Court File No. 07-CL-7120

DATE: April 3, 2008

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 "Seventeenth Communication") is to provide an information update to all stakeholders, including:

   (a) Applicants' actual receipts and disbursements from the five weeks ended March 28, 2008, which is attached as Schedule 1;

   (b) Additional details regarding the Applicants' cash disbursements since filing that was circulated in the Sixteenth Communication, which is attached as Schedule 2; and

   (c) Updated information reflecting events occurring after the effective date of the Waterfall Summary as of June 30, 2007 that was circulated as part of the Third Report of the Monitor.

TERMS OF REFERENCE

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

4. In preparing this Seventeenth 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 Seventeenth Communication.

INTER-COMPANY RECEIPTS

6. As previously reported, the Applicants indicated that 10 Toronto Street Inc. ("10 Toronto") has committed to repay on an "as needed" basis up to $7.5 million of inter-company amounts owed to Hollinger. The total inter-company repayments since filing from 10 Toronto up to March 28, 2008 are $4.8 million.

THE APPLICANTS' ACTUAL CASH RECEIPTS AND DISBURSEMENTS

7. Pursuant to the September 26 Order, the Monitor has been providing communications to the Service List setting out the Applicants' actual cash receipts and disbursements and an analysis of the variances against the various cash flow projections.

8. The Monitor notes that a critical concern early in these proceedings was the high cash burn rate being incurred by the Applicants both in pursuing litigation assets as well as in dealing with the litigation within these CCAA and ancillary U.S. Chapter 15 proceedings. The terms negotiated by the Applicants and certain stakeholders as set out in an Order dated September 26, 2007, provided for a standstill of litigation among the Applicants and the stakeholders within these proceedings so as to reduce the associated high cost to the Applicants in the immediate term and to permit the parties to focus on constructive dialogue to determine if a global settlement could be reached. In addition, the Applicants agreed to limit their activities in pursuing the litigation assets to bare maintenance levels

in the short term, pending a structure being established to most effectively and efficiently pursue these assets for the benefit of the Applicants' stakeholders. These initiatives have been successful in reducing the Applicants' costs and conserving, to the extent practicable, their limited cash resources.

9. As set out in the Sixteenth Communication, the total cash disbursements from filing to February 22, 2008 were approximately \$9.3 million, which includes \$2.1 million of disbursements relating to costs incurred prior to filing. In addition, the Applicants have a cumulative foreign exchange translation loss on the cash in the bank due to the appreciation of the Canadian dollar relative to the US dollar of approximately \$0.4 million.

10. In response to information requests received from certain stakeholders, the Applicants have prepared a detailed breakdown of their disbursements since August 1, 2007 to February 22, 2008, included as Schedule 2.

WATERFALL SUMMARY UPDATE

11. This update is not intended to provide a complete update of the Waterfall Summary given the time constraints. Reflecting these selected transactions in the Waterfall Summary does not materially alter the Waterfall Summary.

<u>Holcay Holdings Ltd.</u>

12. The assets of Holcay Holdings Ltd., ("Holcay") included a 40% equity interest in Cayman Free Press ("CFP") which owned and operated The Compass newspaper in the Cayman Islands. At the date of filing Holcay had US \$0.6 million held in a bank in the Cayman Islands. For the purposes of the cash flow projections, it was assumed that cash held by Holcay was available for use by the Applicants, as Holcay had no known creditors other than Domgroup and Hollinger Inc.

13. During the first week of September 2007, Holcay received payment in full of the promissory note of US \$4.2 million, issued by CFP in favour of Holcay, along with a US \$1.0 million dividend payment from CFP. These funds were received from the purchaser and were held in trust by Hollinger's corporate counsel, Davies, Ward, Phillips and

Vineberg ("Davies") pending the mechanics of payment to Hollinger and Domgroup being finalized.

14. Holcay repaid its inter-company payables in full of $0.2 million due to Hollinger and $1.7 million due to Domgroup, during the week ending October 5, 2007. From October 5, 2007 to December 19, 2007, Holcay transferred approximately US $0.5 million to the Applicants to fund on-going operations.

