

Date: March 25, 2008

To: Limited Partners of Titan Investments Limited Partnership (“Titan”)
possessing an interest in the future realization of Titan’s assets

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

Subject: Update from September 27, 2006

The following is an update on various matters of interest since the Receiver’s update memo to partners dated September 27, 2006. Unless otherwise noted, all funds noted herein are expressed in U.S. Dollars, rounded to the nearest thousand.

1. Statement of Receipts and Disbursements

The Consolidated Statement of Receipts and Disbursements to December 31, 2007 for the trust accounts of Titan, Evolution Capital Management Ltd. (“Evolution”), Predator Holdings Ltd. and the estate of David Comte is attached as Schedule A.

2. 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 from, made settlement arrangements with or received proceeds from the bankrupt estates of all partners with the exception of four partners. The trustee for two of these four bankrupt estates holds approximately C\$30,000 in trust for distribution to the Receiver pending Court and Official Receiver approval. The trustees for the two remaining bankrupt estates are in the process of realizing upon the assets of these two related estates, including recovery of preference payments.

Sean Moher, the bankrupt of one estate (owing Titan C\$29,000) who is also the principal of the estate of Moher Marketing & Sales Inc., the other bankrupt estate (owing Titan C\$65,000), has retained legal counsel. Mr. Moher’s legal counsel has informed the trustee that Mr. Moher may be willing to make a proposal to his creditors. The Receiver is anticipating a realization from this proposal that is reflective of Mr. Moher’s non-exempt equity in the house that he co-owns with his wife, which represents his only stated asset, plus an additional amount for certain funds spent by Mr. Moher in the weeks preceding his bankruptcy. If this proposal is not reflective of this, the Receiver will request that the trustee commence an action to realize upon the equity in this house as well as to seek the advice and direction of the Court on the conduct of Mr. Moher preceding his bankruptcy.

For the remaining 38 partners, plus the 42 Overpaid Partners who, prior to the Court Order of September 7, 2005, settled with the Receiver for repayment of False Profits, proceeds of approximately \$2,529,000 have been received to date by the Receiver. In addition, repayment arrangements have been made with certain partners for the recovery of up to an additional C\$17,000 in the first half of 2008, depending primarily upon the level of income tax recoveries ultimately realized by these partners.

3. Taxation matters

As outlined in the Receiver's September 27, 2006 update memo, on September 27, 2006 the Receiver filed all applicable income tax and GST returns and amendment letters for David Comte, the estate of David Comte, Janet Comte and Evolution.

Since that time, Canada Revenue Agency ("CRA") has:

- requested access to and reviewed the records of the various entities under the receivership of the Receiver;
- discussed with the Receiver and its tax counsel the various issues associated with these tax returns;
- reviewed correspondence received from the Receiver and its tax counsel; and
- issued assessments, re-assessments or notice letters, as appropriate.

The results of these assessments, re-assessments and notice letters received from CRA are summarized as follows:

- a) Evolution will be eligible for a refund of up to C\$454,000 of GST paid to CRA from 2002 to 2004, pending Evolution's repayment of sufficient amounts of GST to Titan. Based on CRA's March 4, 2008 notice of re-assessment, Evolution is presently eligible to receive C\$348,000 of GST refunds, pending CRA's receipt of certain overdue tax returns from Evolution for the 2005-2007 period. On March 20, 2008, the Receiver filed all applicable tax returns contained in this notice of re-assessment. The Receiver thus anticipates receiving this C\$348,000 from CRA in the second quarter of 2008, with the balance of the C\$454,000 recoverable by Evolution following its repayment of additional amounts to Titan.
- b) Evolution will receive approximately half of the C\$179,000 in income tax refunds applicable for the years ended June 30, 2003 and 2004 that the Receiver filed for on September 26, 2006. The March 7, 2008 notice letter received from CRA has yet to be reflected in a formal notice of re-assessment; however, the Receiver has used the information contained in this letter to calculate the approximate effect of this forthcoming notice of re-assessment.
- c) David Comte's estate will have an unpaid income tax liability claim from CRA of approximately C\$1.1 million, plus potential interest and late filing penalties. The March 7, 2008 notice letter received from CRA has yet to be reflected in a formal notice of re-assessment; however, the Receiver has used the information contained in this letter to calculate the approximate effect of this forthcoming notice of re-assessment. This unpaid income tax liability claim will have to be resolved with the estate of David Comte's other creditors, being Evolution's claim for unwarranted salary and bonuses paid to David Comte (as established by the terms of the Court Order of September 7, 2005) and Titan's claim for damages it has suffered as a result of David Comte's Court-established fraud perpetrated against Titan and its partners. As the estate of David Comte is insolvent and the ownership of the estate's assets, if any, is uncertain, CRA's ultimate realization of their impending claim is uncertain.

