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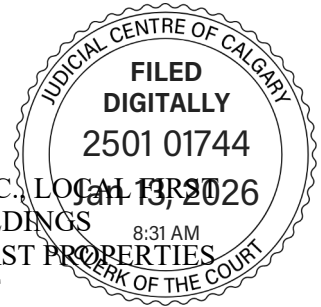
CALGARY

APPLICANT

ATB FINANCIAL

RESPONDENTS

LOCAL FIRST MEDIA GROUP INC., LOCAL FIRST PROPERTIES INC., BTC USA HOLDINGS MANAGEMENT INC., LOCAL FIRST PROPERTIES USA INC., ALASKA BROADCAST COMMUNICATIONS, INC., BROADCAST 2 PODCAST, INC, and FRONTIER MEDIA LLC



DOCUMENT

SECOND REPORT OF FTI CONSULTING CANADA INC., IN ITS CAPACITY AS COURT APPOINTED RECEIVER AND MANAGER OF LOCAL FIRST MEDIA GROUP INC., LOCAL FIRST PROPERTIES INC., BTC USA HOLDINGS MANAGEMENT INC., LOCAL FIRST PROPERTIES USA INC., ALASKA BROADCAST COMMUNICATIONS, INC., BROADCAST 2 PODCAST, INC, and FRONTIER MEDIA LLC

January 12, 2026

ADDRESS FOR SERVICE AND
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SECOND REPORT OF THE RECEIVER

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INTRODUCTION

1. On February 21, 2025 (the “**Date of Appointment**”), FTI Consulting Canada Inc. was appointed as receiver (the “**Receiver**”), without security, of all of the current and future assets, undertakings and properties (the “**Property**”) of Local First Media Group Inc. (“**Local First Media**”), Local First Properties Inc. (“**Local First Properties**” and together with Local First Media, collectively “**Local First**”), BTC USA Holdings Management Inc. (“**BTC USA**”), Local First Properties USA Inc. (“**Local First USA**”), Alaska Broadcast Communications, Inc. (“**Alaska Broadcast**”), Broadcast 2 Podcast, Inc. (“**B2P**”), and Frontier Media LLC (“**Frontier Media**”, collectively, with Local First, the “**Debtors**”), pursuant to an Order of the Honourable Justice M. J. Lema (the “**Receivership Order**”).
2. The Receivership Order authorizes the Receiver to, among other things, take possession of and exercise control over the Property, manage, operate and carry on the business of the Debtors, to market any or all of the Property including advertising and soliciting offers to purchase the Property, and to make such arrangements or agreements as deemed necessary by the Receiver.
3. On May 13, 2025, the Receiver filed a Notice of Chapter 15 Proceeding for each of the Debtors in the United States Bankruptcy Court in the Eastern District of Texas, Texarkana Division. On July 8, 2025, the motion seeking recognition of a foreign main proceeding, of a foreign representative and relief under Chapter 15 of the Bankruptcy Code, was granted (the “**U.S. Recognition Order**”).

4. On October 23, 2025, this Honourable Court granted an order (the “**Sale Process Order**”) which provided the following relief:
 - (a) Approval of the sale process (“**Sale Process**”) to be launched by the Receiver to market-test the stalking horse asset purchase agreement (the “**Stalking Horse APA**”) for certain radio related assets and operations (as defined in the First Report) located in Alaska as between the Receiver and Alaska First Media Inc. (the “**Stalking Horse Bidder**” or “**Alaska First**”), and solicit interest in other Property of the Debtors; and
 - (b) Approval of the Stalking Horse APA.
5. Since the granting of the Sale Process Order, the Debtors have continued to operate on a going concern basis under supervision of the Receiver.
6. On January 12, 2026, the Receiver filed an Application seeking an order (the “**Stalking Horse Approval and Vesting Order**”) approving the Stalking Horse APA.
7. The purpose of this report (“**Second Report**” or this “**Report**”) is to provide this Honourable Court with:
 - (a) A summary of the activities of the Receiver since the Receiver’s First Report dated October 16, 2025 (the “**First Report**”);
 - (b) The Receiver’s summary statement of receipts and disbursements from the Date of Appointment to January 2, 2026;
 - (c) A summary of the results of the Sale Process;
 - (d) An update on the marketing of the real estate property located at 3161 Channel Drive (“**3161 Channel Drive**”), Juneau, Alaska; and

