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Our File No.: 54784-1

July 22, 2005

VIA FAX/E-MAIL/COURIER AND/OR EXPRESS POST

**TO: ALL INVESTORS IN THE TITAN INVESTMENTS LIMITED PARTNERSHIP
THAT HAVE NOT REACHED A SETTLEMENT WITH THE RECEIVER**

Dear Sirs/Madames:

Re: In the Matter of Titan Investments Limited Partnership et al

We are writing to advise that at the application before Mr. Justice Hawco on June 30, 2005, part of the relief sought by the Investors Committee and the Receiver, namely the application pursuant to paragraph (i) of the Amended Notice of Motion filed on May 30, 2005 for approval of the repayment formula attached as Exhibit "H" to the Receiver's Second Report dated April 14, 2005 (the "Re-Distribution Schedule"), was adjourned to be heard at a separate application. Accordingly, an application has been scheduled for August 10, 2005 at 9:00 a.m. wherein the Investors Committee and the Receiver shall seek approval of the Re-Distribution Schedule. Justice Hawco reserved his decision regarding the requirement for Overpaid Investors to repay funds to the Receiver. His decision is expected in early August, 2005.

This separate application to approve the Re-Distribution Schedule was necessary as a result of the request of one individual who had made investments in the Titan Partnership through his company and, allegedly, through his wife's company thereafter. In summary, this investor alleges that he withdrew funds from the Titan Partnership investment account of his company, TRCI, in the amount of \$100,000. Approximately 30 days later, he invested \$50,000 in MSCL, a company owned by his wife. Another \$50,000 was invested in MSCL approximately 30 days later. Immediately upon receipt of these funds, MSCL allegedly invested these funds, as well as additional funds of its own, in its own account in the Titan Partnership. This investor argues that all investments made by him in his own company and the company owned by his wife should be treated as one consolidated investment account with the Titan Partnership, with the result that both the investment and redemption amounts should be reduced by \$100,000. Based on the Receiver's calculations, the amount of Re-Distribution formula funds in dispute is between \$6,900 and \$24,600, depending on the ultimate recoveries in the Partnership. These amounts would be reduced should other investors request and receive the same treatment for similar transactions.

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The Receiver and the Investors Committee take the position that investment accounts held by related parties should not be treated as consolidated. Furthermore, the cost of analyzing each alleged relationship and the transactions that may qualify for such treatment, which would require recalculation of the Receiver's investment and redemption schedules, is considered by the Receiver and the Investors Committee to be cost-prohibitive, as it would result in substantial professional fees being incurred, which would be paid out of the estate of the Titan Partnership. These costs would necessarily reduce the total funds available for distribution to all investors. Finally, the funds in the estate of the Titan Partnership for re-distribution to the other investors will be reduced correspondingly if these relationships and transactions are accorded the treatment requested by the dissenting investor.

It is for the reasons set out above that the Receiver has taken the approach set out in Schedule "H" of its Second Report. As is set out in the Affidavit of Croft Axsen sworn March 18, 2005, the Re-Distribution Formula is, in the view of the Investors Committee and the Receiver, the fairest and most effective manner in which to redress the effects of the fraud upon the Investors. The Receiver and the Investors Committee will set out these and other concerns in a Brief to be filed with the Court on August 8, 2005.

The Court has requested that we advise all Investors in the Titan Partnership of the date of the hearing of the application to approve the Re-Distribution Formula, and to inform all investors in the Titan Partnership that if you wish to object to the Re-Distribution Formula, or your treatment pursuant to Schedule "H" of the Receiver's Second Report, you must appear and be prepared to make your submissions at the application at 9:00 a.m. on August 10, 2005. If you fail to do so, you will be bound by the Court's decision regarding the Re-Distribution Formula and Schedule. It is possible that if an investor satisfies the Court that his circumstances are compelling, the Court may treat that investor differently than other investors, and, to the extent that the Court decides to do this, your interests may be adversely affected as a result.

Please be advised that the Court also directed that it is the investors' obligation to provide filed evidence to the Court which would warrant treating an investor differently than as proposed pursuant to Schedule "H".

If you plan to appear in Court on August 10, 2005 to oppose the Re-Distribution Formula and Schedule, kindly provide your filed materials (Affidavits and/or Briefs) to our office, Attention: Kelsey Drozdowski, by the close of business on August 2, 2005. Please be further advised that you may be cross-examined on any Affidavit you file during the week of August 2, 2005.

The single individual (so far) that intends to challenge the Re-Distribution Formula proposed by the Investors Committee and the Receiver at the application on August 10, 2005 at 9:00 a.m. is represented by Glenn Solomon of the May Jensen Shawa Solomon LLP firm.

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Should you have any questions or concerns regarding the following, please do not hesitate to contact me at 298-3323. All materials filed with the Court and served upon Bennett Jones LLP in relation to this matter will be posted on the Receiver's website at <http://www.alger.ca/engagements.htm>.

Yours truly,

BENNETT JONES LLP



Kelsey Drozdowski

KD/FRD/kc/sj

cc: Michael Costello
Clive Lewellyn