NEWS RELEASE

FP Newspapers Inc. reports second quarter 2016 results

Winnipeg, August 11, 2016 – FP Newspapers Inc. ("FPI") announces financial results for the quarter ended June 30, 2016. FPI is the successor to the business of the FP Newspapers Income Fund and owns securities entitling it to 49% of the distributable cash of FP Canadian Newspapers Limited Partnership ("FPLP").

Second quarter operating results of FPI

During the second quarter of 2016 FPI recorded a non-cash write-down of $6.2 million in the carrying value of its investment in FPLP to reflect a significant decline in the value of its investment due to lower than anticipated operating results as noted above. FPI had a net loss of $5.7 million or $0.823 per share compared to a loss of $17.7 million or $2.558 per share in the second quarter of 2015. Excluding the non-cash write-downs in the second quarters of 2016 and 2015, FPI had net earnings of $0.5 million, or $0.075 per share, during the three months ended June 30, 2016 compared to a $0.9 million or $0.137 per share for the same period in 2015.

Second quarter operating results of FPLP

FPLP's revenue for the three months ended June 30, 2016 was $20.8 million, a decrease of $2.7 million or 11.5% from the same three months in the prior year. FPLP's print advertising revenues for the three months ended June 30, 2016 were $12.3 million, a $2.4 million or 16.1% decrease compared to the same period last year. FPLP's largest advertising revenue category, display advertising including colour, was $7.0 million, a decrease of $1.8 million or 20.3% from the same period in the prior year, primarily due to decreased spending in the local and national automotive, government and telecommunications categories. Classified advertising revenues for the second quarter decreased by $0.3 million or 12.9% compared to the same period last year, primarily due to lower spending in the real estate and employment categories. Flyer distribution revenues decreased by $0.3 million or 8.1% compared to the second quarter in 2015, primarily due to a decrease in flyer volumes with 33% of this decline the result of the consolidation of two large grocery chains and the reduction to one flyer program.

Circulation revenues for the three months ended June 30, 2016 were virtually unchanged from the second quarter of 2015, 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 $0.3 million or 29.4%, primarily due to a decrease in on-line web ads. Partly due to these decreased revenues, during the second quarter FPLP changed to another national sales representation firm.

Operating expenses for the three months ended June 30, 2016 were $19.0 million, a decrease of $1.4 million or 6.7% compared to the same quarter last year. Employee compensation costs for the second quarter decreased by $0.8 million or 8.3% 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 5.9% compared to the same period in the prior year, primarily due to lower volumes and a change in the weight of paper used, partly offset by increased prices. Newsprint expense for commercial printing and delivery expenses for the three months ended June 30, 2016 remained at relatively the same levels compared to last year. Other expenses decreased by $0.4 million or 10.6% compared to the same quarter last year, primarily due to lower outside costs from lower levels of production supplies used. Delivery expenses decreased by $0.1 million or 3.9%, primarily from lower delivery volumes. We anticipate increased declines in delivery expenses going forward due to the consolidation of carrier newspaper bundle pick-up at our Free Press building at the end of the second quarter.

During the three months ended June 30, 2016, as a result of continued revenue declines due to economic factors FPLP recorded an impairment charge relating to its goodwill of $12.7 million and in the same period in 2015 an impairment charge of $23.2 million was recorded. Excluding these impairment charges, FPLP's net earnings were $1.5 million and $2.3 million for the three and six months ended June 30, 2016, compared to $2.8 million and $4.0 million for the same periods last year.

EBITDA(1) for the three and six months ended June 30, 2016 was $2.9 million and $5.1 million compared to $4.2 million and $6.9 million for the same periods last year, a decrease of 31.6% and 26.5%, respectively. EBITDA(1) margin for the three and six months ended June 30, 2016 was 13.8% and 12.5%, compared to 17.9% and 15.4% in the same periods last year. The changes in EBITDA(1) were due to the factors described in the revenue and operating expense paragraphs above.

Distributable cash attributable to FPI(2) for the three months ended June 30, 2015 was $(0.1) million or ($0.010) per share, compared to $0.1 million or $0.014 per share for the same period last year.

Outlook

Print advertising revenue year-over-year declines continued in the second quarter and similar declines are being experienced early into the third quarter. A number of staffing changes have been made in July to help strengthen our businesses. Grant Suderman who was hired as a consultant early in the first quarter has accepted the position of Vice President of Advertising Sales and Marketing. Mr. Suderman has many years of experience managing sales staff. Laurie Finley, who served in this capacity for over twenty years, will be taking on the General Manager position at Derksen Printers which was vacant following Glenn Buffie's resignation earlier this year. Jim Mihaly, who has many years of newspaper experience, has been hired as the Publisher of the Brandon Sun. We are optimistic the staff changes will help generate new ideas and new ways to think about the challenges our businesses are facing.

The Winnipeg Free Press implemented a subscription price increase at the beginning of July. On average home delivered newspaper subscriptions increased by 12%. The increase was deemed required largely in response to the continued weakness in advertising sales and the resulting pressures on overall resources.