15. On December 19, 2007 Holcay issued a US $3.4 million dividend to Hollinger Inc. that transferred substantially all the remaining Holcay funds to Hollinger Inc. Since it was assumed in the cash flow projections that any cash held by Holcay was available for use by the Applicants as Holcay had no known creditors other than Domgroup and Hollinger Inc., there is no cash impact on the weekly projections as a result of the dividend.

Summary of Holcay balances that have changed as at December 31, 2007

Cash	$0.0
Inter-Company Payable to Domgroup	$0.0
Inter-Company Payable to Hollinger Inc	$0.0

10 Toronto Street Inc.

16. 10 Toronto had funds held in escrow in the amount of $2.9 million. The funds being held were a portion of the proceeds of the sale of the 10 Toronto Street property. A claim had been asserted by Morneau Sobeco, as administrator appointed by the Financial Services Commission of Ontario, against 10 Toronto over an alleged deficiency in respect of a defined benefit pension plan sponsored by The Ravelston Corporation Limited ("RCL") for various individuals, some of whom were or are employees of 10 Toronto and others who are former employees of RCL or other companies.

17. On October 1, 2007 the Honourable Justice Campbell issued an Order approving the minutes of settlement between Morneau Sobeco and Hollinger and the sum of $1.4 million was paid to the RCL pension plan. The remaining funds of approximately $1.6 million (including interest) were received by 10 Toronto on October 10, 2007.

18. 10 Toronto has sold a portion of their Artwork in two auctions for total net proceeds of approximately $0.6 million. The proceeds were received in January and March 2008. 10

Toronto will attempt to sell most of the remaining pieces in auctions that will be held during the month of April 2008.

19. As previously reported, the Applicants indicated that 10 Toronto has committed to repay on an "as needed" basis up to $7.5 million of total inter-company amounts owed to Hollinger of approximately $9.6 million. The total inter-company repayments since filing from 10 Toronto are $4.8 million, reducing the inter-company amount to Hollinger to $4.8 million.

20. Since filing, 10 Toronto has received payroll and benefits reimbursements from Hollinger of 50% of the total payments for employee related costs, including payroll, benefits and pre-filing severance costs

Summary of 10 Toronto balances that have changed as at December 31, 2007

Cash	$6.8
Inter-Company Payable to Hollinger Inc	$4.8
Amount in Escrow	$0.0

Domgroup Ltd.

21. Domgroup Ltd, ("Domgroup") has a vendor take-back mortgage receivable in the amount of $4.2 million relating to the sale of the property at 1050 The Queensway, Toronto in 2004. The proceeds from the vendor take-back are to be paid to Domgroup in two instalments, $2.5 million was received in February 2008 and $1.7 million is to be received on or about April 30, 2008. These amounts include an additional $1.0 million closing bonus as a result the number of condominium units sold.

22. Domgroup entered into a purchase and sale agreement to sell 230 Cannon Street property in Hamilton, Ontario for $1.8 million after deducting commission. The transaction closed during the month of February 2008.

23. Domgroup received repayment of an inter-company amount owing by Holcay of $1.7 million. Domgroup then repaid $1.7 million, representing a portion of its total inter-company payable due to Hollinger of $23.6 million, during the week ending October 26, 2007. The intercompany payable to Hollinger increased by approximately $0.5 million over the period relating to accrued interest.

24. Since filing, Domgroup has received reimbursements for operating costs relating to the buildings from Hollinger for 50% of the total Adelaide and Wellington offices lease and operating costs.

25. The post retirement benefit obligations as of December 31, 2007 are approximately $8.8 million. Claims of any other creditors of Domgroup are unknown at this time.

Summary of Domgroup balances that have changed as at December 31, 2007

Cash	$26.8
Inter-Company Payable to Hollinger Inc	$22.4
Inter-Company Receivable from Holcay	$0.0

26. The Applicants and the non-Applicant Subsidiaries have not initiated a claims process at this time. Accordingly, the Waterfall Summary and the update reflect known obligations recorded in the Applicants' and Subsidiaries' unconsolidated financial statements and trial balances as of June 30, 2007 and the contingent assets and liabilities referenced in Hollinger's consolidated June 30, 2007 quarterly financial statements updated to December 31, 2007.

