

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
NO DE COUR : 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:

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

**FIRST REPORT OF THE DESIGNATED MONITOR
ON THE STATE OF PETITIONER'S FINANCIAL AFFAIRS
(December 14, 2007)**

INTRODUCTION

1. On November 19, 2007, SR Telecom Inc. (the "Petitioner" or "SR Telecom") filed with the Quebec Superior Court, a Motion for the Issuance of an Initial Order pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA"). On that same date, Mrs. Justice Chantal Corriveau issued an initial order (the "Initial Order"), *inter alia* appointing RSM Richter Inc. as monitor (the "Monitor").
2. All amounts are stated in Canadian currency unless otherwise noted.
3. This first report of the Monitor is to inform the Court of the following:
 - General Corporate Information
 - Historical Results and Events Leading to the CCAA
 - Sale Process
 - Operational and Other Restructuring Measures

- Financial Position
 - Liquidity Position
 - Cash Flow Projections
 - Activities of the Monitor
 - Directors and Officers Charge
 - Request for an Extension of the Stay of Proceedings to February 29, 2008
4. We inform the Court 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 the management.
5. The cash flow projections appended to this Report were prepared by SR Telecom's management and are based on underlying financial assumptions. The Monitor can not 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.

GENERAL CORPORATE INFORMATION

6. 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". As of the date of the Monitor's Report, SR Telecom has 754,992,769 issued and outstanding common shares.
7. SR Telecom's head office and principal place of business is located at 8150 Trans-Canada Highway, Montréal, Quebec. It also maintains regional sales offices (either directly or through various foreign subsidiaries) in the United States, Mexico, and the Philippines. Most of these foreign operations now have limited activity.
8. We refer you to the Petitioner's Motion for the issuance of an Initial Order for a more comprehensive description of SR Telecom's corporate structure, background and operations (Appendix "A").

9. The Petitioner also maintained, through its wholly owned subsidiary, SR Telecom SAS, a sales office in France. This entity was recently placed into court-supervised liquidation and all employees have been terminated.
10. SR Telecom's core business is the design, marketing and sale of broadband wireless access ("BWA") products.
11. The Petitioner's activities consist of the development and commercialization of proprietary hardware and software integrated with third-party equipment for use in telecommunications networks. SR Telecom's products and services provide a wide range of voice and high-speed data applications for residential and business end-users. Its products have gained marketplace acceptance as they provide for a cost effective wireless interface between remotely located customers and wired public networks.
12. SR Telecom's current product families consist of SR500, Airstar and Symmetry ONE. These products generate the Petitioner's revenues. Its products have been deployed in over 110 countries, connecting nearly two million people.
13. SR Telecom has been developing its next generation product, Symmetry MX to replace its current product offerings which are in their "end of life" phase due to technological advances. There have been virtually no commercial sales of Symmetry MX to date, and management only expects Symmetry MX to generate meaningful revenues in the first half of fiscal 2008.
14. Symmetry MX is based on the WiMAX wireless communications standard. The Petitioner is of the view that the Symmetry MX product line represents the future of SR Telecom, since the WiMAX protocol on which this platform is based will likely become the next industry standard.
15. Prior to May 2006, SR Telecom was manufacturing its products internally. However, it now outsources the manufacturing of all products to various contract manufacturers.
16. SR Telecom's customers consist of telecommunications operators who provide services in countries and regions which have limited wired telecommunications infrastructure, or where the deployment of a wired telecommunications infrastructure would not be feasible or cost effective. The majority of SR Telecom's business development opportunities are in emerging or third-world countries.

17. SR Telecom entered into an agreement with a third party, Eden Rock Wireless LLC, to outsource certain development activities for its Symmetry MX product line. This arrangement contemplates that the intellectual property developed by this development subcontractor will revert to SR Telecom and that they will also provide the necessary training to SR Telecom employees.
18. As at October 31, 2007, SR Telecom had approximately 243 employees, on a consolidated basis. Since filing for CCAA, SR Telecom has made several head-count reductions, which is more fully discussed below.

