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April 18, 2005.

DELIVERED AND BY E-MAIL

Ontario Securities Commission,
P.O. Box 55, 19th Floor,
20 Queen Street West,
TORONTO, Ontario
M5H 3S8

Attention: Mr. Paul Hayward, Senior Legal Counsel,
and Mr. Marcel Tillie, Senior Accountant, Corporate Finance

Dear Sirs:

Re: Hollinger Inc. ("Hollinger") – Application for an Order to Vary the Hollinger MCTO (as defined below) under Section 144 of the *Securities Act* (Ontario)

I am replying to your letters of April 13 and 14, 2005 requesting further submissions with respect to the application of Argus Corporation Limited (**"Argus"**) and its five numbered company subsidiaries (the "Numbered Subsidiaries") to vary the Management Cease Trade Order (**"MCTO"**) of Hollinger (the **"Hollinger MCTO"**) (being the **"Application"**).

For your convenience, I am setting out in italics the questions that you have asked in your two letters before each of my respective replies.

1. *"Please advise whether copies of the application and related materials have been served on Hollinger Inc. and/or any other parties."*

   A copy of the Application Record of Argus has been served on counsel for Hollinger and electronic copies of the Application Record have been provided to counsel for Hollinger and its directors and to each of its directors.

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2. *"Please advise as to what position, if any, Argus would take with respect to a request for standing by Hollinger Inc., the directors of Hollinger Inc., or any other parties that may be anticipated to request standing."*

Hollinger

Counsel for Hollinger has submitted a letter to the Secretary of the Ontario Securities Commission (the **"OSC"**) dated April 18, 2005 including certain submissions.

Counsel for Hollinger advised that it does not seek standing to intervene at the Hearing. They have instead requested that the facts set out in their letter, and the views of Hollinger, be considered by the OSC in its analysis of the Application.

As it is the Hollinger MCTO that Argus is requesting be varied, Argus does not object to Hollinger making its submissions to the OSC.

Mr. John Cameron

Mr. John J. Cameron submitted an Application for Intervenor Standing with submissions to the Secretary of the OSC (the **"Secretary"**) on April 15, 2005.

As Mr. Cameron is a significant shareholder of Argus, Argus supports that he should be granted intervenor standing.

Argus notes that Mr. Cameron further represents other shareholders of Argus, including Mr. Stanley Miller who has submitted today an e-mail communication to the Secretary of the OSC in support of the position to be taken by Mr. Cameron.

Argus considers that Mr. Cameron's interest in the subject matter of the Application is *bona fide* and not transitory. He has had an active ongoing interest in the affairs of Argus for many years. He has openly communicated his concerns to various parties, including to Argus and its directors, officers and committee members, regulators including the OSC and the Toronto Stock Exchange and the media

It is the position of Argus that, while it may not always be in agreement with the positions that Mr. Cameron has taken, his ongoing interest and many communications are in the best interest of direct shareholder representation. Argus supports Mr. Cameron's request to have his submissions considered.

Catalyst and the McLaren Group

Argus submits that the Application for Intervenor Standing of each of Catalyst Fund General Partner I Inc. (**"Catalyst"**), provided to the Secretary at 12:45 p.m. today, and Messrs. Kenneth R. McLaren, David Wilkes and Stephen Jarislowsky (together the **"McLaren Group"**), provided to the Secretary today, should not be granted.

Intervenor standing is unjustified in the circumstances of either Catalyst or the McLaren Group.

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While each of Catalyst and Mr. McLaren, as the representative of McLaren Group, were given standing at the recent Hearing related to the Applications of Hollinger for variances related to Hollinger's proposed going private transaction, the circumstances are materially different with respect to this Application.

In this Application, there is no possibly "compelled" consolidation or "squeeze out" where their economic interests are potentially altered. There is only an issuer that is attempting to meet its obligations in good faith and to defend its economic interests.

The Application of Argus is for a specified limited purpose – to request that a minor variance be granted for the sale by it of a limited number of Retractable Common Shares of Hollinger (each a **"Share"**) in order that Argus may meet its obligations.

It would be inappropriate if its Application, with limited, specified and reasonable purposes, were to be "hijacked" by parties with adverse economic agendas.

Catalyst and the McLaren Group have only relatively small economic interests in Hollinger and a significant derivative interest in Hollinger International Inc. (**"International"**) in the case of Catalyst. They each have no economic interest in Argus or any real interest in the Application.