In the third quarter we completed a renewal of a mortgage financing agreement on our Derksen Printers building in Steinbach. The new loan is for $0.9 million and replaces a $0.7 million loan that was due on July 28, 2016, with the remainder to be available for working capital needs.

Work continues on the Winnipeg Free Press advertising software installation and we are planning to be live on the new system effective October 1, 2016.

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 under "Risk Factors" in FPI's Annual Information Form dated March 11, 2015, 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 75% 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 11,050 copies. Canstar Community News publishes weekly with an average circulation of approximately 200,000 copies. The businesses employ approximately 510 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.

Conference Call

FPI invites you to participate in a conference call on Friday, August 12, 2016 at 12:00 p.m. Eastern (11:00 a.m. Central) to discuss the second quarter results.

The dial-in number is 416-340-2216, or dial toll free at 866-223-7781. To ensure your participation, please dial in five minutes before the start of the conference call. Management's presentation will be followed by a question and answer period.

For those unable to participate, the call will be available to listeners upon completion of the call until September 7, 2015. To hear the replay, dial 905-694-9451 or dial toll free at 800-408-3053. The replay code is 9359474.

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, 2016 on FPI's website www.fpnewspapers.com or on SEDAR at www.sedar.com.

(2) Distributable Cash Attributable to FPI

FPI believes that in addition to the disclosure of cash flow from operations, distributable cash attributable to FPI is an important supplemental measure of cash flow because it provides investors with an indication of the amount of cash available for distribution to shareholders and because such calculations are required by the terms of the partnership agreement governing FPLP. Distributable cash attributable to FPI is not a defined term under IFRS, and it should not be construed as an alternative to using net earnings or the statements of cash flows as measures of profitability and cash flow. Readers are cautioned that distributable cash as calculated by FPI may not be comparable to similar measures presented by other issuers. FPI uses this measure in reviewing dividend levels. FPLP's method of calculating distributable cash attributable to FPI is detailed in the Management's Discussion and Analysis for the quarter ended June 30, 2016 on FPI's website www.fpnewspapers.com or on SEDAR at www.sedar.com.

For further information please contact:

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	**2015**	**2016**	**2015**
Equity interest from FP Canadian Newspapers Limited Partnership Class A limited partner units	$ 739	$ 1,366	$ 1,130	$ 1,972
Write-down of investment in FP Canadian Newspapers Limited Partnership Class A limited partner units	(6,200)	(18,600)	(6,200)	(18,600)
Administration expenses	(53)	(43)	(105)	(100)
Other income	1	1	1	1
Net (loss) before income taxes	(5,513)	(17,276)	(5,174)	(16,727)
Current income tax (expense)	(122)	(378)	(181)	(553)
Deferred income tax (expense) recovery	(48)	(1)	(78)	24
Net (loss) for the period	**$ (5,683)**	**$ (17,655)**	**$ (5,433)**	**$ (17,256)**
Items that will not be reclassified to net earnings:				
Equity interest of other comprehensive gain (loss) from FP Canadian Newspaper Limited Partnership	(596)	374	(1,430)	(4)
Deferred income tax (expense) recovery	161	(101)	386	1
Comprehensive (loss) for the period	**$ (6,118)**	**$ (17,382)**	**$ (6,477)**	**$ (17,259)**
Weighted average number of Common Shares outstanding	6,902,592	6,902,592	6,902,592	6,902,592
Net (loss) per share – basic and diluted	$ (0.823)	$ (2.558)	$ (0.787)	$ (2.500)

FP Canadian Newspapers Limited Partnership

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

(unaudited, in thousands of Canadian dollars)

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Revenue				
Print advertising	$ 12,262	$ 14,617	$ 23,932	$ 27,543
Circulation	6,261	6,300	12,288	12,348
Commercial printing	1,319	1,276	2,424	2,418
Digital	730	1,035	1,342	1,962
Promotion and services	201	233	429	490
TOTAL REVENUE	20,773	23,461	40,415	44,761
Operating expenses				
Employee compensation	8,793	9,592	17,599	19,245
Newsprint and other paper	1,803	1,892	3,400	3,621
Delivery of newspapers	3,638	3,784	7,097	7,280
Other	3,528	3,948	7,115	7,640
Depreciation and amortization	1,065	1,071	2,130	2,152
Restructuring charge	134	38	138	84
Operating income before impairment	1,812	3,136	2,936	4,739
Impairment of goodwill	(12,700)	(23,200)	(12,700)	(23,200)
OPERATING (LOSS)	(10,888)	(20,064)	(9,764)	(18,461)
Other income	21	22	39	47
Finance costs	(325)	(371)	(670)	(763)
NET (LOSS) FOR THE PERIOD	$ (11,192)	$ (20,413)	$ (10,395)	$ (19,177)
Items that will not be reclassified to net earnings:				
Remeasurements for defined benefit pension plan	(1,217)	764	(2,919)	(9)
COMPREHENSIVE (LOSS) FOR THE PERIOD	$ (12,409)	$ (19,649)	$ (13,314)	$ (19,186)