NEWS RELEASE

FP Newspapers Inc. reports second quarter 2017 results

Winnipeg, August 10, 2017 – FP Newspapers Inc. ("FPI") announces financial results for the quarter ended June 30, 2017. FPI owns securities entitling it to 49% of the distributable cash of FP Canadian Newspapers Limited Partnership ("FPLP").

Second quarter operating results of FPI

FPI reported net earnings of $0.6 million for the three months ended June 30, 2017, compared to a net loss of $5.7 million for the same period last year, due to a non-cash write-down of $6.2 million in the carrying value of its investment in FPLP. Excluding the non-cash write-down in the equity investment in FPLP in 2016 the net earnings were $0.4 million.

Second quarter operating results of FPLP

FPLP's revenue for the three months ended June 30, 2017 was $18.8 million, a decrease of $2.0 million or 9.5% from the same three months in the prior year. FPLP's print advertising revenues for the three months ended June 30, 2017 were $10.8 million, a $1.4 million or 11.7% decrease compared to the same period last year. FPLP's largest advertising revenue category, display advertising including colour, was $6.1 million, a decrease of $0.9 million or 12.8% from the same period in the prior year, primarily due to decreased spending in the local and national automotive, travel and financial categories, partly offset by increased spending in the telecommunication category. Classified advertising revenues for the first quarter decreased by $0.3 million or 13.1% compared to the same period last year, primarily due to lower spending in the real estate, automobile and employment categories. Flyer distribution revenues decreased by $0.3 million or 8.6% compared to the second quarter in 2017, primarily due to a decrease in flyer volumes, partly offset by slightly higher rates.

Circulation revenues for the three months ended June 30, 2017 were virtually unchanged from the second quarter of 2016, with lower unit sales offsetting increased revenue from higher print subscription rates and new digital subscription revenues from the Winnipeg Free Press website. Digital revenues for the second quarter decreased by $0.2 million or 27.7%, primarily due to a decrease in on-line web ads. Commercial services revenue decreased by $0.3 million due to both fewer page counts printed for recurring customers as well as non-recurring print jobs.

Operating expenses for the three months ended June 30, 2017 were $16.9 million, a decrease of $2.1 million or 11.0% compared to the same quarter last year. Employee compensation costs for the first quarter decreased by $1.0 million or 11.4% from the same period in the prior year, primarily due to a reduction in the number of employees across all of our business units. Newsprint expense for FPLP's own publications for the first quarter decreased by $0.1 million or 10.6% compared to the same period in the prior year, primarily due to lower volumes. Delivery expenses for the three months ended June 30, 2017 decreased by $0.3 million or 8.8%, primarily due to the cost savings related to the consolidation of the carrier depots. Other expenses decreased by $0.2 million or 5.3%, primarily from the loss of national commission costs with these efforts assumed by existing staff.

EBITDA[1] for the three and six months ended June 30, 2017 was $2.7 million and $4.4 million compared to $2.9 million and $5.1 million for the same periods last year, a decrease of 5.9% and 9.5%, respectively. EBITDA[1] margin for the three and six months ended June 30, 2017 was 14.4% and 11.9%, compared to 13.8% and 12.5%in the same periods last year. The changes in EBITDA[1] were due to the revenue and operating expense paragraphs above.

FPLP's net earnings were $1.6 million and $2.3 million for the three and six months ended June 30, 2017, compared to $1.5 million and $2.3 million for the same periods last year, excluding the $12.7 million impairment charge relating to goodwill.

Outlook

Print advertising revenue year-over-year declines continued in the second quarter at roughly the same pace as experienced in the first quarter. Improvements in the level of expense reductions in the second quarter contributed to the EBITDA decline of just under 6% in the second quarter compared to the 22% decline experienced in the first quarter. Early in the third quarter we are seeing continued revenue declines at levels similar to the first two quarters.

We are pleased with the progress made to date in strengthening our balance sheet after making the decision previously to stop distributions to shareholders. In the first six months of 2017, net debt, defined as gross debt less cash on hand, decreased to $24.1 million compared to $29.3 at December 31, 2016. The long term debt facility requires our gross term debt be a maximum of $30 million at January 31, 2018, so an additional principal payment will be made prior to that date, as our gross debt in the term facility is $33.0 million at the end of the second quarter.