CURRENT STATUS

27. On Friday February 29, 2008 counsel for the Applicants, DK, STMG, the Indenture Trustees and certain others attended with the Monitor before Mr. Justice Campbell to discuss the scheduling of the various motions and the delivery of all material in connection therewith. On February 29, 2008 Justice Campbell issued an order extending the Stay Period to April 25, 2008 and directed that all of the motions be dealt with according to a schedule for the delivery of materials and cross-examinations if any to be coordinated by the Monitor and agreed by counsel, for a hearing tentatively scheduled for April 22 and 23, 2008, if necessary.

28. On March 25, 2008, the Applicants announced that they have entered into a settlement agreement (the "Settlement Agreement") with STMG. In order to become effective, the Settlement Agreement must be approved by the Ontario Superior Court of Justice and the United States Bankruptcy Court for the District of Delaware.

29. The Settlement Agreement forms part of an Amended Plan Term Sheet to be filed by the Applicants with the Ontario Court (the "Term Sheet") for relief it is seeking in connection with its CCAA proceeding, which is anticipated to be heard by the Ontario Court on April 22-23, 2008. The Term Sheet incorporating the Settlement Agreement is attached as Schedule 3. The Settlement Agreement provides for the resolution of all outstanding matters between the Applicants and STMG and would form the basis for a plan of arrangement (the "CCAA Plan") that may be prepared by the Applicants within the CCAA proceedings.

30. On March 25, 2008 the Applicants announced that the U.S. Securities and Exchange Commission (the "SEC") accepted an Offer of Settlement and a Consent submitted by Hollinger relating to proceedings initiated by the SEC on November 15, 2004 in the Illinois District Court against Conrad Black, David Radler and Hollinger. Hollinger has consented to the entry of Final Judgment against it, without admitting or denying the facts contained in the SEC's complaint. The Final Judgment will provide, among other things, for the disgorgement of approximately US$21.28 million (representing US$16.55 in alleged non-competition payments received by Hollinger plus interest thereon), against which will be credited the same amount already paid to STMG in satisfaction of the Delaware Court of Chancery judgment against Hollinger and Conrad Black in Hollinger International Inc. v. Black, et al. As a result, the SEC settlement does not involve the payment of any money from the Applicants' estate to any party.

Hollinger Inc., 4322525 Canada Inc. and Sugra Limited (collectively the "Applicants")
Actual Cash Flow for the period from February 23, 2008 to March 28, 2008

C$ 000s	Total Actual Cash Flow for the period from February 23 to March 28, 2008	
Opening Cash, ex. Funds in Trust	**2,385**	
Receipts		
Dividends	-	
Interest income	15	
Other	144	**Note 1**
Intercompany Accounts Receivable (Payable)	-	
Total receipts	**160**	
Disbursements		
Payroll & Benefits	(97)	
Directors Fees and Insurance	(41)	
Legal Fees	(215)	
Chapter 15 Legal Fees (US)	(105)	
CCAA Legal Fees (Canada)	(183)	
CCAA Monitor Fees	(121)	
Contractor Fees	(121)	
Advisors	(32)	
Interest on Senior Secured Notes	-	
Operating Costs related to building	(47)	
Taxes	-	
Other	(20)	
Foreign Exchange Adjustment	(20)	**Note 2**
Total Disbursements	**(1,001)**	
Change in cash	**(841)**	
Closing cash, ex. Funds in Trust	**1,544**	

1) Other Receipts relate to the proceeds from the sale of Hollinger's investment in Fifty-Plus.Net International Inc. shares during the period.

2) Foreign Exchange Adjustment relates to a foreign exchange adjustment on cash in the bank as a result of the appreciation of US Dollar relative to the Canadian Dollar during the period.

Unaudited - Prepared from information provided by the Applicants.

