

Crocus Investment Fund
Receiver's Report
No. 14
May 25, 2012

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1.0 Appointment

On June 28, 2005, pursuant to an application made by the Manitoba Securities Commission (“MSC”) under Section 27 of *The Securities Act*, the Court of Queen’s Bench (the “Court”) made an Order (“Initial Receiving Order”) appointing Deloitte & Touche Inc. (“Deloitte” or the “Receiver”) as Receiver and Manager of the Crocus Investment Fund (“Crocus” or the “Fund”). The Initial Receiving Order appointed Deloitte as Receiver over all of Crocus’ current and future assets, undertakings and properties and granted the Receiver powers to carry out its duties as outlined in the Order.

2.0 Background

Crocus was a Labour-Sponsored Venture Capital Corporation (formerly referred to as a Labour Sponsored Income Fund or LSIF). The Fund was created with the enactment of *The Manitoba Employee Ownership Fund Corporation Act*, C.C.S.M. c. E95. The purpose of the Act was to facilitate the raising of venture capital through the sale of common shares of the Fund. The proceeds from the sale of shares were intended to be invested in eligible Manitoba businesses. The name of the Act was subsequently changed to *The Crocus Investment Fund Act* (“the Crocus Act”) by virtue of Part 2 of *The Labour-Sponsored Investment Funds (Various Acts Amended) Act*, C.C.S.M. c. C308.

Common shares of the Fund (“Class A shares”) were available for purchase by individuals, with the purchase of shares generally being made through Registered Retirement Savings Plans (“RRSP”). Purchasers of Class A shares were in most cases entitled to certain Provincial and Federal tax credits. The Fund offered shares for purchase between 1992 and December 2004, at which time trading of the shares was halted. At that time, Crocus’s valuation of the Class A shares was \$10.45 per share. Due to a write down in the value of the Crocus investment portfolio in April 2005 of approximately \$43 million, the value of Class A shares was reduced to approximately \$7.00 per share.

The capitalization of the Fund as at June 28, 2005, the date of receivership, was as follows:

- (a) 200,000 Class G Shares issued for \$2.0 million held by the Province of Manitoba;
- (b) 20 Class L Shares issued for \$200 held by the Manitoba Federation of Labour;
- (c) 69,126 Series Two Class I Shares issued for \$800,145 held by three (3) different institutional shareholders;
and
- (d) 14,220,000 Class A Shares (common shares) issued for \$185,214,324 held by 33,569 individual shareholders.

Most of the Class A shareholders invested \$1,000 to \$5,000 in the Fund, representing 58% of the invested money. The average individual investment in the Fund was approximately \$5,500 and the median investment was \$5,000. Cumulatively, 29,331 or 87% of the shareholders originally invested less than \$10,000. These figures exclude the tax credits to which investors were entitled as a result of their purchases.

Due to further losses and write-downs incurred by the Fund subsequent to April 2005, the value of Class A shares at the date of the receivership was approximately \$5.99 per share. Since the commencement of the receivership in June 2005, the Receiver has undertaken to realize on the investment portfolio held by the Fund in a commercially reasonable manner as described below. Cumulatively to March 31, 2012, thirty-nine (39) of the forty-six (46) investments have been realized upon or closed. Since its appointment, the Receiver has realized proceeds of approximately \$59.1 million for investments with a June 28, 2005 book value of approximately \$55.9 million, representing a recovery of approximately 106%. Furthermore, the Court has authorized two interim distributions (the first on September 4, 2009; the second on December 12, 2011) to Class A shareholders representing approximately \$63.7 million or \$4.38 per share.

3.0 Chronology & Receiver Activities

3.1 Chronology

Since its appointment, the Receiver has prepared fourteen (14) reports on various matters as well as twenty-six (26) quarterly reports all of which detail its activities and which are available on the Receiver's website www.deloitte.com/ca/crocusfund. In addition the Receiver prepared a three (3) volume report to the Court as part of the Receiver's review of the records of the Fund.