It would therefore not be appropriate if they were to be nonetheless granted standing in a matter which truly does not involve them. There is no relevancy.

The proposed sale by Argus of up to 200,000 Shares, being 0.57% of the outstanding Shares, further has no materiality for either the McLaren Group or Catalyst that would justify an intervention by either of them, especially one the result of which will essentially preclude Argus from being able to meet its obligations.

Below the surface dialogue of "public interest", the practical outcome of the submissions of Catalyst and the McLaren Group, if accepted, will only result in economic deprivation to Argus and its shareholders and disarray.

3. *"As Marcel and I discussed with you on Friday a question has arisen as to whether Argus and its numbered company subsidiaries may be prohibited by s. 76 of the Act from selling securities of Hollinger Inc. for the reason that Argus (or at least some of the current senior officers and directors of Argus) may be in possession of material undisclosed information relating to Hollinger Inc. Please provide submissions as to how Argus has determined that it would not be precluded by s. 76 of the Act from selling securities of Hollinger Inc. if the MCTO were varied. Please address the question of whether information regarding the various related party transactions which are the subject of the E & Y Inspection could be considered as constituting material undisclosed information."*

The Application responds to this issue in paragraphs numbered 78 through 81 of the Facts under the heading "No Material Undisclosed Information". Each of Argus and Hollinger has undertaken great efforts at considerable expense to keep the public fully informed of their respective developments.

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Further, the clear statement is made in paragraph number 3 of the Submissions in the Application:

> *"Argus has no knowledge of any material fact or material change with respect to it or Hollinger that has not been generally disclosed.".*

Argus considers the above statement to be fair and accurate. It considers that all material facts have been publicly disclosed by both it and Hollinger.

The Inspection has now been underway for almost since months since October 26, 2005 at a cost to Hollinger of $6.35 million to April 1. The costs are averaging more than $1 million a month. Upwards of twenty professionals are involved in this extensive scrutiny.

During this period, the Inspector has submitted to the Court seven written Reports outlining its findings and the status of the Inspection. There have been 219 pages of Reports to date from the Inspector. Its seven Reports have all been made publicly available and have been the subject of considerable media attention.

In December, 2004, each of Hollinger, Argus and Ravelston, and their respective immediate subsidiaries, provided their general ledgers to the Inspector and entered into a protocol with it with respect to extensive disclosure of their documents. The Inspector has been given full electronic access to their financial records.

It should be noted that the Inspector conducted an electronic search of approximately 60,000 entries on the cash sheets of Hollinger and most of its subsidiaries (excluding International) compared with the names of approximately seventeen related parties. By November 9, 2005, that search had yielded 11,000 possible related party transactions, which number was subsequently expanded to 16,000 entries.

Each of these transactions involved debits or credits of monies paid or advanced. The true number of underlying transactions is considerably less as there is considerable duplication or even quadruplication of entries within these possible related party entries due to the accounting practice of credits and debits for each of the related parties.

The Inspector has therefore had the means for over five months now to report on any substantial financial concerns that it may have.

4. *"Please provide additional submissions regarding why varying the Hollinger Inc. MCTO would not be prejudicial to the public interest. In responding, please address the public interest element as it relates to each of the proposed uses of the proceeds of the sales of the Shares set out in submission 8."*

The term "public interest" must be considered in the light of practicality. We must also consider why the MCTOs of Argus and Inc. came to be issued in the first place.

It is not in the public interest that Argus, a public listed company for 60 years, be placed into an insolvent situation by reason of the illiquidity of its assets due to the existence of a MCTO that has resulted solely from its inability to prepare financial statements.

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Argus' inability to produce financial statements is due to the lack of financial statements of Hollinger on which it might consolidate combined with a concurrent change in generally accepted accounting principles (**"GAAP"**) that required such consolidation for the first time in 2004. Hollinger's inability, in turn, to produce its financial statements resulted from the lack of financial statements of its subsidiary International.

OSC policy permitting MCTOs is relatively new and is being developed. OSC Policy 57-603 was issued on April 27, 2001 and the Canadian Securities Administrators' Staff Notice 57-301 was issued on March 29, 2002.

A MCTO results from a voluntary application by an issuer. Pursuant to a MCTO, an issuer may regularize its affairs while ongoing trading of its securities by its public shareholders is permitted. Trading by management and insiders is restricted during the period of the MCTO as there is a concern as to the extent of information that is available to the public.

Typically, MCTOs do not last as long as they have in the case of Argus and Hollinger. It was generally not contemplated that a company would run out of the funds necessary for it to meet its obligations due to the illiquidity of its securities in a protracted situation.