Hollinger Inc., 4322525 Canada Inc. and Sugra Limited,
(collectively the "Applicants")
Cash Disbursements
For the period August 01, 2007 to February 22, 2008

	Vendor Name	Pre-filing amount	Post filing amount	Total
1	**Public Company Costs**			
	AGM	$ -	$ 5,338	$ 5,338
	1530622 Ontario Inc.(Ram) - F/S	-	23,135	23,135
	Audio Visual Ventures	-	124	124
	Boughton Law - B.C. Service	-	486	486
	Broadridge	-	3,741	3,741
	Computershare	9,687	51,798	61,485
	Kilpatrick Stockton - Audit response letter	474	-	474
	Lloyds TSB Registrars	108	-	108
	Marketwire	-	8,502	8,502
	Ogilvy Renault - Audit response letter	265	-	265
	Smith Nixon - F/S	-	14,971	14,971
	The Depository Trust Company	-	121	121
	TSX Broadcast & Conference Centre	-	2,120	2,120
	Voorheis & Co. - courier cost reimbursement	-	78	78
	Zeifman & Company - F/S	58,109	8,494	66,603
	Total Public Company Costs	**68,643**	**118,907**	**187,550**
2	**Inspectorship**			
	Ernst & Young	107,000	-	107,000
	M. Nash Consulting	22,543	55,437	77,980
	Searchlight Systems Ltd.	44,063	2,982	47,045
	Total Inspectorship	**173,606**	**58,419**	**232,026**
3	**Salaries and Benefits**			
	10 Toronto Street Inc. - Reimbursement of 50%	-	208,853	208,853
4	**Premises costs**			
	Domgroup Ltd. - Reimbursement of occupancy costs	12,663	149,718	162,382
5	**CEO/CFO**			
	Blue Tree Advisors - CFO	-	296,000	296,000
	Blue Tree Advisors - Expense reimbursement	3,027	2,950	5,976
	VC & Co. Incorporated - CEO	-	555,000	555,000
	VC & Co. Incorporated - Expense reimbursement	15,268	2,198	17,466
	Total CEO/CFO	**18,294**	**856,148**	**874,442**
6	**Directors**			
	Ceridian Canada Ltd - Director fees	38,401	190,810	229,211
7	**Insurance**			
	Adair Morse	17,639	-	17,639
	Cameron & Associates	2,979	-	2,979
	Kanuka Thuringer	2,023	-	2,023
	Willis Canada Inc. - STMG ODL	-	357,277	357,277
	Total Insurance	**22,641**	**357,277**	**379,918**
8	**Financial Advisory**			
	BMO Nesbitt Burns Inc.	-	561,623	561,623
	Gray Hunter Stenn - U.S. tax returns	752	-	752
	R. Pilkey - contract tax work	3,756	24,382	28,139
	Total Financial Advisory	**4,509**	**586,005**	**590,514**
9	**CCAA and Chapter 15**			
	Davies - CCAA	42,945	91,378	134,323
	Miller Advertising - Chapter 15 Announcement	-	9,105	9,105
	Morris, Nichols - Delaware	3,963	161,388	165,352
	ThorntonGroutFinnigan - CCAA	83,968	1,346,180	1,430,148
	Weil, Gotshall - Chapter 15 and Delaware	51,249	211,334	262,583
	Total CCAA and Chapter 15	**182,126**	**1,819,385**	**2,001,511**

Hollinger Inc., 4322525 Canada Inc. and Sugra Limited,
(collectively the "Applicants")
Cash Disbursements
For the period August 01, 2007 to February 22, 2008

