Court File No. 07-CL-7120

DATE: September 14th, 2007

TO: Service List

FROM: Ernst & Young Inc., Monitor of Hollinger Inc., Sugra Limited and 4322525 Canada Inc. (the "Applicants")

CC: Bill Aziz, Hollinger Inc.

RE: **Applicants' Information**

BACKGROUND

1. On August 1, 2007, the Applicants filed for and obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") pursuant to the Order of the Ontario Superior Court of Justice dated August 1, 2007 (the "Initial Order"). Pursuant to the Initial Order, Ernst & Young Inc. was appointed as the Monitor of the Applicants (the "Monitor") in these CCAA proceedings.

PURPOSE

2. The purpose of this communication from the Monitor (the "Second Communication") is to provide information to all stakeholders in accordance with the Hollinger Inc. CCAA Proceedings Settlement Term Sheet For Motions Returnable August 29, 2007, including:

   (a) The Applicants' weekly variance report for the week ended September 7, 2007, attached as Schedule 1; and

   (b) The Applicants' weekly reporting of all outstanding legal accounts receivable and work in process for the week ended September 7, 2007, attached as Schedule 2.

TERMS OF REFERENCE

3. Capitalized terms not defined in this Second Communication are as defined in the Initial Order. All references to dollars are in Canadian currency unless otherwise noted.

4. In preparing this Second Communication, the Monitor has relied upon unaudited financial

information and records of the Applicants and certain of their affiliates and discussions with management of the Applicants. The Monitor has not performed an audit or other verification of such information.

5. The Monitor does not assume any responsibility or liability for losses incurred by the reader or any other party as a result of the circulation, publication, reproduction or use of this Second Communication.

DISCUSSIONS AMOUNG THE PARTIES

6. The Parties and the Monitor conducted negotiations with the assistance of the Honourable Mr. Justice Morawetz on September 10 and 11, 2007. The Parties did not reach an agreement but are continuing to seek a consensual resolution.

Hollinger Inc., 4322525 Canada Inc. and Sugra Limited (collectively the "Applicants")
Consolidated Weekly Cash Flow Variance Analysis compared to the August 31, 2007 Cash Flow Projection

C$ 000s	Projected Results for the Week Ended Friday 07-Sep	Actual Results for the Week Ended Friday 07-Sep	Variance	Notes
Opening Cash, ex. Funds in Trust	**907**	**907**	-	
Receipts				
Dividends	-	-	-	
Interest income	2	-	(2)	
Other	-	5,399	5,399	1
Intercompany Accounts Receivable	588	278	(310)	2
Total receipts	**590**	**5,677**	**5,087**	
Disbursements				
Payroll & Benefits	(42)	(19)	23	3
Directors Fees and Insurance	-	-	-	
Legal Fees (including retainers)	(506)	-	506	4
Chapter 15 Legal Fees (US)	(257)	-	257	4
CCAA Legal Fees (Canada)	(220)	-	220	4
CCAA Monitor Fees	(150)	(110)	40	4
Contractor Fees	(127)	(122)	5	
Advisors	(153)	-	153	4
Interest on Senior Secured Notes	-	-	-	
Operating Costs related to building	(20)	(10)	9	3
Taxes	-	-	-	
Other	(21)	(18)	3	
Total Disbursements	**(1,496)**	**(279)**	**1,217**	
Change in cash	**(907)**	**5,398**	**6,304**	
Closing cash, ex. Funds in Trusts	**-**	**6,304**	**6,304**	

1) Other receipts represents payment in full of the promissory note of US $4.2, issued by CFP in favour of Holcay Holdings Ltd., along with a US $1.0 million dividend payment from CFP. It is assumed that any cash held by Holcay Holdings is available for use by the Applicants, upon payment of any amounts owing by Holcay. This transaction was not included in the August 31, 2007 Court Filed projection due to concerns regarding the timing of the closing of the transaction when the projection was prepared.

2) Actual receipts from Intercompany were less than projected due to lower than anticipated disbursements which reduced the need to collect intercompany receivables from 10 Toronto Street Inc.

3) The Applicants did not reimburse certain related companies for building and employee costs during the period, which represent a timing difference. These amounts will be reimbursed in a subsequent period.

4) Actual disbursements for legal, advisor and restructuring costs were lower than projected. A portion of the difference represents a timing difference from the projection, which is expected to reverse in the near term.

Summary of Legal Accruals
As At September 7, 2007
CDN $

	Pre Filing	Post Filing	Outstanding Invoices	Estimated WIP from August 1 to September 7, 2007	Total Revised "Bubble" at September 7, 2007	Total Revised "Bubble" as of September 7, 2007 **(excluding pre filing amounts)**	Total Revised "Bubble" for August 31, 2007 Cash Flow Projection **(excluding pre filing amounts)**	Increase in "Bubble" **(excluding pre filing amounts)**
Legal fees total	703,606	841,562	1,545,168	231,541	1,776,709	1,073,103	1,012,207	60,895
CCAA Legal Fees	8,904	472,153	481,057	45,729	526,786	517,882	440,925	76,957
Ch 15 legal fees total	85,687	-	85,687	590,564	676,252	590,564	514,536	76,028
Overall Total	**798,198**	**1,313,715**	**2,111,912**	**867,835**	**2,979,747**	**2,181,549**	**1,967,669**	**213,881**
F/X	**1.07**							

Note that the Applicants did not make any payments in respect of legal fees during the week ended September 7, 2007; therefore, the increase in the bubble represents the legal fees incurred during the week, subject to additional information that may be received by the Applicants from their counsel.