

December 15, 2007

To the Shareholders of Crocus Investment Fund

Dear Sir/Madam:

As you are aware, pursuant to an Order of the Manitoba Court of Queen's Bench, Deloitte & Touche Inc. (the "Receiver" or "Deloitte") was appointed Receiver and Manager of Crocus Investment Fund ("Crocus" or the "Fund") effective June 28, 2005. The purpose of this letter is to provide shareholders with an update regarding happenings in the last year and the current status of the Fund. In addition, your current statement of account is enclosed. More detailed information, including copies of the Quarterly Receiver's Reports and Court Orders, can be obtained at the Receiver's website at www.deloitte.com/ca/crocusfund.

Sale of the Portfolio of Investments

The primary function of the Receiver is to protect, preserve and realize on the assets of the Fund in an orderly way. To date, the Receiver has sold or otherwise wound up the interest of Crocus in 21 of the 46 investments. These 21 investments represent approximately 60% of the carrying value of the investments as at June 28, 2005. The Receiver is currently in varying levels of discussions of exit strategies for investees representing an additional 15% of the portfolio. The Receiver continues to monitor and/or discuss exit mechanisms for the balance of the remaining investees, certain of which are themselves subject to receivership and/or other litigation proceedings.

The current cash position of the Fund is approximately \$58.1 million. The proceeds from the sale of the investments, net of costs, are being held in trust by the Receiver pending further Order of the Court (refer "Status of Shares" section below). The Receiver is maintaining a conservative investment policy for these funds which consists of investing in government bonds, GIC's and Bankers Acceptances.

Status of Shares

Previously, the Receiver had come to the view that it would like to return a portion of the capital to the shareholders of Crocus. Accordingly, in December 2005, the Receiver issued Receiver's Report No. 6 which requested that the Court authorize an initial interim distribution to shareholders as well as additional distributions as cash became available. The Court heard the matter and on April 7, 2006 ruled that the Receiver should not make any distribution of funds until such time as the liabilities for which Crocus may be responsible are better determined.

As a result of the ruling, for the present, the Receiver is unable to distribute any funds or project when funds may be available for distribution.

Class Action Proceedings

In July 2005, a lawsuit was initiated against Crocus Investment Fund and various other parties including former officers and directors of Crocus, Crocus's lead broker and auditors, and the Manitoba Securities Commission ("First Class Action"). Originally, this suit was filed on behalf of a limited number of Class A shareholders. In June 2006, the proposed class of plaintiffs was expanded to include all Class A shareholders. Subsequent to the original filing, a further lawsuit dealing with Crocus was filed against the Province of Manitoba. Neither Crocus nor the Receiver is named as a defendant in this most recent proceeding.

While it is the stated intention of the plaintiff in these actions to have them proceed as class actions, before that can occur, the actions must be certified as class proceedings by the Court. Certification hearings have been scheduled for January 2008.

Records Review

In July 2006 Deloitte completed Receiver's Report No. 9 which outlined the Receiver's conviction that, separate and apart from matters relating to the First Class Action, the Receiver should conduct its own investigation into the manner in which the business and affairs of Crocus were conducted prior to the making of the Receiving Order. The Receiver also advised that it would provide a factual report on its findings and, to the extent possible, would attempt to formulate opinions while recognizing that, in some cases, there may be insufficient documentation in Crocus's possession to allow it to do so. The Receiver concluded Report No. 9 by advising that the findings would be made available to the Court and, subject to any rulings by the Court, may also be available to parties involved in the First Class Action and other proceedings.

In September 2006, the Receiver commenced the investigative review. The intent of the review was for the Receiver to obtain and understand the history of these investments and to assess the possible validity of the allegations made in various reports and hearings as well as in the Class Action litigation. The review focused on the alleged mismanagement of the Fund's asset values.

The Review was completed in September 2007. On October 25, 2007 the Receiver brought a motion to the Court for advice and direction with respect to the distribution of its report and on October 26, the Court ordered that the report be initially sealed and distributed to certain of the Class Action litigants and other interested parties. On November 15, 2007 the Court ordered that the sealing order be lifted.

Indemnification

In January 2006, the Court ruled that Crocus is responsible for paying the ongoing legal costs of the various officers and directors named in the Class Action as well as those parties named in the regulatory proceeding brought by the Manitoba Securities Commission ("MSC"). In the reasons for judgment, the Court stated:

As agreed, I make no finding as to the entitlement of an individual former officer or director. It will be up to the Receiver, or alternatively the court, to make that determination on proper evidence. Should it happen that defence costs are paid and conduct which would disqualify a former officer and director subsequently come to light, such payments would necessarily cease and the Receiver would be entitled to make a claim for reimbursement with interest at the Receiver's earned rate.

The judgment was upheld by the Court of Appeal. After completing the Records Review, the Receiver came to the view that there is now enough evidence to justify the Receiver to cease paying ongoing legal expenses of officers and directors, to resist any claims by the directors and officers for indemnity against the claims of the Crocus shareholders and to counterclaim for the legal expenses which have been incurred to date. Notwithstanding the conclusion reached by the Receiver on this issue, the officers and directors are entitled to question that conclusion before the Court and some have indicated their intention to do so.

Ultimately, it is the Court that is the final judge on the issue of officer and director indemnification and it may be required to make a ruling on the issue after hearing evidence and argument from both sides. To the extent these legal costs are not covered by insurance, any payment will reduce any distribution which may ultimately be available to Crocus's shareholders.

The full judgment of Mme. Justice McCawley can be found at the Receiver's website set out above.

Share Value

While share redemptions and distributions are currently prohibited, the Receiver continues to calculate and publish an estimate of the net asset value per share (NAVPS) in its quarterly reports. The most recent estimate of the share value as at September 30, 2007 was \$6.14. This value is an accounting book value based on the cash (and equivalents) presently held by the Receiver as well as the June 28, 2005 carrying value for the Crocus investments that have not been realized upon. The Receiver cautions all shareholders that numerous future events will determine the ultimate realizable value of the portfolio. These events include amounts that Crocus may be required to pay to settle known and contingent liabilities, including payment under various indemnities which it had issued.

Shareholder Services

The Receiver has maintained a shareholder services department. Should you have specific questions regarding your Crocus account or have a change of address, please contact shareholder services at 204-925-7788 or 1-866-893-8710.

Further Information

Further information and updates will continue to be posted on the Deloitte website at www.deloitte.com/ca/crocusfund. The Receiver will endeavor to keep all shareholders apprised of the progress of the receivership and we would encourage you to check our website for updates on a regular basis.

Yours truly,

Deloitte & Touche Inc.,
in its capacity as Receiver and Manager
of Crocus Investment Fund and not
in its personal capacity.



Per: A. R. Holmes
Senior Vice President