Court File No. 07-CL-7120

DATE: September 20, 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 "Third 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 14, 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 14, 2007, attached as Schedule 2.

TERMS OF REFERENCE

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

4. In preparing this Third 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 Third Communication.

DISCUSSIONS AMONG 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. While the Monitor understands that certain discussions have taken place since the mediation, no agreements have been reached. The Monitor understands that on September 20, 2007 the Applicants raised with the other parties to the mediation the Applicants' desire to resume discussions with the aid of Justice Morawetz on Monday, September 24, 2007. At this point it is unclear if or when the mediation will resume.

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 14-Sep	Actual Results for the Week Ended Friday 14-Sep	Variance	Notes
Opening Cash, ex. Funds in Trust	-	**6,304**	6,304	
Receipts				
Dividends	-	-	-	
Interest income	-	-	-	
Other	-	-	-	
Intercompany Accounts Receivable	1,199	895	(304)	1
Total receipts	**1,199**	**895**	**(304)**	
Disbursements				
Payroll & Benefits	-	(21)	(21)	2
Directors Fees and Insurance	-	-	-	
Legal Fees (including retainers)	(597)	(439)	157	3
Chapter 15 Legal Fees (US)	(267)	-	267	3
CCAA Legal Fees (Canada)	(281)	-	281	3
CCAA Monitor Fees	(40)	(130)	(90)	4
Contractor Fees	-	-	-	
Advisors	(14)	(158)	(145)	5
Interest on Senior Secured Notes	-	-	-	
Operating Costs related to building	-	(11)	(11)	2
Taxes	-	-	-	
Other	(1)	(149)	(148)	6
Total Disbursements	**(1,199)**	**(909)**	**291**	
Change in cash	-	**(14)**	**(14)**	
Closing cash, ex. Funds in Trusts	-	**6,290**	**6,290**	

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

2) The Applicants reimbursed certain related companies for building and employee costs during the period, which represents the reversal of previous timing differences.

3) Actual disbursements for legal 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.

4) Actual disbursements for Monitor's Fees were for the two weeks ended August 31, 2007.

5) Actual disbursements for advisors were higher than expected due to the reversal of previously reported timing differences and also to disbursements projected to be paid in future periods.

6) Other disbursements includes approximately $148k relating to a foreign exchange adjustment on cash in the bank as a result of the appreciation of Canadian Dollar relative to the US dollar during the week.

Summary of Legal Accruals
As At September 14, 2007
CDN $

	Pre Filing	Post Filing	Outstanding Invoices	Estimated WIP from August 1 to September 14, 2007	Total Revised "Bubble" at September 14, 2007	Total Revised "Bubble" as of September 14, 2007 **(excluding pre filing amounts)**	Total Revised "Bubble" as of September 7, 2007 (excluding pre filing amounts)	Increase in (Decrease) "Bubble" **(excluding pre filing amounts)**
Legal fees total	720,625	453,537	1,174,162	225,355	1,399,517	678,891	1,073,103	(394,211)
CCAA Legal Fees	8,904	485,417	494,321	93,729	588,050	579,146	517,882	61,264
Ch 15 legal fees total	85,687	148,265	233,952	498,993	732,946	647,258	590,564	56,694
Overall Total	**815,217**	**1,087,219**	**1,902,436**	**818,077**	**2,720,513**	**1,905,296**	**2,181,549**	**(276,253)**

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Note that the Applicants did make approximately $439k of payments in respect of legal fees during the week ended September 14, 2007; therefore, the decrease in the bubble represents the legal fees incurred during the week less payments, subject to additional information that may be received by the Applicants from their counsel.

Reconciliation for the week ended September 14, 2007

Reverse Opening Balance (as of September 7, 2007)	(2,181,549)
Cash Distributions on account of legal fees for the week ended September 14, 2007	439,308
Add Closing Balance (as of September 14, 2007)	1,905,296
Approximate Legal Fees incurred during the week ended September 14, 2007	163,054

Reconciliation for the week ended September 7, 2007

Reverse Opening Balance (as of August 31, 2007)	(1,967,669)
Cash Distributions on account of legal fees for the week ended September 7, 2007	-
Add Closing Balance (as of September 7, 2007)	2,181,549
Approximate Legal Fees incurred during the week ended September 7, 2007	213,881