	Vendor Name	Pre-filing amount	Post filing amount	Total
10	**Monitor**			
	Blank Rome - Monitor Delaware counsel Chapter 15	-	6,829	6,829
	Ernst & Young - Monitor	6,621	741,130	747,751
	Lenczner Slaght - Monitor Canadian counsel	19,117	246,631	265,749
	Willkie Farr - Monitor USA counsel	-	21,716	21,716
	Total Monitor	**25,738**	**1,016,307**	**1,042,045**
11	**Legal**			
	Davies - General Corporate	181,430	178,110	359,540
	Davies - Board matters	42,830	64,834	107,664
	Davies - OSC/SEC	-	6,101	6,101
	Davies - Securities	218,700	152,729	371,429
	Davies - STMG	16,500	74,200	90,700
	Davies - Tax	18,058	83,470	101,528
	Davies - Other (contract dispute)	-	2,292	2,292
	Voorheis & Co. - Sale of Caymen and Costa Rica Investments	16,189	20,731	36,920
	Weil, Gotshall - U.S. Securities and STMG Board Matters	102,499	422,667	525,166
	Total Legal	**596,206**	**1,005,134**	**1,601,340**
12	**Litigation**			
	M T Mitchell FCA - KPMG Litigation	2,968	-	2,968
	R. Mitchell - contract work - KPMG Litigation	8,904	2,041	10,945
	Siskind Cromarty - Torys Litigation	-	1,530	1,530
	Aylesworth Thompson - Witness Counsel for SEC	3,277	-	3,277
	Davies - Receivership of Ravelston	1,641	8,075	9,716
	Davies - Black et al.	18,835	-	18,835
	Eimer Stahl - SEC and STMG/Black Litigation	413,709	252,028	665,737
	Fasken Martineau - Former Audit Committee and Torys Litigations	339,618	304,486	644,104
	Abrams & Laster - STMG Litigation	-	26,521	26,521
	Astigarraga Davis - Black Litigation	406	-	406
	Hunter Litigation Chambers - Radler	1,720	-	1,720
	Paliare Roland - CIBC and KPMG Litigation	62,069	96,962	159,031
	Voorheis & Co. - CIBC Litigation and Black matters	72,762	5,000	77,762
	Total Litigation	**925,909**	**696,642**	**1,622,551**
13	**Mareva**			
	Davies - Mareva	33,373	82,851	116,224
	Goodmans - CSA Administration	12,659	3,859	16,518
	Navigant Consulting	14,880	4,122	19,002
	Total Mareva	**60,912**	**90,832**	**151,743**
14	**Other**			
	CIBC service Charges	-	364	364
	Total of Expenditures	**$ 2,129,648**	**$ 7,154,801**	**$ 9,284,450**
	Cummulative Foreign Exchange Translation Loss on Cash in Bank			**363,192**
	Amount reported in 16th communication of the Monitor			**$ 9,647,642**

UNAUDITED

Schedule 3

FINAL
March 24, 2008

Schedule "A"

CCAA Plan Term Sheet

The Applicants seek Court approval ("Court Approval") to present a plan of arrangement (the "Plan") upon the following terms:

A. STMG

1. Upon Court Approval, the Court shall authorize and direct Hollinger, 432, STMG and any other necessary parties to forthwith take the steps necessary to convert Hollinger's and 432's existing Class B shares into an equal number of Class A shares (the "Conversion"), subject to and prior to the steps described in paragraphs 2 and 3 hereof.

2. If STMG's stockholders are required to approve (the "Stockholder Approval") the issuance of the Additional Shares (as defined below), then, upon Court Approval, the Court shall authorize Hollinger, and Hollinger shall approve the issuance of the Additional Shares, pursuant to a stockholder written consent (the "Consent").

3. If Stockholder Approval is required, as soon as possible after the Consent Effective Date (as defined below), Hollinger and STMG shall effect the Conversion pursuant to the Restated Certificate of Incorporation of STMG. The Consent shall be effective after all actions required by the Securities Exchange Act of 1934, as amended (the "1934 Act"), have been taken and the issuance of the Additional Shares is permitted by the 1934 Act (the "Consent Effective Date"). If no Stockholder Approval is required, Hollinger and STMG shall effect the Conversion pursuant to the Restated Certificate of Incorporation of STMG as soon as possible after Court Approval.

