

Action No. 0401-19905
Deponent: Thomas Pearson
Sworn: May 6, 2005

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY**

IN THE MATTER OF

**TITAN INVESTMENTS LIMITED PARTNERSHIP, and
TITAN GENPAR INC, and EVOLUTION CAPITAL MANAGEMENT LTD,
and THE ESTATE OF DAVID COMTE, DECEASED,
and THE COMTE FAMILY TRUST and PREDATOR HOLDINGS LTD.**

**IN THE MATTER OF THE *JUDICATURE ACT*, R.S.A. 2000, c. J-2,
and RULES 467 and 468 OF THE ALBERTA RULES OF COURT**

AFFIDAVIT

I, Thomas Pearson, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I am a former partner in Titan Investments Limited Partnership ("Titan") and a Respondent to the Joint Application by the Receiver and the Investors' Committee in this matter and as such have personal knowledge of the matters deposed to in this affidavit, except where stated to be based on information, in which case I believe the information to be true.
2. I am authorized by each of Jean Pearson (my 84 year old mother), Christopher Pearson (my 20 year old son) and Katherine Pearson (my 17 year old daughter), collectively referred to herein as my "Family", all of whom are co-Respondents herein, to swear this Affidavit on their behalf.
3. Neither I nor anyone in my Family is related to David Comte. Our only involvement with Mr. Comte was as investors in Titan and its predecessors. At no time prior to receiving the letter from the Receiver in January, did any of us have any notice that Titan might have been anything other than the successful investment vehicle that Mr. Comte represented it to be. I have no knowledge as to why Mr. Comte would pay out my Family's stated net asset value ("NAV") in Titan and may not have paid others.
4. (a) I invested a total of \$174,476.06US in Titan over the period April, 2003 through January, 2004 (including a \$156,476.06 interest in another partnership, Comte General Partnership ("CGP"), in which I had purchased units in March, 2003 and which was acquired by Titan in April, 2003). I received payments totaling \$453,772US from Titan, including a payment of \$372,889.62 US in late November, 2004, all in accordance with what I understood to be the NAV of my units in Titan at the time each payment was

made. The breakdown of my investments and redemptions in Titan are attached as Exhibit "A" to this affidavit.

(b) On behalf of Jean Pearson I invested \$11,000US in a predecessor of Titan on or about April 30, 2003 and \$4,000 in October, 2003 and received \$39,381.05US in late November 2004, in accordance with what she and I understood to be the NAV of her units in Titan at that time.

(c) On behalf of Christopher Pearson I invested \$5075US in a predecessor of Titan in or about April, 2003 and received \$14,404.95US in late November 2004, in accordance with what he and I understood to be the NAV of his units in Titan at that time.

(d) On behalf of Katherine Pearson I invested \$5000US in a predecessor of Titan in or about April 2003 and received \$14,189.41US in late November 2004, in accordance with what she and I understood to be the NAV of her units in Titan at that time.

5. (a) For the 2003 tax year I paid income tax on partnership income of \$84,161.11C from Titan as reported on the T5013 statements of partnership income provided to me by Titan and CPG.

(b) For the 2003 tax year I am informed that Jean Pearson paid income tax on partnership income of \$6,424.28C from Titan as reported on the T5013 statement of partnership income provided to her by Titan.

6. (a) For the 2004 tax year I paid income tax on \$230,611.07C income from Titan in 2004, as a best estimate in the absence of a T5013 from Titan or the Receiver.

(b) For the 2004 tax year I am informed that Jean Pearson paid income tax on \$21,541.31C income from Titan in 2004, as a best estimate in the absence of a T5013 from Titan or the Receiver.

(c) For the 2004 tax year I am informed that Christopher Pearson paid income tax on \$8138.02C income from Titan in 2004, as a best estimate in the absence of a T5013 from Titan or the Receiver.

(d) For the 2004 tax year I am informed that Katherine Pearson paid income tax on \$8016.25 income from Titan in 2004, as a best estimate in the absence of a T5013 from Titan or the Receiver.

7. (a) Before receiving notice of Mr. Comte's demise and the appointment of a Receiver, I committed a large proportion of the funds received from Titan to four real estate transactions, the particulars of which are set out below and I also paid outstanding debts as detailed below. These were transactions that I would not otherwise have

undertaken had I not received from Titan what I believed to be a bona fide gain on my investment.

(b) I am informed that before receiving notice of Mr. Comte's demise and the appointment of a Receiver, Jean Pearson committed approximately \$6,804.38C of the funds from Titan to home renovations and that this was a commitment that she would not otherwise have undertaken had she not received from Titan what she believed to be a bona fide gain on her investment.