HISTORICAL RESULTS AND EVENTS LEADING TO CCAA

19. Between 1999 and 2003, the Petitioner experienced a steady deterioration in its business, manifesting itself through a drop in consolidated revenues from \$193MM in 1999 to \$127MM in 2003. During the same period, SR Telecom accumulated pre-tax losses from operations in excess of \$141MM, a portion of which are attributed to the losses and debt obligations of a wholly owned subsidiary, Comunicaciones Rurales y Telefonía SA, which it has since disposed of.
20. To address its capital and operational requirements, SR Telecom concluded a number of public and private issuances of common shares between 2000 and 2004 raising a total of approximately \$140 million.
21. Since 2004, the Petitioner has continued to experience a decrease in its business, such that consolidated sales have decreased from approximately \$99MM in fiscal 2004 to \$87MM in fiscal 2006. For fiscal 2007, SR Telecom anticipates sales of approximately \$73MM.
22. The table below summarizes the Petitioner's consolidated operating results for the fiscal year's ending December 31, 2004, 2005, 2006 and for the 10 months ending October 31, 2007.

SR TELECOM INC.				
Consolidated Income Statement				
(In 000's, CAD\$)				
	10 Months Ended October 31, 2007 (1)	Year Ended December 31, 2006 (2)	Year Ended December 31, 2005 (2)	Year Ended December 31, 2004 (2)
Revenue				
Gross Sales	\$ 68,395	\$ 87,455	\$ 76,384	\$ 99,074
Cost of Sales	62,555	69,351	47,412	55,894
Gross Profit	5,840	18,104	28,972	43,180
Operating Expenses	37,206	66,997	57,012	63,356
Research & Development	12,328	20,954	21,600	30,159
Restructuring Charges	1,352	31,515	17,200	7,701
EBITDA	(45,046)	(101,362)	(66,840)	(58,036)
Finance Charges	14,634	14,860	19,385	8,083
Other Gain/(Loss)	7,924	543	3,972	10,281
Loss from Continuing Operations before taxes	\$ (51,756)	\$ (115,679)	\$ (82,253)	\$ (55,838)
(1) As per SR Telecom Inc's internal, unaudited consolidated financial statements.				
(2) As per SR Telecom Inc's audited annual consolidated financial statements.				

23. Sales have dropped from \$99MM in 2004 to a projected level of \$73MM for fiscal 2007. This decline is primarily attributable to:
- a) a continued decline in demand for its current offering of products;
 - b) lost sales due to delays in the development and commercialization of Symmetry MX;
 - c) an erosion of customer confidence as a result of SR Telecom's unstable financial situation; and
 - d) a precarious liquidity position resulting in the inability of the Petitioner to source components and finished goods on a timely basis and under favorable terms.
24. SR Telecom's gross margins have declined from 44% in F2004 to 9% for the 10 months ending October 31, 2007. This significant erosion is attributable to:
- a) delays, inefficiencies and costs encountered in the transition and implementation of the outsourcing of SR Telecom's manufacturing operations;

- b) the inability to negotiate volume discounts due to erratic demand for components and finished goods;
- c) significant penalties imposed by SR Telecom's major customers due to delivery delays; and
- d) obligations by SR Telecom to repurchase excess and obsolete component inventories from its contract manufacturers.

25. In addition to the aforementioned factors, the Petitioner's operating losses have been caused by:

- a) an onerous corporate infrastructure that could not be absorbed by existing sales volume and gross margins;
- b) significant restructuring costs, mainly due to write-offs and write-downs of long-term investments and capital assets;
- c) significant financing charges incurred as a result of sub-optimal usage of working capital.

26. Since the beginning of 2006, the Petitioner has taken numerous steps to restructure its affairs, rationalize its operations and improve its liquidity. The following specific measures were, inter alia, taken:

- a) In the summer of 2006, SR Telecom engaged Serge Fortin as Chief Executive Officer and Marc Girard as Chief Financial Officer, both knowledgeable and experienced managers in the telecommunication industry;
- b) SR Telecom redeemed the balance of its outstanding convertible secured debentures in March 2007, which released approximated \$4.7MM of cash which had been reserved pursuant to the terms of the convertible secured debentures;
- c) SR Telecom completed the sale of its Chilean subsidiary, Comunicaciones Rurales y Telefonía SA, in February 2007, resulting in the reduction of approximately \$28MM in debt from SR Telecom's consolidated balance;
- d) SR Telecom completed the sale and leaseback of its head office premises, located in Montréal, Quebec, generating proceeds of approximately \$8.6MM;