4. Upon the later of (i) Plan Implementation and (ii), if Stockholder Approval is required, the Consent Effective Date, STMG will issue to Hollinger (or as it may direct) 1,499,000 additional Class A shares (the "Additional Shares"). The number of Additional Shares represents 10% of the number of Hollinger's and 432's existing Class B shares.

5. For the avoidance of doubt, if the Plan is (i) rejected by the secured creditor class described herein or (ii) not prepared or otherwise implemented by October 31, 2008, then, in each case, the Additional Shares will not be issued.

6. All transactions will comply with all applicable laws and regulations and rules of applicable stock exchanges.

7. Effective upon Court Approval, the six directors appointed by Hollinger to the Board of STMG (Wes Voorheis ("Voorheis"), William Aziz ("Aziz"), Edward Hannah, Peter Dey ("Dey"), Brent Baird ("Baird") and Albrecht Bellstedt ("Bellstedt")) will submit their resignations from the board of STMG. Upon Court Approval, each resigning director will receive: (a) a written confirmation from STMG that any existing STMG indemnity will remain in place and that such resigning director will be covered by the STMG

directors and officers insurance policy in effect from time to time on the same terms as may be applicable to any other current STMG directors; and (b) reimbursement by STMG of all reasonable legal fees incurred by the independent directors (Dey, Baird and Bellstedt) in respect of their tenure as directors of STMG. Upon payment of such fees by STMG, Hollinger will reimburse STMG for all amounts paid in respect of such legal fees, except for US$75,000.

8. Upon Court Approval, Hollinger will pay to STMG the reasonable fees and costs, including legal fees, of STMG incurred in connection with the CCAA proceedings of the Applicants, from August 1, 2007 up to and including the date of Court Approval. However, the total amounts payable to STMG by Hollinger under this paragraph shall be subject to a cap of US$1 million in the aggregate.

9. STMG and Hollinger will cooperate to maximize the recoverable portion of the class action insurance settlement proceeds payable to them and such proceeds shall be allocated so that STMG receives 80% of such proceeds, and Hollinger receives 20% of such proceeds.

10. Hollinger and STMG agree to divide their respective recoveries from the insolvency proceeding of Ravelston equally as between them.

11. The following claims of STMG shall be allowed as unsecured claims against the Applicants (the "STMG Allowed Claims") in the amounts indicated below, subject to confirmation of the calculations of the quantum of such claims by the Monitor:

    (a) a claim in respect of the promissory note executed by 4322525 Canada Inc. ("432") in the amount of US $40,545,974;

    (b) all claims for contribution and indemnity STMG has or may assert against Hollinger in the amount of US$28,663,588; and

    (c) a claim for the aircraft lease settlement in the amount of CDN$1,281,941.

12. Other than the STMG Allowed Claims, all other claims of STMG and its subsidiaries against the Applicants or any of their other subsidiaries, and all claims of the Applicants and their subsidiaries against STMG and its subsidiaries, shall be released upon Court Approval. The Applicants agree, in connection with their release of STMG, that they will not seek contribution, indemnification, reimbursement or any other form of claims over from Torys LLP or any of its predecessor or successor partnerships, F. David Radler or North American Newspapers Ltd. for any consideration paid or payable by any of the Applicants to STMG under this Term Sheet. For greater certainty, nothing contained in this paragraph shall limit or otherwise compromise in any manner, the Applicants' right to pursue or continue to pursue those named parties for any claims whatsoever, save and except only in respect of consideration paid or payable by the Applicants to STMG under this Term Sheet.

13. Within seven days of execution of this Term Sheet, STMG and Hollinger shall jointly seek an order from the Illinois Court dismissing their claims against each other with

prejudice, subject to reinstatement if Court Approval is not obtained, and confirming that STMG is entitled to pursue its claims against the defendants in the Illinois Action other than Hollinger after STMG's claims against Hollinger are dismissed. Obtaining such an order will be a condition precedent to implementation of all terms hereof intended to be effective upon Court Approval.

14. The total recoveries of STMG under the STMG Allowed Claims shall be capped at a maximum of US$15 million (the "STMG Cap"). After receipt of the STMG Cap, the balance of the STMG Allowed Claims will be assigned to the Applicants for the benefit of the Applicants' other general unsecured creditors.