On Saturday May 13, unionized employees of the Winnipeg Free Press and Canstar Community news voted in favour of ratifying a Memorandum of Agreement which among other things extends the current in-force contract from June 30, 2018 to June 30, 2019. The July 1, 2017 increase which was previously 1.5% was reduced to 0.75% and there is no additional increase in 2018. Contingency language was included in the memorandum if free cash (as defined in the agreement) falls below $0.8 million for a rolling twelve month period, an eight percent wage reduction would apply for the majority of employees. Other employees on the reduced compensation grid would take a four percent reduction. The free cash calculation is to be completed on a rolling twelve month basis completed quarterly with the first measurement taking place on December 31, 2017. Nothing in the Memorandum of the Collective Agreement prevents the parties from reconvening to formally discuss another agreement should there be dramatic changes in the business model. The agreement also allowed for the appointment of a union representative to join the Board of Directors of both the general partner, FPCN General Partner Inc. and the public company, FP Newspapers Inc. Aldo Santin, a journalist at the Winnipeg Free Press and president of the union local, will join the general partner board at the August board meeting and have an observer role on the public company board until a shareholder's vote can be completed during the 2017 Annual General Meeting to seek his formal appointment to the public company board.

Winnipeg and surrounding communities look forward to hosting the Canada Summer Games which commence with the opening ceremony Friday July 28, 2017. Approximately four thousand athletes and coaches will take part in 250 events in 16 sports in Winnipeg, Gimli and Kenora, Ontario. The games run until August 13, 2017.

Additional Information

Additional information including financial statements and management's discussion and analysis can be found on the Company's website at www.fpnewspapers.com or on SEDAR at www.sedar.com.

Caution Regarding Forward-looking Statements

Certain statements in this news release may constitute forward-looking statements within the meaning of applicable securities laws. All statements other than statements of historical fact are forward-looking statements. These statements include but are not limited to statements regarding management's intent, belief or current expectations with respect to market and general economic conditions, future costs and operating performance. Generally, but not always, forward-looking statements will be indicated by words such as "may", "will", "intend", "anticipate", "expect", "believe", "plan", "is budgeting for" or similar terminology.

Forward-looking statements are subject to known and unknown risks and uncertainties that may cause the actual results, performance or achievements of FPI or FPLP, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the current general economic uncertainty, FPLP's ability to effectively manage growth and maintain its profitability, FPLP's ability to operate in a highly competitive industry, FPLP's ability to compete with other forms of media, FPLP's ability to attract advertisers, FPLP's reliance upon key personnel, FPLP's relatively high fixed costs, FPLP's dependence upon particular advertising customer segments, indebtedness incurred in making acquisitions, the availability of financing for capital improvements, the availability of an extension on refinancing of FPLP's term loan facilities, costs related to capital expenditures, cyclical and seasonal variations in FPLP's revenues, the risk of acts of terrorism, the cost of newsprint, the potential for labour disruptions, the risk of equipment failure, and the effect of Canadian tax laws. Additional information about these and other factors is discussed in our Annual Management Discussion and Analysis dated March 17, 2017, which is available at www.sedar.com.

In addition, although the forward-looking statements contained in this news release are based upon assumptions that management of FPI and FPLP believe to be reasonable, such assumptions may prove to be incorrect.

Forward-looking statements speak only as of the date hereof and, except as required by law, FPI and FPLP assume no obligation to update or revise them to reflect new events or circumstances. Because forward-looking statements are inherently uncertain, readers should not place undue reliance on them.

About FPI

FPI owns securities entitling it to 49% of the distributable cash of FP Canadian Newspapers Limited Partnership ("FPLP"). FPLP owns the Winnipeg Free Press, the Brandon Sun, and their related businesses, as well as the Canstar Community News division, the publisher of six community newspapers in the Winnipeg region, The Carillon in Steinbach with its related commercial printing operations and the Carberry News Express weekly publication. The Winnipeg Free Press publishes six days a week for delivery to subscribers and single copy sales, and publishes a single copy edition on Sundays. Vividata, a third party research firm, which measures newspaper readership across Canadian markets, estimates that weekly 78% of all Winnipeg adults read the print or digital edition of the Winnipeg Free Press. The Brandon Sun publishes six days a week, serving the region with an average circulation of approximately 10,050 copies. Canstar Community News publishes weekly with an average circulation of approximately 200,000 copies. The businesses employ approximately 410 full-time equivalent people in Winnipeg, Brandon, Steinbach and Carberry, Manitoba. Further information can be found at www.fpnewspapers.com and in disclosure documents filed by FP Newspapers Inc. with the securities regulatory authorities, available at www.sedar.com.