The receivership involved complex and difficult negotiations in liquidating many of the investments. It also involved a significant amount of litigation. The following is a chronology of certain significant events from December 2004 to the present:

December 2004	Crocus announced that it had initiated an organizational review and comprehensive assessment of the value of its portfolio. It requested and received regulatory approval to halt sales and suspend redemptions of its shares during the review. Crocus indicated that the decision to undertake the review and assessment was precipitated by the underperformance of the Fund and in light of certain developments with key holdings in the portfolio.
December 2004	The Office of the Auditor General ("OAG") advised Crocus that it would be conducting a limited examination of the Fund. Crocus advised that the Fund would co-operate with the OAG in its examination and that it had engaged valuation teams from various public accounting firms to assist in the voluntary portfolio valuation review that had been undertaken by Crocus.
February 2005	The OAG advised Crocus of its intention to expand the scope of its examination of the Fund to address objectives in the following areas: Board governance; management of the portfolio and general operations; compliance with the Crocus Act; and compliance with <i>The Securities Act</i> . The OAG's examination was generally intended to address the time period from October 1, 2000 to September 30, 2004.
April 2005	The MSC issued a Notice of Hearing and Statement of Allegations against the Board of Directors of Crocus. The Statement of Allegations alleged, among other things, that the Crocus Prospectus did not contain full, plain and true disclosure concerning the Class A share price and that the Board of Directors of Crocus failed to comply with their obligations regarding the following: establishing procedures for the valuation of shares; ensuring timely valuations; and seeking a suspension of trading when they were aware of a change which may have a material effect. Additional allegations were made against certain individual board members.
April 2005	Crocus announced that its Board of Directors approved a reduction of approximately \$46 million in the Fund's net asset value as a result of external valuations completed by four independent national public accounting firms.
May 2005	The OAG released a report outlining serious weaknesses in the Fund's operations and governance. Referencing a decline in the value of the Fund's portfolio, the OAG indicated that the carrying value of the Fund's venture investment portfolio appeared to have been

	<p>overstated at August 31, 2004 and that it was likely that the portfolio value was overstated at earlier dates, resulting in overvalued shares. The OAG was of the view that:</p> <ul style="list-style-type: none"> • The Crocus Board of Directors lacked appropriate oversight and governance and did not operate as effectively as was necessary given the operational and financial risks with the governance of an LSIF; • Investment processes and procedures were significantly flawed; • The Fund misled investors in a significant way by failing to properly disclose and publicly communicate the reason for the receipt of \$10 million from a Quebec LSIF in 2002; • By not managing or addressing its operating losses on a timely basis, the Fund was headed for financial difficulties and risked non-compliance with its legislated liquidity requirements; • There was significant abuse of the Fund's travel and expense policy; and • The Fund did not operate in compliance with respect to certain sections of the Crocus Act. <p>The OAG also advised that its report would be forwarded to an independent prosecutor from the Ontario Ministry of the Attorney General to determine whether the matter should be referred to the Royal Canadian Mounted Police ("RCMP") for a criminal investigation.</p>
June 2005	The Board of Directors of Crocus announced that the Fund would not offer further Class A shares for sale and that Crocus would look for the best way to realize maximum value for shareholders from the Fund's portfolio and other assets. The Board alluded to damage to the Fund's reputation, high net operating costs, poor investment performance, the threat of litigation, and other factors.
June 2005	An independent prosecutor from the Ontario Ministry of the Attorney General completed a review of the OAG's report on Crocus and recommended that the matter be referred to the RCMP for a criminal investigation.
June 2005	The members of the Board of Directors of Crocus announced that they had resigned effective June 29, 2005. The Board cited as a key issue its inability to secure adequate Director and Officer ("D&O") liability insurance. The Board advised that the Fund was able to negotiate an extension of the current D&O insurance coverage, and did receive offers for additional coverage, but the Board deemed the amount available to be insufficient given the potential future liability. The Board also advised that Crocus had requested that the Government of Manitoba consider indemnifying the Board and senior officers of the Fund but that request was declined.
June 2005	Upon application by the MSC, the Manitoba Court of Queen's Bench appointed Deloitte & Touche Inc. as Receiver and Manager of Crocus. The Manitoba Federation of Labour ("MFL") did not object to the appointment of the Receiver but requested time to consider whether to present a plan of action to consider whether other alternatives existed which would likely present a better return to the Crocus shareholders. The MFL was given until July 13, 2005 to present a plan.
July 2005	No plan was presented by the MFL and at the July 13, 2005 hearing, the Initial Receiving Order was confirmed.
July 2005	A Class Action statement of claim ("First Class Action") was issued against Crocus, Crocus