15. Upon STMG receiving distributions in the aggregate amount of US$7.5 million in respect of the STMG Allowed Claims (after giving effect to any valid and effective subordination regarding distributions under the 432 promissory note referred to in paragraph 11(a) above, if any), fifty percent (50%) of all distributions thereafter payable to STMG in respect of the STMG Allowed Claims shall be assigned to the Applicants, and, subject to further approval by the Court at that time, shall be available to be used by the Litigation Trustee (as described herein) in the course of his mandate in respect of the Litigation Assets (as described herein).

16. Prior to any agreement in respect of the terms contained herein, STMG will ensure that nothing in the Plan or its implementation will:

    (a) cause the Rights (as defined in the STMG rights plan) to become exercisable;

    (b) cause any Person (as defined in the STMG rights plan) to become an Acquiring Person (as defined in the STMG rights plan); or

    (c) trigger the application of the STMG rights plan.

17. STMG will continue with its independent examination of all strategic alternatives available to STMG.

18. Subject to the terms of any existing court orders or agreements pursuant to which the Applicants may be restricted, the Applicants will support the making of an order providing STMG with equal rights in respect of the Applicants' Mareva injunction against Conrad Black and Barbara Amiel Black. STMG shall be permitted to reserve its right as to whether to seek such an order.

B. Restructuring of the Security for the Notes

At their option, the Applicants may present a Plan to their creditors that contains the terms in this Section B, or such other terms as may be negotiated with the creditors of the Applicants. If no such plan is prepared or implemented by October 31, 2008 STMG shall be relieved from the obligation to issue or deliver the Additional Shares. The provisions of this term sheet other than those contained in Section B will be operative and implemented in accordance with the terms hereof, whether or not such a Plan is ever presented or approved.

19. The exchanged and new Class A shares of STMG referred to in paragraph 1 hereof shall replace the Class B shares now held by the collateral agent for the benefit of the indenture trustees and the noteholders.

20. The collateral agent, the indenture trustees and the noteholders shall forbear from enforcing any rights in respect of the collateral, including exercising any voting rights, until the occurrence of one of the following triggering events:

(a) if noteholders are not paid in full by the current stated maturity date;

(b) if the noteholders have not received payment in full by the date of the final distribution from the estates of the Applicants;

(c) any proposed sale of all or substantially all of the shares or assets of STMG;

(d) if Hollinger is declared bankrupt; or

(e) upon the commencement of any formal bankruptcy, insolvency, liquidation, winding-up or Court supervised reorganization of STMG.

21. Notwithstanding the above, the indenture trustees shall have the right to direct the voting of the pledged shares in respect of any proposed sale of all or substantially all of the shares or assets of STMG.

22. Prior to the occurrence of a triggering event, Hollinger and 432 shall vote the shares owned by them but will consult with the indenture trustees prior to any vote.

C. General Plan Conditions

23. There will be procedural consolidation for the CCAA processes of all Applicants and substantive consolidation of all assets and claims of the Applicants which may include a formal amalgamation of some or all of the Applicants and their subsidiaries (other than STMG and its subsidiaries) in order to minimize claims and maximize recoveries.

24. A standard CCAA claims process shall be implemented immediately for all claims against the Applicants except claims against the Applicants by their subsidiaries (other than STMG and its subsidiaries).

25. A subsequent claims process shall be implemented in respect of the non-Applicant subsidiaries of the Applicants to ensure that all creditors of those subsidiaries are identified prior to the asset consolidation herein contemplated.

26. The Applicants, in consultation with the Monitor, shall prepare a plan to consolidate at Hollinger, on a tax-effective basis, all assets of the non-Applicant subsidiaries of the Applicants (other than STMG and its subsidiaries) after payment of all claims of creditors of such subsidiaries.

