Plan), the Monitor, on behalf of the Arctic Glacier Parties, will declare subsequent unitholder distribution record dates as necessary to distribute the remaining balance. The date and value of any subsequent distributions will be announced by way of a press release. In such circumstances, the Monitor, on behalf of the Arctic Glacier Parties, will provide all subsequent distributions to the Issuer’s transfer agent, which will then distribute such amounts on a pro rata basis to the unitholders holding units on the applicable subsequent unitholder distribution record dates, unless the cost of making any such payments is prohibitive relative to the remaining balance.

- 2. Provide a general overview and discussion of the activities of management.**

The activities of the Monitor are focused on overseeing the CCAA process.

- 3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.**

N/A.

- 4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.**

N/A.

- 5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.**

N/A.

- 6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.**

N/A.

- 7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.**

N/A

- 8. Describe the acquisition of new customers or loss of customers.**

N/A.

- 9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.**

N/A.

- 10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.**

N/A.

- 11. Report on any labour disputes and resolutions of those disputes if applicable.**

N/A.

- 12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.**

Refer to the Issuer's most recent MD&A and the Monitor's Twenty-Third Report for information on other legal proceedings material to the Issuer. More information about the Arctic Glacier Parties' CCAA proceeding can be found on the website of its Court-appointed monitor at <http://www.alvarezandmarsal.com/arctic-glacier-income-fund-arctic-glacier-inc-and-subsiidiaries>.

- 13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.**

N/A.

- 14. Provide details of any securities issued and options or warrants granted.**

N/A.

- 15. Provide details of any loans to or by Related Persons.**

N/A.

- 16. Provide details of any changes in directors, officers or committee members.**

N/A.

- 17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.**

N/A.

## **CERTIFICATE OF COMPLIANCE**

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
3. All of the information in this Form 7 Monthly Progress Report is true.

**[Signature Page Follows]**

Dated February 2, 2016

Hugh Adam  
Name of Director or Senior Officer

(signed) "Hugh Adams"  
Signature

Corporate Secretary  
Official Capacity

<b>Name of Issuer</b> Arctic Glacier Income Fund	<b>For</b> November 2015	<b>Date of Report</b> 2/2/2016
<b>Issuer Address</b> c/o 30 – 360 Main Street, Winnipeg, Manitoba, R3C 4G1 Attention: Mr. Hugh A. Adams, Secretary		
<b>City/Province/Postal Code</b> Winnipeg, Manitoba R3A 0V1	<b>Issuer Fax</b> (204) 957-4437	<b>Issuer Telephone No.</b> (204) 957-4685
<b>Contact Name</b> Hugh Adam	<b>Contact Position</b> Corporate Secretary	<b>Contact Telephone No.</b> (204) 957-4685
<b>Contact Email Address</b> <a href="mailto:HAA@aikins.com">HAA@aikins.com</a>		