

**FORM 7**  
**MARCH 2012 PROGRESS REPORT**

**Name of CNSX Issuer:** Arctic Glacier Income Fund (the "Issuer").

**Trading Symbol:** AG.UN

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

**Date:** May 7, 2012

**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.**

In April, a special committee of the Issuer's board of trustees authorized commencement of Phase II of the Issuer's Sale and Investor Solicitation Process ("SISP").

During Phase I of the SISP, the Issuer's financial advisor, TD Securities Inc. ("TD Securities") solicited and received non-binding letters of intent ("LOIs") from several interested parties to acquire or to invest in the Issuer. Alvarez & Marsal Canada Inc. (the "Monitor"), in consultation with TD Securities, the Chief Process Supervisor and the Issuer, determined that multiple LOIs were qualified for inclusion in Phase II.

As a result, TD Securities and the Monitor recommended that the Special Committee authorize the commencement of Phase II of the SISP.

The Issuer, with the assistance of TD Securities, will now make additional information available to parties invited to Phase II and will then seek submission of binding proposals regarding a transaction with the Issuer. Phase II is expected to require a period of several weeks to complete and there can be no assurance that any transaction may occur.

Otherwise, the Issuer's business and operations were carried on in the ordinary course.

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

The activities of management focused on: (a) completing Phase I of the SISP; (b) initiating Phase II of the SISP; and (c) maintaining all operations at their normal capacity in both Canada and the United States.

- 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.**

The Issuer entered into no new material business relationships aside from those related to the SISP referred to in item 1 above.

- 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.**

There was no expiry or termination of any material contracts or agreements.

- 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.**

There were no material acquisitions by the Issuer or material dispositions of the Issuer's assets other than in the ordinary course of business (i.e., normal course sale of

inventory).

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

There was no material acquisition of new customers or loss of customers that would have a material effect on financial results.

**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.**

There were no employee hirings, terminations or lay-offs other than in the ordinary course of business.

**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 for information on other legal proceedings material to the Issuer.

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

No indebtedness was incurred or repaid by the Issuer that would have a material effect on financial results.

**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.**

Refer to the Issuer's most recent MD&A for the Issuer's analysis of any trends likely to impact the Issuer.

## **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 May 7, 2012

Keith McMahon  
Name of Director or Senior Officer

(signed) "Keith McMahon"  
Signature

President and Chief Executive Officer  
Official Capacity

<b>Name of Issuer</b> Arctic Glacier Income Fund	<b>For</b> April 2012	<b>Date of Report</b> 12/05/7
<b>Issuer Address</b> 625 Henry Avenue		
<b>City/Province/Postal Code</b> Winnipeg, Manitoba R3A 0V1	<b>Issuer Fax</b> (204) 783-9857	<b>Issuer Telephone No.</b> (204) 772-2473
<b>Contact Name</b> Keith McMahon	<b>Contact Position</b> President & CEO	<b>Contact Telephone No.</b> (204) 772-2473
<b>Contact Email Address</b> kcmahon@arcticglacier.com	<b>Web Site Address</b> <a href="http://www.arcticglacier.com">http://www.arcticglacier.com</a>	