



January 19, 2006

What has been going on in the Israeli Court Proceedings?

Boaz Manor (“Manor”) fled to Israel in March 2005. The Receiver has commenced proceedings in Israel to, among other things, compel Manor to attend an examination by representatives of the Receiver. The Receiver has also obtained a Canadian Order directing Manor to deliver approximately US\$8.8 million in diamonds that he purchased with funds that he misappropriated from the Portus Group. Manor was directed to deliver the diamonds to the Receiver, but he has refused to comply with the Canadian Order.

The Receiver has subsequently brought a motion in Israel for an Order declaring Manor in contempt of Court. An Order dated January 10, 2006, was issued in Israel directing Manor to deliver the diamonds to the Receiver within 7 days. The Israeli Court further ordered that Manor would be imprisoned for an initial period of 7 days if he did not comply with the Order. Manor’s Israeli counsel requested that the Israeli Order be stayed until an appeal to the Supreme Court could be heard. By way of a second Israeli Order dated January 16, 2006, the request for appeal was denied. Manor then appealed the second Order dated January 16, 2006, and the preceding Order of January 10, 2006 was stayed until a hearing on January 19, 2006. There have been other Court attendances and some evidence taken in Israel which at this time cannot be disclosed. The Receiver will report further once it is able to disclose this information.

What happened to the MNPF Motion of December 15, 2005?

The MNPF Motion was scheduled for December 15, 2005, but due to concerns regarding certain tax issues, the Motion was adjourned to January 23, 2006. The Parties have further agreed to adjourn the MNPF Motion to February 16, 2006. The Receiver continues to work with CRA towards a resolution of the tax issues.