

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
COURT NO. : 500-11-031896-075

SUPERIOR COURT

(Sitting as Tribunal designated under the
Companies' Creditors Arrangement Act)

IN THE MATTER OF THE PLAN OF
ARRANGEMENT OF:

**SRX Post Holdings Inc. (formerly known as SR
Telecom Inc.)**, a legal person duly constituted, having
its place of business at:

8150, route Transcanadienne
Montreal, Quebec H4S 1M5

Petitioner

– and –

RSM RICHTER INC.

Monitor

**THIRD REPORT OF THE DESIGNATED MONITOR
ON THE STATE OF THE PETITIONER'S FINANCIAL AFFAIRS
(April 28, 2008)**

INTRODUCTION

1. On November 19, 2007, SRX Post Holdings Inc. (formerly known as SR Telecom Inc.) (the "Petitioner" or "SRT") filed with the Quebec Superior Court ("Court"), a Motion for the Issuance of an Initial Order pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA"). On that same date, the Honourable Justice Chantal Corriveau issued an initial order (the "Initial Order"), *inter alia* appointing RSM Richter Inc. as monitor (the "Monitor").
2. On December 17, 2007, the Court granted an extension of the stay of proceedings established in the Initial Order until February 29, 2008.

3. On February 27, 2008, the Petitioner filed a motion requesting a further extension of the stay of proceedings until May 2, 2008 in order to allow for the sale of assets, monetization/sale of certain assets and the filing of the Plan of Arrangement. On February 29, 2008, the Court granted an order extending the stay of proceedings until May 2, 2008.
4. On March 28, 2008, the Petitioner filed a motion to authorize the Petitioner to sell the majority of its assets and requesting that the Court issue a vesting order in connection therewith. On March 31, 2008, the Court rendered an order (the "Sale Order") authorizing the Petitioner to sell the majority of its assets to Lagassé Communications & Industries Inc. ("Lagassé") in accordance with the terms of the Asset Purchase Agreement entered into between Petitioner and Lagassé dated March 22, 2008 ("APA").
5. On April 4, 2008, the closing of the sale to Lagassé ("the Lagassé Transaction") took place and SRT ceased all operating activities.
6. On April 15, 2008, in furtherance of the Lagassé Transaction and as contemplated thereunder, the Petitioner formally changed its name from SR Telecom Inc. to SRX Post Holdings Inc.
7. On April 21, 2008, the Petitioner filed a Motion to Establish a Claims Process and on April 23, 2008 the Court rendered an order approving the Claims Process ("Claims Process Order").
8. The purpose of this report is to provide the Court with:
 - An update on the Petitioner's restructuring initiatives and efforts to sell/monetize its remaining assets;
 - A review of the Petitioner's current financial position and of its estimated financial position for the duration of these proceedings;
 - An update on the Claims Process;
 - A summary of the Monitor's activities since the date of the Second Report and the Sale Report (both defined below);
 - A recommendation that the Court issue an Order granting the Petitioner's request for an extension of its CCAA proceedings to August 1, 2008;
9. All amounts are stated in Canadian currency unless otherwise noted.

10. It should be noted that the Monitor has not conducted an audit or investigation of the books and records or the receipts and disbursements of the Petitioner and that accordingly, no opinion is expressed regarding the accuracy or completeness of the information contained herein. The present information emanates from the Petitioner's books and records that have been made available to the Monitor, as well as from discussions with its management.
11. The cash flow projections appended to this Report were prepared by SRT's management and are based on underlying financial assumptions. The Monitor cannot provide an opinion as to the accuracy, completeness or reliability of these projections. As the cash flow projections relate to future events, which are indeterminable by nature, variances will occur, which may be material. Accordingly, the Monitor does not express an opinion regarding the likelihood of materialization of these cash flow projections.

