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TO THE STAKEHOLDERS OF NEW LIFE CAPITAL CORP. ET AL (“New Life”)

Receiver’s Update - February 22, 2010

We are writing to update the stakeholders of New Life on certain developments in advance of the Receiver’s Fifth Report to the Court. All of the information contained in this notice is based on information available to the Receiver as of the date of this notice. All capitalized terms used herein and not otherwise defined are as defined in the Receiver’s Fourth Report to the Court dated September 2, 2009 (the “Fourth Report”). The Fourth Report and the Receiver’s other Reports to the Court (collectively, the “Court Reports”) are available on the Receiver’s website at www.kpmg.ca/en/ms/cl/newlifecapital/.

The Receiver has relied upon information and records available from New Life and from third parties. The Receiver’s review of this information does not constitute an audit of the Property or the financial position or operating results of New Life. In addition, any financial information presented by the Receiver is preliminary and the Receiver is not yet in a position to project the outcome of the administration of the receivership.

THE TRANSFER OF NEW LIFE FUNDS OFFSHORE

As previously advised in the Receiver’s Court Reports, shortly after the Receiver’s appointment, the Receiver requested assistance from New Life’s principals, Jeffrey Pogachar and Paola Lombardi (together, the “Principals”), in understanding the business and affairs of New Life. To date, the Principals have failed to comply with the Receiver’s requests for assistance contrary to the terms of the Order of the Ontario Superior Court of Justice dated December 17, 2008 pursuant to which the Receiver was appointed (the “Appointment Order”).

In the Fourth Report, the Receiver advised that, despite the lack of assistance from the Principals, (i) the Receiver was continuing its efforts to locate all of New Life’s records; (ii) those efforts included requesting copies of missing documents from The Toronto-Dominion Bank (“TD”), New Life’s banker; and (iii) its investigation of New Life’s transactions was focused on payments purportedly made by New Life to acquire Policies.

To date, the Receiver's investigation of New Life's banking activity has revealed that, between October 2007 and July 2008, the Principals transferred approximately USD 7.1 million from New Life's accounts at TD to an account (the "Lexington Account") in the name of Lexington Consulting Inc. ("Lexington") at FirstCaribbean International Bank (Bahamas) Limited ("FCB") in Nassau, The Bahamas (the "Offshore Funds"). Except for approximately USD 250,000 withdrawn in cash from the Lexington account, the Offshore Funds were transferred during the period November 2007 to September 2008 from the Lexington Account to an account at FCB (the "Amarcord Account") in the name of Amarcord International Inc. ("Amarcord"). Approximately USD 300,000 was returned to New Life in April 2008 such that the net total of the Offshore Funds is approximately USD 6.8 million.

As a result of inquiries undertaken by the Receiver with the assistance of the Ontario Superior Court of Justice (the "Ontario Court") and the Supreme Court of The Commonwealth of The Bahamas (the "Bahamian Court"), the Receiver has ascertained that the Principals:

- incorporated Lexington in The Bahamas in August 2005 and also established the Lexington Account in or about August 2005;
- are the sole shareholders of Lexington and are the sole signatories on the Lexington Account;
- incorporated Amarcord in The Bahamas in October 2007 and also established the Amarcord Account in or about October 2007; and
- are the sole shareholders of Amarcord and are the sole signatories on the Amarcord Account.

The Receiver notes that the Lexington Account was set up prior to the commencement of operations by New Life in 2006.

The Receiver also notes that the movement and use of the Offshore Funds is not consistent with the business objectives of New Life, as described in its Offering Memoranda. It appears to the Receiver that, commencing in November 2007, the Principals spent substantially all of the Offshore Funds on personal expenses or transferred the Offshore Funds from the Amarcord Account to other financial institutions or third parties, including law firms in Canada and The Bahamas. The combined disbursements from the Lexington Account and the Amarcord Account, excluding the aforementioned USD 300,000 repayment to New Life, are summarized below:



Payee/Purpose	Amount (USD)
Bahamian law firms/legal service providers	2,682,350
Canadian law firms	777,118
Purchase of two Ferrari automobiles plus accessories/service	824,826
Purchase of Bahamian Government Bonds	1,029,956
Cash or equivalent	907,097
Visa credit card bills	361,941
Other	303,166
Total	6,886,454