The circumstances and the developments related to these issuers are unique and it is submitted that the nature of certain required relief may need to be unique.

To ensure that trading may appropriately continue by an issuer's public shareholders, bi-weekly status reports are required to be issued by an issuer that is subject to a MCTO.

While the publicly-available financial statements of an issuer are supposed to be prepared in accordance with GAAP, the practice of issuing alternative financial reporting on a non-GAAP basis is evolving in order that the marketplace may be kept better informed of financial developments.

As noted in the Application, each of Argus, Hollinger and International have filed bi-weekly Status Update Reports since the issuance of their respective MCTO. Each of Argus and Hollinger has, in addition, filed alternative financial information.

The 2004 alternative financial information of Argus was prepared in accordance with GAAP but for consolidation with the results of Hollinger which were not available. Those market value statements were compared with Argus' audited 2003 market value statements that had been in compliance with GAAP.

Hollinger further commissioned a 48-page independent valuation by GMP Securities Ltd. with considerable additional detailed financial information as at March 1, 2005 that has been made publicly available. The Inspector has issued the seven Reports to which I referred earlier in this letter.

Argus submits that considerably greater financial and other information has been made publicly available by the Hollinger companies than is the norm in the instance of companies that are subject to a MCTO.

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As the Hollinger companies are media industry companies, the media has shown a particular interest and has faithfully reported on their financial and other developments. There is media coverage almost every day concerning these companies.

The public is accordingly extremely well-informed about the Hollinger companies.

Accordingly, it is submitted that the underlying public interest considerations at the root of the development of MCTOs have been satisfied.

OSC Practice Permits Partial MCTO Revocations

The OSC permits the sale of shares of companies that are subject to a MCTO in certain circumstances. OSC Policy 57-602 permits a partial revocation of a MCTO to permit a security holder to sell securities in order to establish a tax loss.

Argus submits that its sale of Shares in order to pay dividends and to pay ongoing business obligations, including the defence of litigation that imperils its assets, is a higher priority, and more in the public interest, than the sale of shares merely to occasion a tax loss.

Argus is not proposing to sell a large or unreasonable number of Shares with no required business purpose. It is only proposing to sell a measured, conservative number to meet valid corporate obligations.

The payment of operational expenses and dividends to its public shareholders are highly legitimate uses of a very-reasonable amount of money that would be realized on the proposed sale of the Shares. The proposed uses of the proceeds of the sale are clearly not contrary to the public interest.

It is submitted, in fact, that it would be contrary to the public interest for the variance not to be provided as the very forseeable negative consequences for Argus and its shareholders outweigh any possible benefit to the public of refusing to vary the Hollinger MCTO irrespective of the consequences.

A MCTO is not supposed to be the equivalent of capital punishment for a public company. There must be mechanisms available in circumstances such as these whereby a company can sustain itself with its own resources when no other funding is available.

5. *"Please provide additional submissions relating to the ability and/or willingness of Ravelston to fund the dividend payments and the other operational expenses (other than litigation expenses) described in the application. In view of the fact that Ravelston appears to have provided funds in connection with the previous dividend payment, why would it not be reasonable to expect that, in the absence of relief, Ravelston would not do so again?"*

6. *"Please provide additional submissions relating to the ability and/or willingness of Ravelston to fund the litigation expenses that involve Argus. In view of the fact that Ravelston's indirect interest in Hollinger Inc. is held primarily through its Argus holdings, would it not be reasonable to expect that Ravelston will continue to provide funding to Argus to permit Argus to continue to defend itself regardless of the outcome of this application?"*

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I will respond to both of those questions together due to their common theme.

It is Argus that is making this Application and not The Ravelston Corporation Limited (**"Ravelston"**).

Ravelston is a distinct separate entity that is entitled to make its own operating decisions.

It must be reasonably apparent, however, if Argus has litigation expenses that Ravelston has litigation expenses of a far greater magnitude.

In addition to the legal actions in which Argus is a defendant, Ravelston is a defendant in the Seconded Amended Complaint commenced by International. International has claimed US $442 million dollars together with costs and considerable interest. The total claimed amount is likely well over $600 million dollars as of today's date.

The costs of being a significant defendant in such a proceeding, much less in the class action complaints or a significant related party in the Inspection, and addressing general day-to-day litigation issues, are very substantial.