- e) SR Telecom wound-down the operations of its Thailand subsidiary;
 - f) Instituted several working capital corrective measures, in particular, the accelerated collection of certain accounts receivable from major customers; and
 - g) Since the beginning of 2007, SR Telecom began a process to further centralize and rationalize its operations, resulting in the closure of certain subsidiaries/brand offices and approximately 105 headcount reductions (up to the date of the CCAA filing).
27. Notwithstanding the aforementioned internal restructuring measures taken by the Petitioner since 2006, SR Telecom has continued to incur significant losses and deplete its cash reserves.
28. To continue funding its operations and the development of Symmetry MX, SR Telecom raised additional debt during the last 12 months:
- In December 2006, SR Telecom obtained a convertible term loan in the amount of \$20 million from several of its existing lenders, secured by a third ranking charge on all of SR Telecom's moveable and immovable property.
 - In July 2007, SR Telecom obtained a term loan in the amount of \$35 million from certain existing lenders and a new lender, secured by a first ranking charge on all of SR Telecom's movable and immovable property.
29. The Petitioner's management has come to the conclusion that the long term viability of the Petitioner's operations is uncertain under the current cost and revenue structure. As such, in September 2007, SR Telecom 's Board of Directors decided to put the business up for sale.
30. On November 18, 2007, SR Telecom's Board of Directors resolved to file for protection under CCAA in order to provide a framework to continue restructuring its operations as well as to seek one or more strategic buyers to acquire all or part of the business/assets on a going concern basis.

31. As part of its ongoing activities under CCAA protection, the Petitioner will focus on:
- a) its sale process for the business assets;
 - b) the preservation of its investment in the development of Symmetry MX by continuing development activities and preparing commercialization for an eventual purchaser;
 - c) continuing rationalization of the Petitioner's cost structure, including additional headcount reductions;
and
 - d) continuing deliveries to certain major customers in order to preserve goodwill and enhance the realizable value of receivables and inventories.
32. The decision by the Petitioner to avail itself of the protection under the CCAA in order to complete the sale process is justified by the following factors:
- a) the protection and flexibility afforded by the CCAA will allow SR Telecom to preserve its business as a going concern and thereby safeguard the massive investment in time, energy and capital that has been dedicated to the development of Symmetry MX;
 - b) SR Telecom requires time and protection from its creditors in order to continue restructuring including the completion of the sale process and the development of a plan of arrangement with its creditors;
 - c) the restructuring envisioned by SR Telecom may involve the termination of certain agreements, including employment agreements, to which SR Telecom is a party.
33. The Petitioner has sufficient cash balances on hand to fund operating expenses during the period covered by the extension requested.

SALE PROCESS

34. The Petitioner's sale process began in late September 2007 with the engagement of Lazard & Frères LLC ("Lazard") as its exclusive financial advisor. Lazard is assisting and advising in the identification of potential buyer(s) as well as will participate in the negotiation and conclusion of a sale agreement. The intention is to sell all of the product lines and operating assets to one or more purchasers on a going concern basis.
35. Certain of the terms and conditions of the Lazard engagement were modified by mutual consent following the Initial Order. The Lazard Agreement was reviewed and approved by the Court on December 10, 2007.
36. The Petitioner's management has prepared a comprehensive "data-room", containing various financial and non-financial information required by potential buyers to perform a due diligence process and ultimately make an offer for the operating business/assets of SR Telecom.
37. The Petitioner is currently finalizing an agreement with Duons Inc., a company located in France for the sale of its repair and maintenance activities including any related equipment and inventory for its Airstar, SR 500, SR 100 product lines. The agreement also provides for the joint manufacturing of the aforementioned product lines by SR Telecom and Duons Inc.
38. SR Telecom and Duons Inc. are also finalizing a service agreement for the Symmetry One product line.

OPERATIONAL AND OTHER RESTRUCTURING MEASURES

39. Since the filing for CCAA, the Petitioner has taken several additional operational and financial restructuring initiatives.
40. The Petitioner has reduced its head count by 51 from 276 (including 33 consultants) to 225 (including 28 consultants), resulting in gross payroll savings of approximately \$450K per month. SR Telecom has notified all of its current and past employees that effective on the date of CCAA it will not be paying any severance or other termination pay entitlements, other than unpaid wages and vacation pay due upon termination.
41. In order to secure the cooperation and assistance of SR Telecom's key employees during the restructuring process and maintain the going concern value of the business, management has put forth a Key Employee Retention Program ("KERP"). The KERP applies to a select group of identified key employees who are

experienced and knowledgeable with the Petitioner's business and operations, who possess unique and vital technical skills and knowledge of the new WiMAX technology and accordingly are important contributors to the Petitioner's successful restructuring. The KERP was approved by the Court on December 10, 2007.