	<p>Capital Inc., Wellington West Capital Inc. (“Wellington West”), PriceWaterhouseCoopers LLP (“PWC”), Nesbitt Burns Inc. (“Nesbitt Burns”), the MSC and seventeen (17) other defendants. The claim sought damages of \$150 million for oppression and negligence as well as punitive and exemplary damages of \$50 million. The “Class Members” as defined in the original statement of claim consisted of persons who dealt in the shares of Crocus between October 1, 2000 to December 10, 2004 and who suffered a loss as a result thereof. The First Class Action statement of claim alleged among other things, the following:</p> <ul style="list-style-type: none"> • That certain former Board members and officers or persons under their control priced the Fund at inflated values, overstated the Crocus share price valuations and issued or caused to be issued prospectuses which were materially false; • That two investment dealers, Wellington West and Nesbitt Burns, as agents for the Fund, breached s. 141 of the <i>Securities Act</i> and s. 52(1) of the <i>Competition Act</i>; • That Crocus’ auditor, PWC, breached its duty of care to the Class Members and negligently represented in its auditor’s reports that the Fund’s financial statements were materially accurate and that the share price valuation was reasonable; and • That the MSC breached its duty of care to the Class Members to ensure that the Fund’s prospectuses contained full, true and plain disclosure of all material facts and to undertake a reasonable and prudent investigation of complaints.
August 2005	<p>Pursuant to Receiver’s Report #2, the Court ordered that the Receiver was authorized to submit to the Manitoba Corporations Branch certain Articles of Amendment for Crocus in order to make the Articles consistent with the newly enacted <i>The Labour Sponsored Venture Capital Corporations Act</i>.</p>
August 2005	<p>Prior to the receivership there had been an investigation into the conduct of Crocus by the OAG, which released a report on the matter in May 2005. In addition, there had been an investigation into the conduct of Crocus and its directors by the MSC, which lead to the MSC issuing a Statement of Allegations in April 2005 alleging improper conduct on the part of Crocus and certain of its officers and directors. The Receiver received communications from several of the six (6) different law firms representing seventeen (17) officers and directors named in both the Class Action and MSC investigations. In addition, the Receiver received communications from other former officers and directors claiming re-imbursement for legal bills relating to the investigations by the OAG and MSC. Counsel for the Class Action plaintiff specifically requested that the Receiver not pay any of the fees of the officers and directors named in the Class Action.</p> <p>In support of the Receiver’s motion for advice and directions, the Receiver filed Receiver’s Report #3 respecting the legal fees claimed, through various indemnity arrangements with Crocus, by the former officers and directors named in the Class Action litigation as well as in the proceedings initiated by the MSC. The Receiver filed a motion with the Court which, inter-alia, allowed for payment of pre-receivership costs and allowed the Receiver to submit a claim to Crocus’ insurer for indemnification for monies paid by Crocus to the lawyers for the former officers and directors.</p>
September 2005	<p>The Receiver filed Receiver’s Report #5 and brought a motion to approve its plan for the</p>