In addition, Ravelston has salary and pension obligations and operating expenses. As well, as has been revealed by the Inspector and by Hollinger in its legal action and news releases, Hollinger is currently expecting Ravelston to pay to it certain amounts, including for support obligations whereby Ravelston and Ravelston Management Inc. derive no direct benefit.

It should be noted that Ravelston has paid considerable expenses on behalf of Hollinger and its subsidiaries and provided services for which it has not been reimbursed.

The management services that Ravelston provided to Hollinger, included the payment of the salaries and other costs with respect to those services. While the Services Agreement arrangements with Hollinger were terminated effective January 1, 2001, Ravelston continued to pay for these costs. Ravelston has received some reimbursement over the years but there have been considerable additional amounts advanced.

This is not to suggest either that Ravelston may, or may not, be obligated to Hollinger pursuant to support agreements. It is only intended to further explain that any considerably diminished revenue that Ravelston has received has been offset by expenses.

The management fees that International paid to Ravelston pursuant to services agreements were to have been terminated at the end of June, 2004. However, payments were not made by International for periods after December, 2003 while Ravelston continued to provide services to International while paying for the costs of its staff and related expenses.

Ravelston has provided to International invoices totaling $6,548,522 for services that had been provided and expenses incurred by it in 2002, 2003 and January and February of 2004 for which there has been no payment.

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The combination to Ravelston of (i) significantly-reduced income, (ii) significant continuing operating expenses and (iii) extraordinary litigation costs have placed Ravelston in a position where it has advised that it is not in a position to advance funds to Argus.

The basis for such a decision may be reasonably surmised as Ravelston has its own considerable obligations.

7. *"Could we get a further breakdown, in table format, of the proposed operating expenses, indicating which payments are to parties that are unrelated to Ravelston and which payments are to parties that are related to Ravelston."*

There are no payments to be made to Ravelston other than the limited amount of dividends that Ravelston is proposed to receive on its 2,900 Class A Preference Shares $2.60 Series ($0.65 per share totaling $1,885 per quarter). This is a non-material amount at 0.75% of the dividends that are to be paid.

Directors fees will also be paid. Argus' directors' compensation is extremely reasonable. Argus' Board includes five persons that are related to Ravelston. Each of those directors receives $2,500 per quarter and $1,500 for meeting attendance fees. Three of these directors further receive $500 per quarter to serve on the Executive Committee. The estimated directors fees to be received from the funds of the proposed sale of Shares by persons related to Ravelston are estimated to be $4,000 each per quarter with three additionally receiving $500 per quarter, totaling $21,500 per quarter.

These directors fees are not gifts, however. Services are provided by these persons in serving as directors. No salaries are paid to officers of Argus as officers, other than to Ms. Monique L. Delorme, its Chief Financial Officer.

The basic heads of the operating expenses of Argus in the six-month period ahead are set out below with certain variables that basically preclude accurate forecasting.

(a) accounting expense (the variables include the extent that professional services are required to assist Argus to review its financial reporting and status update disclosure, attendances at Board and Audit Committee meetings, etc.)

(b) directors and audit committee fees (variables include the numbers of meetings and issues that may occur that require Board or Audit Committee meetings)

(c) Toronto Stock Exchange and regulatory fees;

(d) legal expenses

(i) Defense of litigation claims

- Consolidated Class Action Complaint (Illinois)

- Class Action Claim (Saskatchewan)

(ii) Inspection-related costs

(iii) Insurance-related costs

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The variables with respect to legal expenses include (i) the success or failure of the Motion to Dismiss the Consolidated Class Action Complaint and any similar motion with respect to the Saskatchewan Class Action Claim, (ii) the duration of the inspection, (iii) the extent of litigation involved with the inspection, (iv) whether the insurer with respect to these types of claims will pay, or be ordered to pay, accounts submitted to it

(e) regulatory reporting and liaison

There are 3 major cost components with respect to Argus' regulatory reporting and liaison, including (i) considerable professional time to prepare the Status Update Reports and News Releases and communicate with regulators, (ii) certain professional expense related to reviewing these filings, and (iii) the costs of public filings.

The average Argus Status Update Report of 12 pages entails a considerable filing fee (over $6,500 was invoiced to Argus in February, 2005 in which 2 Status Update Reports were issued). Argus' April 1, 2004 filing was 31 pages in length due to the attached 2004 financial statements and the related Notes.