42. SR Telecom has negotiated accelerated payment terms with two of its major customers resulting in the collection of accounts receivable due as at the date of the CCAA. These cash receipts have improved the Petitioner's cash position.
43. The Petitioner has been in discussions with certain of its contract manufacturers in order to ensure the continued supply of equipment and components and negotiated terms which would allow SR Telecom to recover over time (based on units purchased) the advances made to the contract manufacturers.
44. The Petitioner is monitoring the use of its cash on a daily basis to ensure it is only used to fund necessary operating expenses and only to procure component parts and finished goods required to fill confirmed purchase orders for customers with whom accelerated payment terms have been negotiated.

FINANCIAL POSITION

45. The Petitioner's summary estimated balance sheet as at October 31, 2007 and as at December 7, 2007, is presented on the next page. The December 7, 2007 balance sheet includes the most up-to-date numbers available for those assets and liabilities that fluctuate continuously.

SR TELECOM INC.
Estimated Balance Sheet
(In 000's, CAD\$)

	As at Oct 31, 2007 (1)	Estimated as at Dec. 31, 2007 (2)
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 20,190	\$ 18,140
Restricted cash	1,050	4,942
Trade Accounts Receivable	8,734	1,981
Inventory	15,907	14,867
Other Current Assets	7,961	7,961
Due From Sub / Affiliate	26,793	26,793
Current Assets	80,635	74,684
LONG-TERM		
Long Term Account Receivable	4,640	6,200
Investments - Sub	15,283	15,283
Fixed Assets (Net)	8,624	8,624
Intellectual Property, net	20,329	20,329
Other LT assets	329	329
TOTAL ASSETS	129,840	125,449
CURRENT LIABILITIES		
A/ P & Accrued Chgs	\$ 20,032	\$ 12,917
Deferred Revenue	1,394	1,394
Deferred Gain Building	3,023	3,023
Current Liabilities	24,449	17,334
LONG-TERM		
Term Loan (First Ranking)	36,773	37,555
Long Term Debt Facility - (Second Ranking)	49,651	52,105
Convertible Term Loan - (Third Ranking)	22,270	22,324
Debentures	270	-
TOTAL LONG TERM LIABILITIES	108,964	111,984
S/H EQUITY	(3,573)	(3,869)
Liabilities & S/H Equity	\$ 129,840	\$ 125,449

(1) As per SR Telecom Inc's October 31, 2007 internal, unaudited financial statements.

(2) Estimated based on SR Telecom Inc's books and records and discussions with Management.

46. The Petitioner's cash balances as at December 7, 2007 amount to approximately \$18.1MM, net of \$800K of restricted cash and \$4.2MM of reserved cash. Restricted cash consists of \$500K of letters of credit to cover the Petitioner's future obligations under supply agreements and \$300K restricted by HSBC to cover bi-weekly deductions at source ("DAS") obligations. Reserved cash includes \$2.58MM representing the Petitioner's accrued vacation pay obligation for all employees and \$1.62MM of accrued retention bonuses (inclusive of applicable payroll taxes and other employer costs). The \$1.62MM earmarked for retention bonuses will be transferred to the Monitor and placed in a trust account.
47. The Petitioner's trade accounts receivable as at December 7, 2007, amount to approximately \$2MM, net of provisions for doubtful accounts, known offsets and estimated discounts for early payment. The net accounts receivable balance is assumed to be collectible, provided that SR Telecom continues to honour supply contracts with its major customers.
48. The Petitioner's long term accounts receivable as of December 7, 2007, amounts to approximately \$6.2MM, and represent holdbacks in favour of a major customer to ensure that the Petitioner honours its ongoing obligations for service, repair, maintenance, availability of spare parts and warranty coverage. This holdback is payable in 2009. In the event the Petitioner ceases operations, it is uncertain if the long term receivable will be recoverable.
49. The Petitioner's inventories as of November 30, 2007, amount to approximately \$14.8MM of which approximately \$6.3MM are located on SR Telecom's premises and approximately \$8.5MM are located at the premises of certain contract manufacturers.
50. SR Telecom has prepaid amounts totaling approximately \$8MM representing for the most part deposits held by contract manufacturers. Management is in the process of negotiating purchase price and procurement terms which would allow for SR Telecom to recover some of the deposits by applying them against the value of finished goods received.
51. The amounts due from subsidiaries approximates \$27MM. As previously mentioned, the Petitioner has consolidated most of its operations within the parent company. As such, all the subsidiaries are, for all intents and purposes, inactive and without any realizable assets of any significant value.
52. The Petitioner's fixed assets are comprised of specialized equipment, furniture and fixtures.