BACKGROUND

12. We refer you to the Petitioner's Motion for the Issuance of an Initial Order, the First Report of the Designated Monitor on the State of Petitioner's Financial Affairs dated December 14, 2007 ("First Report") and the Second Report of the Designated Monitor on the State of Petitioner's Financial Affairs dated February 27, 2008 ("Second Report") (Appendix "A") for a comprehensive description of SRT's corporate structure, background, operations, historical operating results, financial position, as well as a summary of the operational and financial restructuring initiatives undertaken by the Petitioner's management leading up to the Petitioner seeking protection pursuant to the CCAA and since the rendering of the Initial Order. In addition we refer you the Report of the Designated Monitor in Conjunction with the Motion for Authorization to Sell the Assets of the Petitioner dated March 28, 2008 ("Sale Report"). For ease of reference certain highlights of SRT's background are provided below.
13. The Petitioner was incorporated under the Canada Business Corporations Act on February 17, 1981 and went public in 1986 pursuant to an initial public offering in Canada. The Petitioner's common shares currently trade on the Toronto Stock Exchange under the symbol "SRX".
14. SRT's head office and principal place of business was located at 8150 Trans-Canada Highway, Montréal, Quebec. It also maintained offices in Mexico, the United States and other foreign jurisdictions (either directly or indirectly through various foreign subsidiaries).

15. SRT's core business was the development, design, marketing and sale of broadband wireless access products which are categorized as follows:
- **SymmetryONE** ("SymmetryONE") which was the Petitioner's primary source of revenues.
 - **SymmetryMX** ("SymmetryMX"), which is a new product line, based on the WiMAX wireless communications standard, which is ready for commercialization. SymmetryMX revenues are anticipated to start in the second quarter of 2008 and gradually replace SymmetryONE as the Company's primary source of revenues.
 - **Legacy Products** ("Legacy Products") which consist of a number of older product lines which are in their "end of life" phase. These include products known as SR500, SR100 and Airstar.

RESTRUCTURING MEASURES and SALE OF ASSETS PROCESS

16. We refer you to the First Report, the Second Report and the Sale Report for a summary of the operational and financial restructuring initiatives undertaken by the Petitioner's management leading up to the Petitioner seeking protection pursuant to the CCAA and since the rendering of the Initial Order, as well as a summary of the initiatives relating to the sale of assets. The following section highlights the restructuring efforts undertaken by management since the date of the Second Report.
17. As indicated above, on April 4, 2008, SRT sold the majority of its operating assets and business to Lagassé and permanently ceased all operating activities on the same date.
18. The APA covers the purchase of substantially all the assets and business of SRT.
19. In addition, Lagassé retained a significant number of SRT's employees and assumed the corresponding employer obligations related thereto. Those employees not retained by Lagassé were terminated on or about April 4, 2008.
20. The Sale Order also authorized the remittance to the secured lenders of the sale proceeds plus a portion of the Petitioner's cash on hand. Pursuant to the Sale Order, the Company remitted an aggregate amount of \$11,050,000 to the agent of the secured lenders for distribution to the entitled beneficiaries.

21. As it appears from the CCAA proceedings, Lazard & Freres LLC ("Lazard") acted as Petitioner's advisor in connection with the Lagassé Transaction. Lazard has submitted to the Petitioner an invoice for services rendered, the quantum of which is being disputed by the Petitioner. This matter is still outstanding.
22. Following the Lagassé Transaction, SRT rehired, on a contractual basis, 4 former employees (including two officers) and two outside consultants to assist in the realization of the remaining assets, to ensure that all post-filing and pre-sale obligations are settled, to assist in the Claims Process, as well as the filing and implementation of an eventual Plan of Arrangement.
23. With a view of maximizing realization for all stakeholders, the Petitioner:
 - a) engaged in a process for the realization of value related to the Petitioner's tax attributes. On April 7, 2008 a non-binding letter of interest outlining a proposed reorganization and recapitalization transaction, pursuant to a plan of reorganization and arrangement, was signed by an interested party and SRT. This document outlines a proposal pursuant to which the investor would provide an investment in SRT and participate in the steps required to effect the investment. The letter of interest provides exclusivity to the interested party until May 1, 2008, the end of the due diligence period. The interested party is currently in the process of performing its due diligence review and the parties are discussing the most effective way to structure such a transaction; and
 - b) is continuing its discussions with a potential buyer for the purchase of the Petitioner's rights, title and interest in the *Airstar* intellectual property.
24. The Petitioner is monitoring the use of its cash on a daily basis. Only essential operating expenses were incurred up to the date of closing of the Lagassé Transaction. The Petitioner's current goods and services providers have all been advised that the Petitioner has sold its operating assets and ceased all operations and accordingly, have been notified of the termination of their services and contracts, effective April 4, 2008. Management is in the process of making final payments on all invoices for goods or services received up to and including the date of closing of the Lagassé Transaction to ensure that the providers are made aware of the new ownership and transfer their billing accordingly, as the case may be.

