

Date: March 15, 2006

To: Limited Partners of Titan Investments Limited Partnership (“Titan”) who have not entered into settlement agreements with the Receiver prior to August 19, 2005

From: Alger & Associates Inc. – Receiver and Manager (“Receiver”)

Subject: Update since memo dated October 20, 2005

The following is a brief update on various matters of interest since the Receiver’s update memo dated October 20, 2005. All funds noted herein are expressed in U.S. Dollars.

1. Recovery of judgment amounts from Overpaid Partners

Of the 42 Overpaid Partners subject to the Court Orders of September 7 and 9, 2005, the Receiver has received full payment or made conditional settlement arrangements with all partners with the exception of 12 partners owing approximately \$365,000. The Receiver has filed applications for Bankruptcy Orders against all 12 of these partners with the exception of one partner who, after various repayments, owes an immaterial amount and one partner owing C\$20,000 who has filed a proposal under the Bankruptcy Act. The Receiver is in the process of negotiating with some of these partners or their counsel to resolve these matters prior to the scheduled March 28, 2006 bankruptcy applications against most of these partners. If Bankruptcy Orders are issued, the Receiver intends to instruct the bankruptcy trustee to investigate potential fraudulent preference transactions with a view to defeating these transactions and recovering funds from the preferred parties.

For the remaining 30 partners, proceeds of approximately \$800,000 have been received to date and conditional settlement arrangements have been made with the partners for the recovery of an additional \$600,000. The amount and timing of this future potential recovery is dependent upon realizations from various property sales, income tax recoveries and the continued earnings capability of the applicable partners.

2. Recovery of amounts owing from partners settled with prior to August 19, 2005

All amounts owing from the 42 Overpaid Partners who settled with the Receiver prior to the August 19, 2005 issuance of the *Reasons for Judgment* by Honourable Mr. Justice Hawco have been received or assets assigned to the Receiver in lieu of payment, with the exception of \$143,000 owed by 819680 Alberta Ltd. (“819680”) and Ultimate Capital Management Inc. (“Ultimate”), two corporations owned by Edward Isaac Nelson, which companies defaulted in October, 2005 under the terms of their personally guaranteed settlement agreements.

Pursuant to the terms of these settlement agreements, Consent Judgments aggregating C\$292,000 (inclusive of principal clawback) were registered against 819680 and Ultimate and applications for Bankruptcy Orders were filed against them in October, 2005. In November, 2005, 819680, a real estate holding company, which owns eight apartment condominiums in Calgary, assumed the obligations of Ultimate, an inactive company, and an agreement was also entered into between the Receiver, Marina Nelson (Mr. Nelson's ex-wife) and 790970 Alberta Ltd. ("790970"), her company. This agreement provided for a postponement and subordination of Ms. Nelson and 790970's registered charge against 819680 for an amount in excess of C\$800,000 in exchange for the Receiver's adjournment of the Bankruptcy Order applications against 819680 and Ultimate and the deferral of the Receiver's pursuit of the personal guarantees against Mr. Nelson. Ms. Nelson and 790970 have since disputed the validity of this agreement.

In an effort to realize upon 819680's real estate holdings, a Consent Order was entered into between the Receiver, Ms. Nelson and 790970 in February, 2006, providing for the proceeds on the disposition of 819680's properties, after payment of mortgages, costs and other priority charges, to be placed in trust, pending a resolution of this matter. At issue is up to C\$190,000 depending on the net proceeds realized on 819680's property sales which are scheduled to be completed by May, 2006. Earlier this month, as a party with registered judgments on title, the Receiver was served by the first mortgagee with Notices of Motion and Affidavits of Default in support of applications for Orders for Sale on seven of the eight properties noted above. The applications are scheduled to be heard on March 23, 2006.

Mr. Nelson assigned himself into bankruptcy on February 22, 2006. The Receiver intends to file a proof of claim with Mr. Nelson's bankruptcy trustee for the C\$292,000 in 819680 and Ultimate obligations personally guaranteed by Mr. Nelson (plus post-judgment interest thereon), notwithstanding the fact that Mr. Nelson's sworn bankruptcy statement provided to the bankruptcy trustee, which lists C\$506,000 in assets and C\$1,342,000 in liabilities (C\$500,000 of this secured), failed to include these personally guaranteed liabilities of 819680 and Ultimate.

3. Recovery of taxes

The Receiver and its tax counsel intend to renew discussions with CRA regarding the various income tax and GST matters related to Evolution Capital Management Ltd. ("Evolution") and the estate of David Comte as outlined in the Receiver's second report dated April 14, 2005. CRA's current position on these matters is outlined in Exhibit "E" to the June 21, 2005 affidavit of Michael Costello, which is posted at www.alger.ca/engagements.htm. The delay in resolving these matters relates to the implications to CRA's position arising from the terms of the Court Order of September 7, 2005 and the nature of the funds fraudulently removed from Titan by Evolution. At issue is the recovery of approximately \$450,000 of income tax and GST paid by Evolution and a potential unpaid income tax liability for the estate of David Comte of approximately C\$270,000, exclusive of applicable interest and penalties.

4. Settlement with Janet Comte

On December 2, 2005 the Court approved the Receiver's settlement agreement with Janet Comte. The Receiver has subsequently received the approximate C\$1.1 million in assets outlined in the settlement agreement, which is attached to the November 24, 2005 affidavit of Michael Costello posted at www.alger.ca/engagements.htm. The only asset remaining to be recovered is the 2005 income tax recovery for Janet Comte of approximately C\$90,000, which it is anticipated will be received later this year.

5. Other assets

The Receiver has now effectively realized upon all of the assets outlined in section 3 of its report dated April 14, 2005 with the exception of loans totalling approximately \$66,000, which are to be repaid over two years. Payments of approximately \$7,000 have been received to date in accordance with the terms of a repayment agreement.

6. Interim distributions

On December 8, 2005, the Receiver made a third interim distribution for \$568,000 to 38 partners who had recovered less than 52.5% of their original investment. On March 6, 2006, the Receiver made a fourth interim distribution for \$1,048,000 to 41 partners who had recovered less than 64% of their original investment. Subsequent interim distributions, if and when made, will include proportionate distributions to those partners who have repaid 35% of their original investment as outlined in 1 above.

7. Potential negligence actions

The Receiver has commenced its investigations into potential legal actions against various parties identified through the course of its investigations who may bear some level of responsibility for the fraud conducted upon Titan and its partners.

8. Projected partner realization

Based upon the above factors, the total projected realization of 72-84% outlined in the Receiver's memo of August 24, 2005 applicable for Unpaid Partners and Overpaid Partners not settling with the Receiver prior to August 19, 2005, but fully repaying thereafter, is now projected to be in the 70-79% range, primarily as a result of anticipated reductions in recoveries from Overpaid Partners as outlined in 1 and 2 above. This projected realization excludes any potential recovery from the potential negligence actions above.

If you have any questions related to this update memo, please contact Michael Costello (403-296-3087 or mcostello@alger.ca) or Bruce Alger (403-296-2970 or balger@alger.ca).