The above amounts exclude the C\$68,000 of Janet Comte's 2002-2004 income tax refunds applied for by Ms. Comte in 2006, which refunds have been assigned to the Receiver in the settlement agreement with Ms. Comte approved by the Court on December 2, 2005. We believe that CRA's issuance of these income tax refunds to Janet Comte is being held up as a result of the unpaid income tax liability matters of David Comte discussed above, but we cannot verify this assumption as we are not the Receiver of Janet Comte, only an interested party to her income taxation matters for those years.

Subject to CRA's assessment of Evolution's 2005-2007 GST and income tax returns filed by the Receiver on March 20, 2008, the Receiver anticipates Evolution receiving:

- a C\$77,000 refund for GST incurred during the receivership period.
- the balance of the C\$179,000 of income tax refunds applicable for 2003 and 2004 not received as a result of the re-assessment outlined in (b) above.

The ultimate outcome of these taxation matters is unknown at this time, but the Receiver and its tax counsel continue to work with CRA towards a fair and equitable resolution of all of the complex and inter-related matters associated with this affair. We apologize to partners for the significant length of time it has taken for CRA to resolve these taxation matters, but given the magnitude of these matters to partner's realizations, we and the Investors Committee feel it is important that these matters be resolved satisfactorily.

4. Other assets

The Receiver has realized upon all of the assets outlined in section 3 of its report dated April 14, 2005 with the exception of one loan, which has an overdue balance owing of C\$15,000. The Receiver is working with the debtor on a timely repayment of this loan.

5. Statement of Claim

As outlined in the September 27, 2006 update memo, on September 26, 2006 the Receiver, on behalf of Titan, filed a statement of claim against Bernadette M. Henshaw and B.M. Henshaw Professional Corporation, the public accountant and her professional corporation who performed the Review Engagement for Titan for the period ended December 31, 2003. This litigation was discontinued in November, 2007 pursuant to a settlement agreement, which contains a confidentiality clause precluding disclosure of details of the settlement. Titan received C\$100,000.

6. Projected partner realization/Interim Distribution

Based on the above, we project a realization for Unpaid Partners and Overpaid Partners not settling with the Receiver prior to August 19, 2005, but repaying their judgment amounts thereafter, of 72-80%. The Receiver does not presently anticipate another Interim Distribution, beyond the 68% realization level distributed to date, until there is a resolution of the significant taxation matters outlined above.

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

ACTION # 0401-19905

**IN THE MATTER OF THE RECEIVERSHIP OF
TITAN INVESTMENTS LIMITED PARTNERSHIP, EVOLUTION CAPITAL MANAGEMENT LTD.,
PREDATOR HOLDINGS LTD. AND THE ESTATE OF DAVID COMTE, DECEASED
CONSOLIDATED STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD DECEMBER 27, 2004 TO DECEMBER 31, 2007**

	US Dollars
<u>Receipts</u>	
Receipts from limited partners	\$ 2,529,305
Receipts from financial institutions	2,117,434
Returned preference payments	1,355,779
Refund from Sentient Jet	96,559
Receipt from litigation settlement	86,109
Sale of Assets	70,422
Other receipts	89,972
Interest	63,610
	6,409,189
 <u>Disbursements</u>	
Distributions to partners	4,800,530
Advances on Receiver's fees	428,886
Advances on Investors Committee's legal fees and costs	372,964
Advances on Receiver's legal fees and costs	49,597
Advances on Receiver's tax counsel's fees and costs	38,047
Advances on Receiver's tax advisor's fees and costs	24,462
Advances on Receiver's Nova Scotia counsel's fees and costs	16,971
Advances on Receiver's litigation counsel's fees and costs	70,510
Advances on Receiver's litigation expert's fees and costs	12,916
Distributions to creditors	8,611
Other disbursements	12,886
GST/HST	70,364
	5,906,743
 Receipts in excess of disbursements	 502,446
Gain on foreign exchange	86,186
Cash in Trust	\$ 588,632

Note:

- 1 Receipts and disbursements are expressed in US dollars converting Canadian dollars to US dollars at weighted average exchange rate applicable for above noted period of: 0.8610859705

- 2 Cash in Trust balance expressed in US dollars converting Canadian dollar balances to US dollars at applicable period-end exchange rate of: 1.0194
Gain on foreign exchange represents difference between period-end exchange rate and weighted average exchange rate multiplied by Canadian dollar Cash in Trust balances.

- 3 Cash in Trust being retained for contingent creditor claims.