53. The Petitioner carries its Intellectual Property on its books at a value of approximately \$20M. The realizable value of intellectual property will ultimately be determined based on the results of the sale process.
54. The balance of accounts payable and accrued charges as at December 7, 2007, include trade payables of \$3.5MM (as reflected in the creditors list filed with this Court) and accrued component repurchase obligations of \$9.5MM. The balance does not include accrued vacation pay of \$3.0MM since an equivalent amount has been reserved out of operating costs, nor does it include severance pay.
55. Due to the significant operating losses realized over the years, SR Telecom has approximately \$300MM of tax loss available for carry forward. These tax losses may be monetized through a sale transaction. Given the uncertainty associated with the recoverable amount of tax losses, no amount has been recognized in the Petitioner's balance sheet.
56. The Petitioner's long term debt consists of:
 - a) \$37.5MM (inclusive of accrued interest) advanced in July 2007 and secured by a first ranking charge on all of the Petitioner's assets;
 - b) \$52.1MM advanced in December 2006 as a convertible term loan, benefiting from a second ranking security on all of the Petitioner's assets; and
 - c) \$22.3MM advanced in May 2005 as a convertible term loan, benefiting from a third ranking security on all of the Petitioner's assets.
57. The Monitor has recently received a copy of the loan and security documents relating to the above noted debt. The Monitor's legal counsel has been mandated to provide an opinion on these documents.

LIQUIDITY POSITION

58. In conjunction with its motion for the granting of the Initial Order, the Petitioner filed with this Court (as appendix "P-4" to the motion), a Projected Cash Flow statement for the period ending March 31, 2008 (Appendix "B"). Revised cash flow projections are being submitted herewith as Appendix "D".

59. As at December 7, 2007, the Petitioner's cash balances amounted to \$18.1MM, as compared to the projected balance of \$9MM as at the same date. The \$9MM favorable variance is attributable to the following:
- Cash receipts in excess of projected amounts by \$5MM;
 - Cash disbursements inferior to projected amounts by \$3.8MM
 - Reduction in restricted cash by \$250K due to the expiry of a letter of credit which was not anticipated;
60. For more detailed explanations of the above noted variances, we refer you to the "Cash Flow – Actuals vs Budget" schedule and variance analysis included as Appendix "C".
61. Since the filing of the CCAA, the Petitioner has incurred additional operating liabilities in the amount of \$170K. As the Petitioner is on a COD basis with most of its suppliers, these unpaid amounts are outstanding mainly due to timing differences.

CASH FLOW PROJECTIONS

62. The Petitioner presents to this Court its revised Cash Flow Projections for the period from December 10, 2007 to March 31, 2008 (Appendix "D").
63. The assumptions underlying the revised Cash Flow Projections (Appendix "E") have been modified from the assumptions underlying the previous Cash Flow Projections (Appendix "B") to reflect the fact that, due to the Petitioner's successful negotiations with its two major customers and contract manufacturers, it has maintained operations and will continue to deliver goods on confirmed purchase orders and procure the requisite components and finished goods.
64. Based on the revised Cash Flow Projections, the Petitioner will have sufficient cash to fund its operations through March 31, 2008 during which period it hopes to successfully find a buyer and consummate a sale transaction. Should such a sale process be delayed beyond March 31, 2008, the Petitioner projects a cash balance of \$7.5MM at the end of March 2008 which, depending on the level of operations, could sustain the business for 3 additional months.