As advised above, the Receiver obtained the assistance of the Ontario Court and the Bahamian Court in order to obtain this information. The Courts' assistance commenced in September 2009. In order to effectively trace the Offshore Funds, it was essential that the Receiver maintain confidentiality with respect to its activities. Accordingly, up until mid-February 2010, all of the court materials with respect to the Receiver's efforts to trace the Offshore Funds have been sealed. This included various Orders made by the Ontario Court and the Bahamian Court and the Receiver's evidence to obtain those Orders including copies of banking documentation received from TD and FCB. On February 18, 2010, the Receiver obtained an Order from the Ontario Court terminating the sealing provisions such that the materials and Orders in Ontario now form part of the public record in this receivership proceeding. Copies of these Orders dated September 18, 2009, January 12, 2010 and January 22, 2010 are available at www.kpmg.ca/en/ms/cl/newlifecapital/. The Receiver will be discussing these Orders and further details in its Fifth Report to the Court.

Pursuant to the powers granted under the various Ontario and Bahamian Court Orders, the Receiver is continuing to trace the Offshore Funds by making inquiries of various third party recipients of the Offshore Funds to determine if these third party recipients control any of the Offshore Funds or if they can provide the Receiver with information which will enable the Receiver to continue to trace the Offshore Funds.

The Receiver is not yet in a position to determine the amount of the Offshore Funds, if any, that will be secured and recovered by the Receiver.

The Receiver has commenced proceedings in The Bahamas against the Principals, Lexington and Amarcord (collectively, the "Defendants") for the misappropriation of the Offshore Funds from New Life. On February 12, 2010, the Receiver obtained an injunction from the Bahamian Court prohibiting the Defendants from dealing with their assets in any manner up to the amount of the Offshore Funds (the "Bahamian Injunction Order"). The Defendants may apply at any time to the Bahamian Court to vary or



discharge the Bahamian Injunction Order. A copy of the Bahamian Injunction Order is available at www.kpmg.ca/en/ms/cl/newlifecapital/.

The Receiver has advised the RCMP of the alleged misappropriation of funds described herein and has offered the RCMP the Receiver's full cooperation. The Receiver is not aware of whether or not the RCMP will pursue an independent investigation of the Principals.

SALES PROCESS AND GO FORWARD PLAN

As advised in previous notices posted on the Receiver's website in December 2009 and February 2010, under the Sales Process authorized by the Ontario Court on September 8, 2009, the deadline for submission of offers on the Portfolio was October 30, 2009. The Receiver did not receive any offers for all or substantially all of the Portfolio by the deadline; however, offers for certain policies were submitted. The Receiver rejected those offers and advised the Representative Counsel beforehand of its intention to do so.

Given that the sale of the Portfolio is not a reasonable option, the Receiver is in the process of finalizing a go forward realization plan with respect to the Policies and will be putting forth its recommendation in its Fifth Report to the Court. In this regard, the Receiver has been conferring with the Representative Counsel. In turn, the Representative Counsel has been seeking the non-binding input of the Investor Panel.

In the meantime, the Receiver continues to pay essential premiums on Policies required to keep the Policies in force, thereby preserving the assets of the estate.

RECEIVER'S FIFTH REPORT TO THE COURT

The Receiver intends to file its Fifth Report to the Court on or about the first week of March 2010 and to appear before the Court in March 2010 to seek, among other things, approval of the Receiver's go-forward realization plan. The Fifth Report will also contain further details on the Offshore Funds.

The Fifth Report will be available at www.kpmg.ca/en/ms/cl/newlifecapital/ on or about the first week of March 2010. The Receiver encourages all stakeholders to review the Fifth Report. While the Fifth Report will not be mailed to stakeholders it will be available on the Receiver's website.



Contact information for the Receiver is presented at the bottom of the Receiver's website.

Yours very truly,

**KPMG INC.
COURT APPOINTED RECEIVER AND MANAGER OF NEW LIFE CAPITAL
CORP. ET AL**

A handwritten signature in blue ink, appearing to read 'Elizabeth J. Murphy'.

**Per: Elizabeth Murphy
Vice President**

A handwritten signature in blue ink, appearing to read 'J. Bradley Butcher'.

**Per: J. Bradley Butcher
Vice President**