CLAIMS PROCESS

25. In anticipation of the consummation of the proposed reorganization and recapitalization transaction and in order to accelerate the presentation of a plan of arrangement to its creditors, the Petitioner sought and obtained the Claims Process Order.
26. The Claims Process Order outlines the actions and related timeline for the solicitation, acceptance and disallowance of claims against the Petitioner as well as its directors and officers, including claims which came into existence since the issuance of the Initial Order.
27. In accordance with the Claims Process Order:
 - a) On April 16, 2008, the Petitioner provided the Monitor with a comprehensive list of all known and potential creditors (“Scheduled Creditors”), with amounts owing as estimated by the Petitioner as well as mailing addresses for each of the Scheduled Creditors.
 - b) On April 28, 2008, the Monitor mailed a Notice of Scheduled Creditor Claim and an Information Package (as defined in the Claims Process Order) to every Scheduled Creditor.
 - c) A copy of the Information Package (as defined in the Claims Process Order) was posted on the Monitor’s Website on April 25, 2008.
 - d) Notices of Claims Bar Date were also published in the following newspapers on the following dates:
 - The Montreal Gazette – April 26, 2008;
 - La Presse (Montreal) – April 26, 2008;
 - Globe & Mail (National Edition) – April 26, 2008;
 - Wall Street Journal (National Edition) – April 28, 2008;
28. The Claims Process Order required that the Monitor publish a Notice of Claims Bar Date, by no later than April 28, 2008, in the following foreign newspapers:
 - El Pais (Spain);
 - El Universal (Chile);
 - Clarin (Argentina);

- AI Universal (Mexico).

29. The Monitor was only able to secure advertising space to publish the Notice of Claims Bar Date in the aforementioned foreign newspapers at the earliest on May 3, 2008. Therefore the Notice will be published in those newspapers on that date.
30. The Claims Bar Date (as defined in the Claims Process Order) is May 23, 2008.
31. The Petitioner will work with the Monitor to reconcile and resolve any discrepancies between amounts claimed pursuant to Notices of Dispute and Proofs of Claim received.

LIQUIDITY POSITION

32. In the Second Report, the Petitioner filed with this Court, a revised Projected Cash Flow statement for the period ending May 2, 2008 (as appendix "C" to the Second Report).
33. On April 18, 2008, the Petitioner's cash balance amounted to \$10.99 million, as compared to the projected balance of \$9.32 million as at the same date. The \$1.67 million favorable variance is attributable to the following:
 - The cash flow assumed continued operations through May 2, 2008, when in fact, operations ceased on April 4, 2008;
 - Cash receipts were \$9.3 million in excess of the projected amounts attributable primarily to the following:
 - Proceeds in the amount of \$6.05 million from the Lagassé Transaction which were not projected;
 - Recovery of \$1.83 million in GST and QST refunds which were not projected to be received in the period;
 - Recovery of \$1.58 million in R&D tax credits which were not projected to be received in the period;
 - Recovery of accounts receivable which exceeded projections by an amount of \$ 1.74 million;