ACTIVITIES OF THE MONITOR

65. On November 28, 2007, in accordance with paragraph 24 (a) of the Initial Order, the Monitor sent to all of the Petitioner's known creditors, a notice advising them of the granting of the Initial Order, a copy of the Initial Order and a list of creditors.
66. The Monitor attended numerous meetings and conference calls with the Petitioner's management and Board of Directors, to keep them apprised of material developments and to seek their views and input in the restructuring process.
67. The Monitor attended several meetings and discussions with the Petitioner's management and its secured lenders (and their legal counsel) to apprise them of material developments and to seek their views and input in the restructuring process.
68. The Monitor has addressed numerous queries from the Petitioner's suppliers, contract manufacturers and other unsecured creditors.
69. The Monitor has reviewed the Petitioner's financial affairs and results.
70. The Monitor has reviewed the Petitioner's weekly cash flow projections attached to the Motion for the Issuance of the Initial Order and to this Report.
71. The Monitor was kept informed on negotiations with certain contract manufacturers to secure the requisite supply of components and finished goods and continue supplying SR Telecom's major customers.
72. The Monitor was kept informed of the ongoing negotiation with the Petitioner's major customers in order to secure the advance payment of its accounts receivable as well as accelerated payment terms for future sales.
73. The Monitor has participated in the Petitioner's discussions with Lazard, leading to a revised engagement with respect to their mandate. The Monitor also supported the Petitioner's motion to have the Lazard engagement agreement approved by this Court.
74. The Monitor has retained Stikeman Elliott LLP as its independent legal counsel.

75. The Monitor has been kept informed on the on-going negotiations with the potential purchaser of the repair and maintenance activities, and the Symmetry One service agreement.
76. The Monitor is involved in the Petitioner's review of its subsidiaries financial position to identify any potential recoveries or exposure.
77. The Monitor has reviewed the Petitioner's KERP and in this regard has supported the Petitioner's motion to obtain the Court's approval thereto.

DIRECTORS AND OFFICERS CHARGE

78. SR Telecom had an outstanding vacation pay obligation of approximately \$3.0MM as at the date of filing. In order to secure its directors and officers against the potential liability associated with the accrued vacation pay liability, the Initial Order created a Directors and Officers charge in the amount of \$4.0MM. In addition, the Petitioner has reserved funds in the amount of \$3.0MM from its operating bank account.
79. In accordance with the Court order rendered on December 10, 2007, relating to the KERP, the Petitioner is in the process of transferring an amount of approximately \$1.62MM (inclusive of applicable payroll taxes and other employer costs) from its operating bank account to a trust account managed by RSM Richter Inc. in trust re SR Telecom Key Employee Retention.

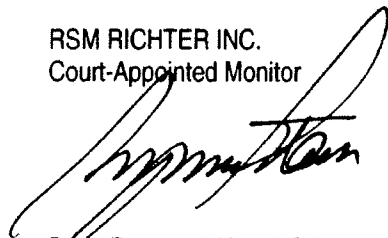
REQUEST FOR EXTENSION

80. At the present time, it is premature for the Petitioner to devise a plan of arrangement and present same to its creditors. The Petitioner is presently in the beginning stages of its restructuring process and any plan of arrangement will be contingent on the success of the sale process.
81. The Petitioner will require additional time in order to continue canvassing the market, identify a potential purchaser, negotiate the terms of a transaction and close a sale.
82. The Petitioner has and is continuing deliveries of product to its two major customers. The Petitioner requires additional time in order to continue supplying these customers to meet existing commitments.

83. The Petitioner has been paying for any and all approved goods and services received subsequent to the date of filing the CCAA on a COD basis with only a few exceptions. Any outstanding amounts are minimal, and will be paid forthwith.
84. The Petitioner's management has, and continues to act in good faith, with due diligence and has been cooperating with all stakeholders involved in this process, including but not limited to the Monitor, the lenders, SR Telecom's other creditors and its Board of Directors.
85. The Monitor is requesting that the Court grant the Petitioner an extension of the Initial Order until February 29, 2008;
86. 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 sale process and present a plan of arrangement to its creditors.
 - c) The Petitioner has not prejudiced its creditors as it has paid for liabilities incurred since the date of filing.

DATED AT MONTREAL, this 14th day of December, 2007.

RSM RICHTER INC.
Court-Appointed Monitor

A handwritten signature in black ink, appearing to read 'Raymond Massi', is written over the printed name of the Court-Appointed Monitor.

Per: Raymond Massi, CA