27. There shall be two classes of creditor claims under the Plan as follows:

(a) a secured creditor class which shall be comprised of the secured claim of the trustee of the senior noteholders on behalf of the senior noteholders in an amount calculated as follows:

i. for voting purposes, the amount of the 20-day weighted average trading price of a single STMG Class A share based on the 20-day trading period prior to the tenth day before the vote multiplied by the number of Class B shares or Class A shares (if the Class B shares have converted prior to any such vote) held as collateral; and

ii. for distribution purposes, the amount of the 20-day weighted average trading price of a single STMG Class A share based on the 20-day trading period prior to the tenth day before the plan implementation date multiplied by the number of Class A shares held as collateral immediately after plan implementation; and

(b) one general unsecured creditor class incorporating all other claims, including restructuring claims for contracts repudiated by the Applicants in accordance herewith and including a deficiency claim for secured creditors which will be calculated as follows:

i. for voting purposes, the total amount owing to the indenture trustees, including all principal, interest and reasonable fees in accordance with the indentures on the tenth day before the vote less the amount of the secured creditors' claims allowed for voting purposes; and

ii. for distribution purposes, the total amount owing to the indenture trustees, including all principal, interest and reasonable fees in accordance with the indentures on the tenth day before the plan implementation date, less the amount of the secured creditors' claim for distribution purposes.

28. In the event that the plan is not approved by the requisite statutory majorities of secured creditors, the shares held as collateral shall be transferred into the name of the collateral agent whereupon they shall be converted into an equivalent number of Class A shares of STMG, unless previously converted in accordance with the terms of this Term Sheet.

29. The form and content of the Plan as it relates to STMG shall be satisfactory to STMG, acting reasonably.

D. Corporate Governance

30. Aziz, or an entity controlled by him, shall be appointed forthwith by the Court Approval order as the chief restructuring officer (the "CRO") of the Applicants and an officer of the Court in consideration of a monthly salary of $65,000, payable in advance, plus GST as applicable and reimbursement of reasonable expenses. Such engagement shall be on a month-to-month basis and may be terminated by Aziz upon 30 days' prior written notice.

31. The CRO shall be responsible, among other things, for developing and implementing the asset consolidation and repatriation plan and assisting the Monitor with the claims process.

32. The board of directors of Hollinger shall be reduced as soon as possible to a maximum of three persons.

33. Upon Court Approval, Hollinger and Voorheis will agree to suspend payment of all monthly work fees payable under Hollinger's consulting agreement with Voorheis or any entity controlled by him and Voorheis shall resign as an officer and director of the Applicants or any subsidiary.

34. In accordance with the engagement letter between Hollinger and BMO Nesbitt Burns Inc. ("BMO"), dated June 15, 2007, payment of all monthly work fees payable to BMO ceased in February 2008.

E. Litigation Assets

35. As part of the Court Approval order, justice John D. Ground shall be appointed as an officer of the Court to perform the role of litigation trustee (the "Litigation Trustee") of all litigation assets of the Applicants (the "Litigation Assets") on such terms as may be agreed between the Applicants and justice Ground and subject to approval by the Court.

36. The Litigation Trustee will supervise, control and administer all aspects of the Litigation Assets of the Applicants, in consultation with the Applicants and subject to monitoring by the Monitor and supervision by the Court.

37. The Litigation Trustee may, if he considers it necessary or advisable, retain the services of Voorheis or an entity controlled by him on an hourly basis to provide assistance or advice in respect of the Litigation Assets.

38. The Litigation Trustee will be responsible for administering the Litigation Assets efficiently and in a cost-effective manner with a view to maximizing the net return, after costs, from the Litigation Assets to the Applicants and their stakeholders.

Subject to approval of the Court being obtained to the above terms, pursuant to an Order in the form and content satisfactory to the parties, for consideration received, each of the undersigned agrees to the above as evidenced by their respective signatures this 25th day of March , 2008.

HOLLINGER INC., SUGRA LIMITED and

4322525 CANADA INC.

Per: ______________________

(I have authority to bind each of the corporations)

SUN TIMES MEDIA GROUP, INC.

Per: ______________________

Per: ______________________

(I/We have authority to bind the corporation)