8. The particulars of the real estate transactions are as follows*:

Closing Date	2004-12-31	2005-01-21	2005-01-28	2005-03-31
Property	256 Tadanac	477 - 2 Avenue	609 - 4 Avenue	Lot - Forest Crown
Price	\$249,000.00	\$85,000.00	\$69,000.00	\$75,000.00
Deposit - JM	\$0.00	\$0.00	\$5,000.00	\$1,500.00
Deposit - TP	\$1,000.00	\$1,000.00	\$12,000.00	\$1,500.00
Deposit - TP	\$61,409.61	\$4,000.00		
Closing Cheque - TP		\$80,000.00		
Total Deposit	\$62,409.61	\$85,000.00	\$17,000.00	\$3,000.00
Balance	\$186,590.39	\$0.00	\$52,000.00	\$72,000.00

* Figures are in Canadian Dollars. References to "JM" are to Janet McAslan, a co-purchaser of some of the properties and also a Respondent to the Receiver's/Investor's Committee Application.

9. I am advised by my counsel that in the interests of preserving these assets and avoiding the potential consequences of failure to complete the transactions, the Receiver authorized completion of the transactions and continuation of payments related to these properties from Titan funds, with the exception of the Forest Crown lot on which the deposit was forfeited without further penalty. The expenses paid by me in relation to these properties are ongoing and must be addressed before this matter can be resolved and before the Titan funds are depleted.

10. I paid the following amounts from funds received from Titan:

December 13, 2004 \$31,500C - Canada Revenue Agency;

December 15, 2004 \$17,417.50C to Katherine Pearson – reimbursement for amounts paid to her by Titan and deposited to my credit.

December 20, 2004 \$30,000C - Visa payments
 December 22, 2004 \$48,500C – payout of operating line
 December 22, 2004 \$11,964.69C – payout of loan
 January 4, 2005 \$17,800C debt to third party

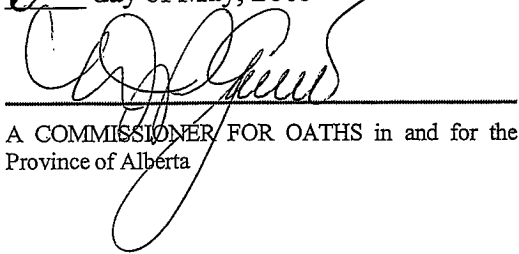
12. As part of the real estate transactions I have incurred the following expenses which are not recoverable in the event that I am required to sell the properties and return funds to the receiver:


- Legal and real estate expenses relating to the purchase and resale of the properties or any of them;
- Moving expenses;
- 1% British Columbia property registry fee on purchase of each property;
- expenses relating to property management and financing;
- time and labour to maintain and operate the properties.

13. In addition, my Family and I have incurred significant legal expenses to investigate and respond to the Receiver and to the court applications in this matter.

14. In summary, my Family and I invested in Titan, received payments from Titan and entered into the transactions set out above in good faith and a requirement to repay funds otherwise committed before notice of any allegations of wrongdoing on the part of Mr. Comte or to require repayment without acknowledgement of the expenses incurred would impose undue hardship.

SWORN BEFORE ME at the City of)
 Calgary, in the Province of Alberta, this)
 6th day of May, 2005)


 _____)
 A COMMISSIONER FOR OATHS in and for the)
 Province of Alberta)



 THOMAS PEARSON

CGP

	Purchased	Redeemed
March 31, 2003	\$170,618.10 \$ 25,093.80	\$ 25,093.80
April 30, 2003		\$ 21,075.95 \$156,473.06

Titan

	Purchased	Redeemed
April 30, 2003	\$156,476.06	
July 31, 2003		\$ 5,883.09
Oct 31, 2003	\$ 8,000	
Nov 30, 2003	\$ 5,000	
Jan 31, 2004	\$ 5,000	
Feb 29, 2004		\$ 5,000
Mar 31, 2004		\$ 10,000
Apr 30, 2004		\$ 15,000
May 31, 2004		\$ 20,000
June 30, 2004		\$ 10,000
July 31, 2004		\$ 5,000
Sept 30, 2004		\$ 5,000
Oct 31, 2004		\$ 5,000
Nov 26, 2004		\$372,889.62
	<u>\$174,476.06</u>	<u>\$447,889.62</u>

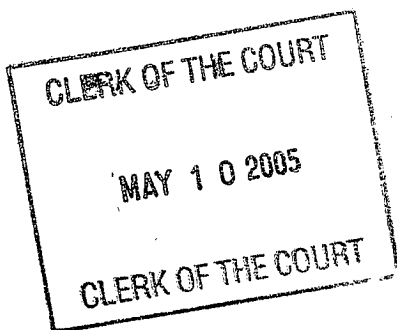
THIS IS EXHIBIT " A "
REFERRED TO IN THE AFFIDAVIT OF
THOMAS PEARSON
SIGNED AT CALGARY
IN THE PROVINCE OF ALBERTA
THIS 6th DAY OF MAY
2005
[Signature]
I, LISA J.P. GAUNT
AND FOR THE PROVINCE OF ALBERTA

IN THE COURT OF QUEEN'S BENCH
OF ALBERTA
JUDICIAL CENTRE OF CALGARY

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AFFIDAVIT OF THOMAS PEARSON

FIELD LLP
Barristers & Solicitors
#1900, 350 - 7th Avenue SW
Calgary, Alberta
T2P 3N9

Attention: Lisa Gaunt
Telephone: (403) 260-8525

File No.: 42583.1