(f) salaries (e.g. Chief Financial Officer and assistant)

(g) rent and equipment (Argus has been advised by Hollinger that it needs to leave its offices at 10 Toronto Street by May 31, 2005. It therefore has to find alternative accommodations and support arrangements, the costs of which are unknown. Further, the number and related cost of its support staff is not yet determined.)

(h) shareholder communications and transfer agent expenses

(vi) general office and administration expense

Uncertainty with respect to the litigation and the announced required transition to alternative head office facilities and arrangements are amongst the variables that make it impractical to forecast specific expenses.

8. *"If the Commission were to vary the Hollinger Inc. MCTO in the context of the present application, would it be reasonable to expect that this would be a one-time application or does Argus intend to make similar applications in respect of future dividend payments?"*

Should the MCTO continue for an extended additional period, it is probable that Argus will need to make a similar application in respect of future obligations.

However, there is nothing improper or incorrect about this. Argus submits that it is reasonable to proceed in this way in the present circumstances with effective ongoing monitoring of the situation by the OSC.

Argus had contemplated increasing the number of Shares to be sold. However, it considered it prudent to request the sale of a reasonably small number of Shares to raise a reasonable amount of funds that could be specifically monitored. The situation can then be reviewed by Argus and the OSC should there be further requirements at a later date.

Argus is, after all, not requesting a loan. It is simply requesting permission to be able to sell its own capital property in a measured way to meet its own obligations.

It should be further noted that once International provides its 2004 and interim financial statements and Hollinger is able to prepare its financial statements on which Argus may prepare consolidated statements, all required filings may be brought up to date by Argus and Hollinger. The MCTO of each of Argus and Hollinger could then well be lifted.

9. *"In view of the litigation claims against Argus described in the application, please advise whether Argus has obtained or is required to obtain a solvency opinion relating to the payment of the dividends."*

It is the decision of a company's Board of Directors to determine whether it is appropriate to declare dividends in the circumstances of a company at any given time.

It is accordingly the decision of Argus' directors to determine if a dividend should be declared and whether there is any requirement for a solvency opinion. The directors will need to review all of the circumstances, including the assets of the Corporation.

With respect to the litigation, Argus considers that the claims that have been made against it have no foundation and that there is no reasonable prospect that any amount would be required to be paid by it.

As stated in the Application, Argus had no involvement with any of the transactions that are being disputed. Argus has only held capital property and conducted no business activities other than its holding of Shares.

10. "Please advise whether any of the Shares held by Argus have been pledged or are otherwise subject to any encumbrances? "

Argus has not pledged any of the Shares. Ravelston has apparently provided one or more General Security Agreements (each a **"GSA"**) to Hollinger in support of certain agreements. Presumably, each GSA provides a form of charge over the property of Ravelston which may include the shares that Ravelston holds in Argus, but not the Shares held by Argus..

11. *"We note that, in the present application, Argus Corporation Limited ("Argus") and certain of its numbered subsidiaries have made application for a variation of the Hollinger Inc. MCTO dated June 1, 2004, as amended March 8, 2005 (the "Hollinger Inc. MCTO"), to permit Argus and/or certain of the numbered companies to sell up to 200,000 Retractable Common Shares (the Shares") of Hollinger Inc.*

We further note that the Hollinger Inc. MCTO precludes "... all trading, whether direct or indirect, by those persons listed in Schedule "A"...", subject to certain exceptions described in the Hollinger Inc. MCTO.

In view of the fact that Argus is a subsidiary of The Ravelston Corporation Limited ("Ravelston"), and Ravelston is named as a respondent in the Hollinger Inc. MCTO, why would a trade by Argus in Shares not constitute an indirect trade by Ravelston in such Shares, with the result that Ravelston (and other parties) would also require relief?

We further note that in the Hollinger Inc. application record that was filed on March 15, 2005, in respect of which we believe a similar issue arose, Hollinger Inc. made application on behalf of itself and on behalf of 509643 N.B. Inc., 509644 N.B. Inc., 509645 N.B. Inc., 509646 N.B. Inc., 509647 N.B. Inc., 1269940 Ontario Limited, 2753421 Canada Limited, Conrad Black Capital Corporation, Argus Corporation Limited, Conrad M. (Lord) Black and The Ravelston Corporation Limited. To the extent that these parties (other than Hollinger Inc.) are not applicants in the present matter,"

It is a factual determination as to whether or not there is indirect trading.

Were Ravelston to have requested Argus to sell Shares and Argus were to then provide the funds to Ravelston, there would be indirect trading.