- Decreased revenues in the amount of \$1.9 million due to manufacturing delays and the termination of operations on April 4, 2008.
- Restricted and Reserved Cash were reclassified as free cash as follows:
 - A \$500,000 letter of credit expired which released an equivalent amount that was being reserved by the Petitioner's bank, which was not projected in the period;
 - An amount of \$250,000 of cash which had been restricted to cover employer's deductions at source was released by the bank, subsequent to all outstanding amounts owing with respect to assumed/terminated employees being paid, in the context of the Lagassé Transaction;
 - The release of \$2.36 million of cash reserved to cover accrued vacations and minimum severance allocations. A portion of this cash was used to fund the vacation and severance payments required to be made pursuant to the APA.
- Cash disbursements were \$2.66 million less than projected attributable to the following:
 - Procurement costs were \$1.55 million less than projected, as a result of delays in deliveries from contract manufacturers and the fact that SRT ceased operations April 4, 2008 (offsetting the negative cash receipt variance noted above);
 - Payroll costs were \$155,000 less than projected as a result of employee resignations which were not projected;
 - A positive and permanent variance in the amount of approximately \$600,000 relating to accrued vacation which was assumed by Lagassé pursuant to the APA;
 - Net favorable variances in the amount of \$356,000 attributable to timing differences.
- Other disbursements of \$ 11.05 million, which were not projected:
 - Remittance of \$11.05 million to the Secured Lenders as authorized by the Court pursuant to Sale Order.

34. For more detailed explanations of the above noted variances, we refer you to the "Cash Flow – Actual vs. Budget" schedule and variance analysis attached hereto as Appendix "B".

35. Since the issuance of the Initial Order, the Petitioner has been operating virtually on a COD basis with most of its suppliers. The Petitioner has however incurred certain liabilities which remain outstanding due primarily to timing differences and which should be paid forthwith in the normal course of business.

CASH FLOW PROJECTIONS

36. The Petitioner presents to this Court its revised Cash Flow Projections for the period from April 21, 2008 to July 31, 2008 (Appendix "C").
37. The assumptions underlying the revised Cash Flow Projections (Appendix "D") reflect the Petitioner's restructuring initiatives discussed throughout this report. It should be noted that these revised Cash Flow Projections only reflect the financial impact of transactions involving the sale of assets and/or business activities which have been concluded. The impact of the sale of the balance of the Petitioner's assets has not been reflected as the terms and timing thereof are unknown at the present time.
38. Based on the revised Cash Flow Projections, the Petitioner should have sufficient cash to fund the asset realization and Claims Process through August 1, 2008 during which period it hopes to close one or more additional transactions involving the sale of certain of its remaining assets as well as file a Plan of Arrangement. The use of funds reflected in the revised Cash Flow Projections has been reviewed and consented to by the Secured Lenders.

ACTIVITIES OF THE MONITOR

39. The Monitor attended numerous meetings and conference calls with the Petitioner's management and its Board of Directors, was kept apprised of material developments relating to the business activities and was consulted and assisted with the restructuring process and sale of assets.
40. The Monitor attended several meetings and discussions with the Petitioner's management, the Secured Lenders (and their legal counsel) to apprise them of material developments and to seek their views and input with respect to the restructuring initiatives. At the request of the Secured Lenders and with the concurrence of the Petitioner, the Monitor also prepared a number of analyses for the benefit of the Secured Lenders.

41. The Monitor addressed numerous queries from the Petitioner's suppliers, contract manufacturers and other unsecured creditors.
42. The Monitor continued to review the Petitioner's financial affairs and results on a regular basis. The Monitor also reviewed the Petitioner's weekly cash flow projections attached to this Report.
43. The Monitor has actively participated in the Petitioner's efforts to sell its operating assets/business and has participated in numerous meetings and discussions with the Petitioner's management, Board of Directors, Secured Lenders, financial advisors and legal counsel in relation thereto. The Monitor has also engaged in direct communications with Lagassé relating to its purchase of the operating assets as well as to certain potential purchasers of the Petitioner's remaining assets.
44. The Monitor is involved in the Petitioner's ongoing review of its subsidiaries financial position to identify any potential recoveries or liabilities.
45. The Monitor attended meetings and discussions pertaining to the Claims Process and coordinated the notifications and mailings.