- (e) The Receiver's recommendations with respect to the Sale Process and the Stalking Horse Approval and Vesting Order.
- 8. The Receiver is requesting that this Honourable Court approve the Stalking Horse Approval and Vesting Order.
- 9. The Receiver's reports and other publicly available information in respect of these Receivership Proceedings will be posted on the Receiver's website at <https://cfcanada.fticonsulting.com/LocalFirst/> (the "**Receiver's Website**").

TERMS OF REFERENCE

- 10. In preparing this Second Report, the Receiver has relied upon audited and unaudited financial information, other information available to the Receiver and, where appropriate, the Debtors' books and records and discussions with various parties with knowledge of the Debtors' business and operations (collectively, the "**Information**").
- 11. Except as described in this Second Report:
 - (a) The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
 - (b) The Receiver has not examined or reviewed financial forecasts and projections referred to in this Second Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

12. Future-oriented financial information reported or relied on in preparing this Second Report is based on assumptions regarding future events. Actual results may vary from forecasts and such variations may be material.
13. The Receiver has prepared this Second Report in connection with the Receiver's Application that is to be heard on January 20, 2026. This Second Report should not be relied on for other purposes.
14. Information and advice described in this Second Report that has been provided to the Receiver by its legal counsel, Norton Rose Fulbright Canada LLP (the "**Receiver's Counsel**") and Norton Rose Fulbright US LLP as legal counsel in the United States ("**Receiver's U.S. Counsel**"), was provided to assist the Receiver in considering its course of action. It is not intended as legal or other advice to, and may not be relied upon by, any other person.
15. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

BACKGROUND

16. As set out in the First Report, the Debtors' Property primarily includes the operation of 17 regional radio stations (10 in Alaska and 7 in Texas), certain related real estate used specifically in the operations of the radio stations (comprising radio towers and office space); and a commercial building in Juneau, Alaska that is rented to third parties along with housing the operations of radio stations operating in Alaska.
17. Frontier Media is considered the operational entity of the Debtors. Operations are split between Alaska and Texas with 6 operating radio stations in Juneau, Alaska; 2 in Ketchikan, Alaska; 2 in Sitka, Alaska (collectively, the "**Alaska Radio Stations**") and 7 in Texarkana, Texas (the "**Texas Radio Stations**", and collectively with the Alaska Radio Stations, the "**Radio Stations**").

18. Local First USA owns eight properties located across Alaska, Texas and Arkansas as summarized in the table below. The properties are a mix of office buildings and cell tower sites, some of which are currently occupied by 3rd party tenants (collectively, the “**Real Estate Properties**”):

Address	City	State	Zip	Land Size (Acres)	Property Description	Included in Sale Process?
3161 Channel Drive	Juneau	Alaska	99801	1.69	Building Complex (with Cell Tower)	No. Listed by Realtor
3890 North Douglas Highway	Juneau	Alaska	99801	0.51	Cell Tower Site	Yes. Included as part of Alaska Assets
611 Lake Street	Sitka	Alaska	99835	0.57	Building and Cell Tower Site	Yes. Included as part of Alaska Assets
526 Stedman Street	Ketchikan	Alaska	99901	0.56	Building	Yes. Included as part of Alaska Assets
615 Olive Street	Texarkana	Texas	75501	0.20	Building Complex (with Cell Tower)	Yes. Included as part of Texas Assets
Brown Drive	Wake Village	Texas	75501	7.69	Cell Tower Site	Yes. Included as part of Texas Assets
107 DeLoach Street	Texarkana	Texas	75501	9.56	Cell Tower Site	Yes. Included as part of Texas Assets
3335 Highway 355 S	McNab	Arkansas	71838	20.00	Cell Tower Site	Yes. Included as part of Texas Assets