With respect to the proposed sale of Shares, there is no indirect trading, however. Argus made its own decision to request permission to sell Shares to meet its own obligations and to meet its own corporate objectives. With the exception of incidental non-material amounts of dividends and directors fees, no amount is to be paid to Ravelston or related parties.

It should be further noted that there have been no regulatory allegations against Ravelston either in the U.S. or in Canada.

Control Distribution

With respect to a claim made by Catalyst that the proposed sale by Argus of Shares is prohibited by Section 2.8(2)(5) of Multilateral Instrument No. 45-102, Argus submits that

(i) the proposed sale of Shares, if permitted, will not meet the definition of "distribution" as defined in Subsection 1(1) of the *Securities Act* (Ontario) (the **"Act"**) as the total number of Shares that Argus holds in Hollinger, while considerably in excess of 20% of the outstanding Shares, does not "affect materially the control of the issuer"; and

(ii) Argus has no reasonable grounds to believe that Hollinger is in default of securities legislation.

Argus does not materially control Hollinger.

A definition of "control" is set out in Section 1590 of the Handbook of the Canadian Institute of Chartered Accountants:

> *".03 (b) Control of an enterprise is the continuing power to determine its strategic operating, investing and financing policies without the co-operation of others.".*

Argus does not have the *"continuing power to determine its strategic operating, investing and financing policies without the co-operation of others"* as required by GAAP for control to be established and submits that it does not have control over Hollinger.

A combination of unique factors has practically precluded what would normally be control by Argus over its sole business, being its holding of Shares.

While Argus hold 61.8% of the Shares, only one of the directors that were appointed at the last Annual General Meeting of Hollinger (**"AGM"**) in 2003 continues to serve on Hollinger's Board. Directors have appointed directors to replace resigned directors.

Argus can no longer "determine its strategic operating, investing and financing policies"' with respect to its only business.

These unique factors include with respect to both Hollinger and the voting of Hollinger's shares of International (in no particular order) but are not limited to:

- the Rights Agreement or Shareholder Rights Plan (the **"Poison Pill"**) adopted by International on January 25, 2004;
- The Delaware Complaint commenced by International on January 26, 2004 and the Decision of Vice-Chancellor Strine on February 26, 2004. While the injunction ended in early 2005, certain other constraints on control remain.
- three of Argus' appointed directors on Hollinger's Board were removed by the Court on November 18, 2005 and two of Argus' directors were required to resign to be able to continue to serve on Hollinger's Board. Argus appears to now not be entitled to appoint directors to Hollinger in which it owns 61.8% of the Shares.
- any appointment of new directors of Hollinger would be illusory in any event due to the Poison Pill and the effect of the January 16, 2004 SEC Consent Judgment in Illinois establishing major constraints against changes to International's Board
- the consequent loss of the control premium that would ordinarily attach to the shares of Hollinger held by Argus.
- the consequent significant discount likely to be realized on any disposition of the Shares, if not the practical illiquidity of those shares.

- the continuing delay by Hollinger in holding its AGM as approved by an initial Court Order with 2 Court-approved extensions to date, which delay is likely to be further continued on an extended and indeterminate basis.
- the loss of the benefits that Argus has ordinarily enjoyed from its holding of shares of Hollinger, particularly dividends.
- Argus is now being evicted from its head office by Hollinger in which it, together with Ravelston, holds 78% of the voting shares.
- Hollinger is seeking to seize the shares of Argus owned by Ravelston pursuant to certain GSAs and, on any such seizure, would then have effective control over Argus rather than the other way around.

The totality of these and other factors affirm that Argus does not control Hollinger and has not controlled it for some considerable time and that the loss of control is not temporary.

Argus should be entitled to prepare and file its financial statements on a market value basis from the time that it lost control and seek revocation of its MCTO.

Multilateral Instrument 45-102 Exemptive Relief in the Alternative

It is not intended that a control distribution may never be completed should the limitations in Subsection 2.8(2) of Multilateral Instrument 45-102 not be met. Exemptive relief may be provided pursuant to Subsection 3.1(1) of that Multilateral Instrument that provides:

"3.1 Exemption

(1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.".

Should there be a determination that Argus controls Hollinger for purposes of the definition of "distribution" in Subsection 1(1) of the Act, Argus requests in the alternative exemptive relief pursuant to the above-noted subsection in order that the Shares may be sold.

I trust that these responses are satisfactory. If you require any additional information or responses to any other questions, I would be pleased to provide same.

Yours very truly,

H.R. Burkman

Harry R. Burkman

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