Non-IFRS financial measures

(1) EBITDA

FPLP believes that in addition to net earnings as reported on FPLP's interim condensed consolidated statements of earnings, EBITDA is a useful supplemental measure as it is a measure used by many of FPLP's Unitholders, creditors and analysts as a proxy for the amount of cash generated by FPLP's operating activities and is not a recognized measure of financial performance under IFRS. Investors are cautioned that EBITDA should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of FPLP`s performance. FPLP's method of calculating EBITDA may differ from that used by other issuers and, accordingly, EBITDA as calculated by FPLP may not be comparable to similar measures used by other issuers. FPLP's method of calculating EBITDA is detailed in the Management's Discussion and Analysis for the quarter ended June 30, 2017 on FPI's website www.fpnewspapers.com or on SEDAR at www.sedar.com.

For further information please contact:

Daniel Koshowski, CFO
FP Newspapers Inc.
Phone (204) 771-1897

FP Newspapers Inc.
Condensed Statements of Earnings (Loss) and Comprehensive (Loss)
(unaudited, in thousands of Canadian dollars except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
Equity interest from FP Canadian Newspapers Limited Partnership Class A limited partner units	$ 802	$ 739	$ 1,107	$ 1,130
Write-down of investment in FP Canadian Newspapers Limited Partnership Class A limited partner units	-	(6,200)	-	(6,200)
Administration expenses	(35)	(53)	(65)	(105)
Other income	-	1	-	1
Net earnings (loss) before income taxes	767	(5,513)	1,042	(5,174)
Current income tax (expense)	(159)	(122)	(175)	(181)
Deferred income tax (expense)	(42)	(48)	(115)	(78)
Net earnings (loss) for the period	**$ 566**	**$ (5,683)**	**$ 752**	**$ (5,433)**
Items that will not be reclassified to net earnings:				
Equity interest of other comprehensive (loss) from FP Canadian Newspaper Limited Partnership	(1,071)	(596)	(1,061)	(1,430)
Deferred income tax recovery	289	161	287	386
Comprehensive (loss) for the period	**$ (216)**	**$ (6,118)**	**$ (22)**	**$ (6,477)**
Weighted average number of Common Shares outstanding	6,902,592	6,902,592	6,902,592	6,902,592
Net earnings (loss) per share – basic and diluted	$ 0.082	$ (0.823)	$ 0.109	$ (0.787)

FP Canadian Newspapers Limited Partnership

Condensed Consolidated Income (Loss) Statements and Statements of Comprehensive Income (Loss)

(unaudited, in thousands of Canadian dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
Revenue				
Print advertising	$ 10,825	$ 12,262	$ 21,157	$ 23,932
Circulation	6,224	6,261	12,206	12,288
Commercial printing	1,036	1,319	2,170	2,424
Digital	528	730	1,100	1,342
Promotion and services	182	201	380	429
TOTAL REVENUE	18,795	20,773	37,013	40,415
Operating expenses				
Employee compensation	7,791	8,793	15,807	17,599
Newsprint and other paper	1,568	1,803	3,106	3,400
Delivery of newspapers	3,318	3,638	6,570	7,097
Other	3,341	3,528	6,861	7,115
Depreciation and amortization	788	1,065	1,579	2,130
Restructuring charge	71	134	259	138
Operating income before impairment	1,918	1,812	2,831	2,936
Impairment of goodwill	-	(12,700)	-	(12,700)
OPERATING INCOME (LOSS)	1,918	(10,888)	2,831	(9,764)
Other income	20	21	41	39
Finance costs	(301)	(325)	(614)	(670)
NET EARNINGS (LOSS) FOR THE PERIOD	$ 1,637	$ (11,192)	$ 2,258	$ (10,395)
Items that will not be reclassified to net earnings:				
Remeasurements for defined benefit pension plan	(2,186)	(1,217)	(2,166)	(2,919)
COMPREHENSIVE EARNINGS (LOSS) FOR THE PERIOD	$ (549)	$ (12,409)	$ 92	$ (13,314)