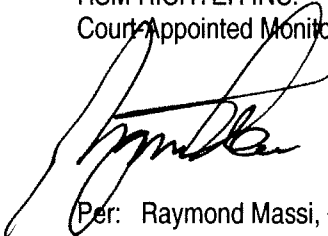
REQUEST FOR EXTENSION AND MODIFICATION OF THE CLAIMS PROCESS ORDER

46. At the present time, it is premature for the Petitioner to develop a plan of arrangement and present same to its creditors. As discussed above, the Petitioner is presently continuing its negotiations with an interested party with a view to completing the proposed reorganization and recapitalization transaction, pursuant to a plan of reorganization and arrangement.
47. The Claims Process that has been initiated is currently under way.
48. The Petitioner has been paying for goods and services received subsequent to the date of the Initial Order on a COD basis with only a few exceptions subject to the above noted comments with regards to Lazard, any outstanding amounts are minimal, and should be paid as the bills are received.
49. It is the Monitor's belief that the Petitioner's management and its Board of Directors has and continues to act in good faith, with diligence and has been cooperating with all stakeholders, including but not limited to the Monitor, the Secured Lenders, as well as other creditors.

50. The Monitor supports the Petitioner's request for an extension of the stay of proceedings established in the Initial Order until August 1, 2008;
51. The Monitors also requests that the date by which the Notice of Claims Bar Date shall be published in the Designated Newspapers be extended from April 28, 2008 to May 3, 2008.
52. The Court should grant this extension as:
- a) The Petitioner has and continues to act in good faith and with diligence;
 - b) The Petitioner needs additional time in order to complete the process for the realization of value related to the Petitioner's tax attributes and to present a Plan of Arrangement to its creditors.
 - c) The Petitioner has not prejudiced any of its creditors as it has paid or is expected to pay all liabilities incurred since the issuance of the Initial Order, subject to the abovenoted comments with regards to Lazard.
53. The Court should extend the date by which the Notice of Claims Bar Date shall be published in the Designated Newspapers from to May 3, 2008.

DATED AT MONTREAL, this 28th day of April, 2008.

RSM RICHTER INC.
Court Appointed Monitor



Per: Raymond Massi, CA

Appendix A

Second Report of the Designated Monitor on the State of the Petitioner's Financial Affairs

Refer to

http://www.rsmrichter.com/downloads/pdf/insolvency_files/CaseID111/9_Secondreportofthemonitors.pdf

Cash Flow vs. Projections
For the 23 weeks ended April 18, 2008

| | Actuals 23 weeks ended Apr. 18, 2008 | Budget 23 weeks ended Apr. 18, 2008 | Variance 23 weeks ended Apr. 18, 2008 | Comments |
|---|--|---|---|----------|
| Cash Receipts | \$ 39,202,959 | \$ 29,895,037 | \$ 9,307,922 | Note 1 |
| Disbursements | | | | |
| Procurement | 16,226,463 | 17,778,718 | (1,552,254) | Note 2 |
| Operating Expenses | 13,241,451 | 14,044,998 | (803,547) | Note 3 |
| | <u>29,467,914</u> | <u>31,823,716</u> | <u>(2,355,801)</u> | |
| CCAA Funding Requirements | | | | |
| Vacation Pay Funding | 2,288,303 | 2,974,206 | (685,903) | Note 4 |
| Retention Bonus Funding | 1,620,085 | 1,620,085 | 0 | |
| Procurement deposits | 0 | 0 | 0 | |
| Operating deposits | 134,500 | 134,500 | 0 | |
| Admin/Professional fees | 2,599,760 | 2,223,218 | 376,542 | Note 5 |
| | <u>6,642,648</u> | <u>6,952,009</u> | <u>(309,361)</u> | |
| Net Increase/(Decrease) in Cash | 3,092,396 | (8,890,688) | 11,973,084 | |
| Remitted to secured lenders | (11,050,000) | 0 | (11,050,000) | Note 6 |
| Opening Cash Balance <i>(net of restricted and reserved cash)</i> | 17,945,637 | 17,945,637 | 0 | |
| Change in restricted cash | 1,000,000 | 250,000 | 750,000 | |
| Ending Cash Balance | \$ 10,988,033 | \$ 9,314,949 | \$ 1,673,084 | |
| Balance per Bank | 12,095,535 | 14,092,958 | (1,997,423) | |
| Less: Restricted Cash | (90,000) | (800,000) | 750,000 | Note 7 |
| Less: Reserved Cash - Vacation Pay | 0 | (2,357,924) | 2,357,924 | Note 8 |
| Less: Reserved Cash - KERP | (1,057,502) | (1,620,085) | 562,583 | Note 9 |
| Less: Axtel segregated account | 0 | 0 | 0 | |
| Ending Cash Balance | \$ 10,988,033 | \$ 9,314,949 | \$ 1,673,084 | |