19. The Real Estate Properties can be split by geographical region summarized as follows:

- (a) 3161 Channel Drive – a commercial complex that has third party leases and also acts as the main office for the Alaska Radio Stations. 3161 Channel Drive was listed by a Realtor engaged by the Receiver and marketed independently of the Sale Process of the Radio Stations (discussed further below);
- (b) Alaska Stations’ Real Estate – 3 of the Real Estate Properties that are tied directly to the operations of the Alaska Radio Stations, all located in Alaska (the Alaska Stations’ Real Estate along with the Alaska Radio Stations make up the “**Alaska Assets**”); and
- (c) Texas Stations’ Real Estate – 4 of the Real Estate Properties that are tied to the operations of the Texas Radio Stations, located within Texas and Arkansas (the Texas Stations’ Real Estate along with the Texas Radio Stations make up the “**Texas Assets**”).

20. The Alaska Assets and the Texas Assets were included in the Sale Process launched by the Receiver, details of which are included below.

RECEIVER'S ACTIVITIES

21. Since the date of the First Report, the Receiver has, among other things, completed the following:

- (a) Continued the operations of the Debtors, with assistance from key management, with a goal of maintaining potential going concern value of the Company through the Sale Process. The Sale Process included the operations of the Radio Stations and the related Real Estate Properties comprising the Alaska Stations' Real Estate and the Texas Stations' Real Estate;
- (b) Substantially completed the Sale Process which resulted in identifying the Stalking Horse APA as the successful bidder for the Alaska Assets. The Receiver is advancing documentation with a bidder for the completion of a sale of the Texas Assets. Further details with respect to the Sale Process is presented later in this Second Report;
- (c) Since the selection of the Stalking Horse APA as the successful bidder for the Alaska Assets, the Receiver, in consultation with former management, has started the process for the bifurcation of the operations of the Alaska and Texas Assets such that the Texas Assets will be able to operate on a stand-alone basis which will allow for the closing of the sale of the Alaska Assets and the completion of the anticipated sale of the Texas Assets;
- (d) The Receiver, in consultation with the Secured Creditor, are continuing to consider the best strategy for realizing on 3161 Channel Drive, which remains publicly listed;

- (e) The Receiver, in consultation with the Secured Creditor, have engaged with tenants at 3161 Channel Drive to agree to lease extension terms;
- (f) Finalized terms and supplemental insurance coverage of the operations of the Radio Stations and Real Estate Properties, updating the coverage to reflect the Receiver's interest in the Property, and renewing the policies through to October 24, 2026; and
- (g) The Receiver's Counsel is in the process of completing a security review of the security held by the Secured Creditor in relation to the Debtors. The Receiver will report on the results of the security review at a subsequent application when it seeks to distribute funds from the realization of assets.

SUMMARY OF RECEIPTS AND DISBURSEMENTS

- 22. As the day-to-day operations of the Radio Stations are under the control of Cliff Dumas and Col Taylor, the operational receipts and disbursements are not included in the below summary of the Receivers bank accounts. The Receiver has requested and obtained weekly cash flow forecasts for the Radio Stations and has been working with management to monitor unpaid trade payables and confirm post-filing payments are being made in normal course.
- 23. The receipts and disbursements of the Receiver's bank accounts from the Date of Appointment to January 2, 2026 are summarized as follows, which exclude the operations of the Radio Stations:

Schedule of Receipts and Disbursements
As at January 2, 2026

(CAD 000's)

Receipts

Opening Cash	\$ -
APA Deposit, in trust	20,700
Rent	75,485
Total Receipts	96,185

Disbursements

Payroll	(41,400)
Insurance	(9,340)
Operating Expense	(75,900)
Professional Fees & Sales Agent	(69,392)
Bank Charges & FX	(1,851)
Total Disbursements	(197,883)
Net Cash on Hand, before Financing	(101,698)
Net Receiver's Advances	147,723
Ending Cash on Hand, after Financing	\$ 46,025

- (a) APA Deposit, in trust – deposit held for the Stalking Horse APA;
- (b) Rent – building, tower and ground lease payments from tenants at 3161 Channel Drive;
- (c) Payroll – advance to Frontier Media to cover payroll costs relating to operations of the Radio Stations;
- (d) Insurance – payment for insurance premiums for Property of the Debtors;
- (e) Operating Expenses – advances to Frontier Media to cover operating costs relating to equipment and operations of the Radio Stations;
- (f) Professional Fees & Sales Agent – retainers for the Receiver's U.S. Legal Counsel and Realtor Fees and U.S. service provider for notifications and service to creditors;

- (g) Bank Charges & FX – relates to banking fees and foreign exchange on account transfers (CAD to USD accounts); and
 - (h) Net Receiver’s Advances – advances from the Secured Creditor.
24. As at January 2, 2026, the Receiver held \$46,025 in cash on hand.