Variance Analysis

Note 1: Cash receipts are \$9.3MM in excess of budget for the following reasons:

- Proceeds in the amount of \$6.05MM from sale of assets to Lagassé which were not projected;
- Receipt of 2006 R&D tax refund of \$1.58MM, the receipt of which was not projected in the period;
- GST & QST refunds of \$1.83MM, the receipt of which were not projected in the period;
- Collection of over 90 day accounts receivable which exceeded projections by \$1.74MM;
- Revenues/collections from operations which did not materialize in the period (\$1.9MM less than projected) due to manufacturing delays and the termination of operations on April 4, 2008.

Note 2: Procurement disbursements were \$1.55MM less than projected due primarily to production delays encountered by SRT's contract manufacturers and the sale of the business on April 4, 2008.

Note 3: Operating expenses were \$800k less than projected due to temporary timing differences or as a result of the termination of operations on April 4, 2008.

Note 4: Payment of vacation pay was less than projected because of obligations assumed by Lagassé.

Note 5: Administration and professional fees are greater than projected due to increased legal costs associated to complete the sale to Lagassé and to develop the claims process.

Note 6: Remittance of \$11.05MM to the secured lenders as authorized by the Court which was not projected.

Note 7: Release of a portion of restricted cash by HSBC as follows:

- \$250K reserve to cover the bi-weekly employer DAS obligations which was released immediately upon the transfer of the employees to Lagassé or their termination;
- \$500K reserve to cover an open letter of credit which expired March 31, 2008.

Note 8: Reserved cash of \$2.36MM was reclassified/ used as follows:

- \$778K was used to fund the vacation payments to employees who were either terminated and transferred to Lagassé;
- \$807K was used to fund the severance payments for terminated employees;
- \$100K was used to fund payroll costs associated with employee vacation pay (taken in time);
- \$600K was reclassified due to Lagassé's assumption of certain vacation obligations for transferred employees;
- \$72K was reclassified to unrestricted cash as the obligations related thereto were either assumed by Lagassé or no longer payable by SRT.

Note 9: \$563K of funds held in trust were disbursed to pay KERP entitlements to terminated employees.

SRX Post Holdings Inc. (Formerly Known as SR Telecom Inc.)
Summary Weekly Cash Flow Projections
For the 15 Weeks Ending August 1, 2008

| | Actuals | | | | | | | | | | | | | | | Total |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Week ending | 25/Apr/08 | 2/May/08 | 9/May/08 | 16/May/08 | 23/May/08 | 30/May/08 | 6/Jun/08 | 13/Jun/08 | 20/Jun/08 | 27/Jun/08 | 4/Jul/08 | 11/Jul/08 | 18/Jul/08 | 25/Jul/08 | 1/Aug/08 | |
| Cash Receipts | 20,772 | 0 | 629,321 | 27,500 | 88,000 | 0 | 310,000 | 0 | 0 | 0 | 190,000 | 0 | 0 | 0 | 0 | 1,265,593 |
| Disbursements | | | | | | | | | | | | | | | | |
| Procurement | 1,270 | 2,401 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,671 |
| Operating Expenses | 768,065 | 480,207 | 396,962 | 276,634 | 235,952 | 272,152 | 214,452 | 153,152 | 155,952 | 297,382 | 149,702 | 121,902 | 128,902 | 217,402 | 126,402 | 3,995,219 |
| | 769,335 | 482,607 | 396,962 | 276,634 | 235,952 | 272,152 | 214,452 | 153,152 | 155,952 | 297,382 | 149,702 | 121,902 | 128,902 | 217,402 | 126,402 | 3,996,890 |
| CCAA Funding Requirements | | | | | | | | | | | | | | | | |
| Admin/Professional fees | 0 | 230,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 1,445,000 |
| | 0 | 230,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 1,445,000 |
| Net Increase/(Decrease) in Cash | (748,363) | (712,607) | 82,359 | (399,134) | (297,952) | (422,152) | (54,452) | (303,152) | (200,952) | (342,382) | (4,702) | (166,902) | (173,902) | (262,402) | (171,402) | (4,178,297) |
| Remitted to secured lenders | | | | | | | | | | | | | | | | 0 |
| Opening Cash Balance | 10,988,033 | 10,289,470 | 9,576,863 | 9,659,222 | 9,280,088 | 8,962,136 | 8,539,984 | 8,465,532 | 8,182,380 | 7,981,428 | 7,639,046 | 7,634,344 | 7,467,442 | 7,293,540 | 7,031,138 | 10,988,033 |
| (net of restricted cash, currently \$600K) | | | | | | | | | | | | | | | | |
| Change in restricted cash | 50,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50,000 |
| Ending Cash Balance | 10,289,470 | 9,576,863 | 9,659,222 | 9,260,088 | 8,962,136 | 8,539,984 | 8,465,532 | 8,182,380 | 7,981,428 | 7,639,046 | 7,634,344 | 7,467,442 | 7,293,540 | 7,031,138 | 6,859,736 | 6,859,736 |

The cash flow projections are prepared by SRT's management.
 The Monitor has not audited the financial projections and can not provide an assurance as to the accuracy, completeness or reliability of the information within.

SRX Post Holdings Inc. (Formerly Known as SR Telecom Inc.)

Notes to the Projected Cash Flow Statement

For the Period beginning on April 21, 2008 to August 1, 2008

Note 1: Purpose of the Projected Cash Flow Statement

- The attached cash flow projections were prepared by SRX Post Holdings Inc.'s ("SRX" or "Company") management on April 25, 2008 based on available financial information at that date. The sole purpose of these projections is to present prospective financial information required under Section 11(2) of the Companies' Creditors Arrangement Act ("CCAA"). Readers are cautioned that this information may not be appropriate for other purposes.
- The cash flow projections were prepared using probable assumptions supported and consistent with SRX's plans for the period from April 21, 2008 to August 1, 2008, taking into consideration the economic conditions that are considered the most probable by management.
- The cash flow projections are based on assumptions pertaining to future events, accordingly actual results may vary significantly from the information presented, even if the hypothetical assumptions occur, and the variations may be material.

Note 2: General Assumptions

- The Company sold the majority of its operating assets on April 4, 2008 and permanently ceased operations on the same date;
- The Company's management is in the process of negotiating two separate transactions in order realize on the value of certain of the Company's assets. The purchase price, the timing and the probability of closing these transactions is unclear at this time. Accordingly, no proceeds related to these transactions have been considered in the preparation of these financial projections, however certain estimated costs to consummated these transactions have been;
- These projections reflect the employment of 4 of the Company's former employees (2 of which are officers) and 2 outside consultants to assist in the realization of the remaining assets of the Company, ensure that all post-filing and pre-sale obligations are settled, to assist in the Claims Process, as well as the filing and implementation of an eventual Plan of Arrangement.

Note 3: Specific Assumptions

- Cash receipts:
 - These projections reflect the recovery of tax refunds and outstanding supplier deposits/pre-payments which were not assumed by the buyer.
- Cash Disbursements:

These projections reflect the payment of the following expenses:

 - The remaining post-filing and pre-sale liabilities incurred. (As a result of supplier billing cycles certain final invoices have not yet been received and are projected based on average monthly bills);
 - Employees and outside consultant wages;
 - Insurance;
 - Professional fees;
 - Other expenses directly related to the realization of the Company's remaining assets.
 - Reserve for contingencies.