SALE PROCESS

25. As part of the Sale Process, the Receiver marketed all of the Alaska Assets and Texas Assets. 3161 Channel Drive (real property located in Juneau, Alaska) was excluded from the Sale Process as it is currently listed for sale by a local Juneau Realtor (as discussed below).
26. The Stalking Horse APA, approved by this Honourable Court, includes the Alaska Radio Stations and Alaska Stations’ Real Estate. The Stalking Horse APA was executed between the Receiver and Alaska First for a purchase price of US \$1,280,798 (refer to the First Report for additional details on the Stalking Horse APA) and was approved for the purpose of acting as stalking horse bid by the Court on October 23, 2025.
27. The Stalking Horse APA also contemplates the following key terms:
- (a) The Stalking Horse Bidder was required to provide proof of available and sufficient funds to the Receiver on or before October 22, 2025. This condition has been satisfied;
 - (b) The Stalking Horse Bidder will assume the working capital of the Alaska Radio Stations along with all liabilities and obligations of the Alaska Radio Stations arising out of the operations of these assets incurred on or after the date of the U.S. Recognition Order;

- (c) The employees tied to the Alaska Radio Stations and the respective employee liabilities accrued since the date of the Receivership are to be assumed by the Stalking Horse Bidder; and
 - (d) The Stalking Horse Bidder is obligated to pay any cure costs for Assumed Contracts (as defined in the Stalking Horse APA), of which management currently operating the Alaska Radio Stations have confirmed all have been kept current and no such cure costs are expected to exist.
- 28. The results of the Sale Process, as discussed below, relates to the efforts made to market and sell the Radio Stations, the Alaska Stations' Real Estate and the Texas Stations' Real Estate. The Sale Process allowed for offers for all the Radio Stations and related real estate consolidated or on a standalone basis.
- 29. Efforts to market and sell 3161 Channel Drive are discussed later in this Report.

Results of the Sale Process

- 30. The Receiver conducted a single phase, six (6) week Sale Process to solicit offers for the operations of the Radio Stations along with the related Alaska Stations' Real Estate and Texas Stations' Real Estate.
- 31. Highlights of the Sale Process are as follows:
 - (a) On October 27, 2025, the Sale Process was formally launched with an e-mail blast to in excess of 100 potential purchasers, including strategic investors, financial investors, local and national radio station operators and any additional potential interested parties that came forward during the Sale Process. The Receiver conducted extensive research to find the most logical buyers of small market radio stations located in Texarkana, TX and Alaska;

- (b) A teaser, non-disclosure agreement (“**NDA**”) and the Sale Process Procedures were posted to the Receiver’s website and were advertised in the following media outlets:
- i. Insolvency Insider;
 - ii. Juneau Empire; and
 - iii. Texarkana Gazette;
- (c) Over the duration of the Sale Process, the Receiver followed up with all potential parties on numerous occasions to ensure the opportunity was marketed appropriately;
- (d) Of the parties contacted, 6 signed NDA’s with the Receiver and were given access to a virtual data room (“**VDR**”), which contained a confidential information memorandum, historical and forecast financial information, details on all radio stations including population coverage, employee and contractor listings, details on operational and real property assets, and a copy of the Stalking Horse APA;
- (e) The remaining parties contacted either decided not to pursue the opportunity prior to signing an NDA or did not respond despite efforts by the Receiver to follow-up on a weekly basis through email and direct phone calls;
- (f) On November 18, 2025, the Receiver made available in the VDR a form of template purchase agreement to accompany the submission of a binding offer. The bid deadline to submit binding offers was December 9, 2025 (the “**Binding Offer Deadline**”); and
- (g) The results of the Sale Process following the Binding Offer Deadline is as follows:

- i. The Sale Process allowed for interested parties to consider the assets on a consolidated or standalone basis, however, offers received indicated that purchasers were interested in the assets by geographical region. No offers were received for the consolidated package of Texas and Alaska Assets;
 - ii. No competing binding offers were received with respect to the Alaska Assets. Accordingly, the Stalking Horse APA has been accepted as the Successful Alaska Assets Bid and no Alaska Assets Auction is required. The Receiver is now seeking approval from this Honourable Court for the Stalking Horse Approval and Vesting Order; and
 - iii. Multiple offers were received for the Texas Assets (the “**Texas Assets Bidders**”). The Receiver held numerous discussions with each of the Texas Assets Bidders following the Binding Offer Deadline and is ultimately working with the highest bidder to advance documentation associated with acquiring the Texas Assets.
32. Given the current consolidated nature of the Radio Station operations, the Receiver is working with former management to separate the operations of Alaska Assets from the Texas Assets, which had certain shared services and management. Due to this process, additional time is required by the highest bidder to assess the Texas Assets and conceptualize the structure of the deal. The Receiver will report to this Honourable Court in due course with respect to the completion of the Sale Process for the Texas Assets.

33. Ultimately, the Stalking Horse APA has been accepted as the Successful Alaska Assets Bid. The Receiver's view is that the Stalking Horse APA represents the highest and best offer for the Alaska Assets. Furthermore, the Stalking Horse APA was marketed to logical buyers as set out above in the Sale Process and no superior bid was received by the Binding Offer Deadline. Lastly, the Receiver notes that the Secured Creditor is supportive of the Stalking Horse APA.
34. As defined in the Stalking Horse APA, the transaction is subject to the following terms to close:
- (a) Approval of the Canadian Court which is being sought by the Receiver's request for this Honourable Court to approve the Stalking Horse Approval and Vesting Order on January 20, 2026;
 - (b) Approval of the US Bankruptcy Court, application for which will be sought by the Receiver's U.S. Counsel once the Stalking Horse Approval and Vesting Order is granted. The Receiver anticipates to appear in front of the US Bankruptcy Court in February, pending court availability;
 - (c) Approval from the FCC, which the Stalking Horse Bidder can apply for upon approval of the Stalking Horse Approval and Vesting Order from the US Bankruptcy Court. The application is anticipated to take 2 – 4 weeks for the FCC to consent to after the application has been submitted. The Stalking Horse APA is conditional upon approval of the FCC; and
 - (d) The Receiver will work with the Stalking Horse Bidder to prepare the required closing documents and Bill of Sale with the aim of closing the transaction by the end of March 2026. However, note that closing will be largely dependent on timing of FCC approval.

3161 Channel Drive Listing

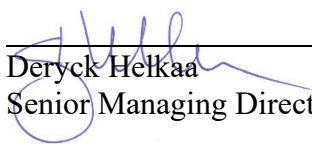
35. 3161 Channel Drive remains listed by the Realtor engaged by the Receiver on May 20, 2025 (as described in the First Report). The Receiver is actively engaged in strategic discussions with the Realtor about optimizing value and recovery on the asset.
36. The Receiver intends to further report to this Court and seek required Court approval once an acceptable transaction is obtained on 3161 Channel Drive.

RECEIVER'S RECOMMENDATIONS

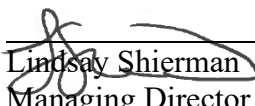
37. Based on the forgoing, the Receiver respectfully requests that this Honourable Court grant the approval of the Stalking Horse Approval and Vesting Order.

All of which is respectfully submitted this 12th day of January 2026.

FTI Consulting Canada Inc.,
in its capacity as receiver and manager of
Local First Media Group Inc., Local First
Properties Inc., BTC USA Holdings
Management Inc., Local First Properties
USA Inc., Alaska Broadcast
Communications, Inc., Broadcast 2
Podcast, Inc., and Frontier Media LLC,
and not in its personal or corporate
capacity



Deryck Helkaa
Senior Managing Director



Lindsay Shierman
Managing Director