	disposition and sale of the assets of Crocus. During the hearing, Justice McCawley noted that the only plan before the Court was the Receiver's Plan. The matter was adjourned to October 2005 to allow for further discussion among the interested parties and for any alternative plan(s) to be brought before the Court.
September 2005	Pursuant to Receiver's Report #7, the Court approved the agreement for the disposition of the Crocus investment in Sequoia Energy Inc.
October 2005	<p>The Receiver filed Supplementary Report #5-A outlining its concerns with the concept of a third party manager (rather than the Receiver) as had been proposed by the MFL. The Receiver brought a motion for an amendment to the provisions of the Initial Receiving Order regarding the sale of assets and reporting. Concurrently, the MFL brought a motion for an Order requiring the Receiver to convene a meeting of shareholders to consider a plan proposed by the MFL. The MFL proposed that GrowthWorks Ltd. of Vancouver, British Columbia, act as a third party manager.</p> <p>The Court dismissed the motion of the MFL and approved the plan by the Receiver regarding the administration of the receivership on a go forward basis. The plan contemplated the orderly wind down of the operations of Crocus by the Receiver and distribution of the proceeds of sale to creditors and shareholders of the Company. The Court also removed the requirement for Court approval of transactions exceeding \$100,000 and replaced it with a requirement for the Receiver to make quarterly reports to the Court.</p>
October 2005	The Receiver filed Receiver's Report #8 advising that the RCMP intended to investigate certain of the Fund's dealings. The Court granted an Order authorizing the Receiver and former Crocus employees retained by the Receiver to cooperate with the RCMP and allow access to records and answer questions relating to the Fund.
December 2005	The Receiver filed Receiver's Report #6 indicating that, in its view, it did not need to retain all of the cash and equivalents in its possession and that it could distribute approximately \$14.2 million to the Crocus shareholders. The Receiver sought the advice and direction of the Court regarding the distribution in light of the Class Action suits which remained outstanding as well as other known and contingent liabilities.
January 2006	Counsel for the parties involved in the First Class Action met with Justice Hanssen, who had been appointed as case management judge. The purpose of the meeting was to start the scheduling process for the Motion for the Certification Order in the First Class Action.
March 2006	The Receiver filed a Statement of Claim against the Crocus insurer, Chubb Insurance Company of Canada ("Chubb"), requesting a declaration that the legal costs associated with the OAG and MSC proceedings were covered by Crocus' insurance policy.
March 2006	A hearing was held regarding Receiver's Report #6 and its request to distribute funds to the Crocus shareholders..
April 2006	Counsel for the First Class Action plaintiff advised the Court that it was their intention to appeal the decision of Justice McCawley regarding the legal expenses of the former officers and directors that she made in January 2006.
April 2006	In a judgment delivered in April 2006, the Court rejected the Receiver's recommendation to make a distribution to shareholders on the grounds, inter alia, of the priority of creditors over shareholders and, given that the First Class Action had not been resolved, the extent of

	creditors' claims was sufficiently uncertain as to make it inappropriate at that time to make a distribution to shareholders.
May 2006	Bernard W. Bellan, the plaintiff in the First Class Action, and Robert Nelson commenced another action under <i>The Class Proceedings Act</i> against the Government of Manitoba ("Second Class Action").
May 2006	The plaintiff in the First Class Action and GrowthWorks Canadian Fund Ltd. ("GrowthWorks") entered into a Memorandum of Understanding (the "MOU") with respect to the assets of Crocus and the position of Crocus as a defendant in that action.
May 2006	In response to Receiver's Report #3, the Court authorized and directed Deloitte to pay all reasonably incurred past and future legal expenses of the former officers and directors as well as any unfavourable judgments against them arising from other actions.
June 2006	The decision regarding the legal expenses of the former officers and directors rendered in May 2006 was appealed by counsel for the First Class Action plaintiff.
June 2006	The First Class Action was amended to broaden the proposed Class Members to include all Crocus shareholders as at December 10, 2004, being the date trading in the shares halted.
July 2006	The MFL filed a Motion seeking various relief including: that a special meeting of the shareholders of Crocus be called to consider a proposal by GrowthWorks to purchase the assets of Crocus in exchange for shares of GrowthWorks; and that the right of the Receiver to deal with the assets of Crocus be restricted and that sales of assets in excess of \$1 million be subject to approval of the Court. In this regard, from the fall of 2005 to July 2006, the Receiver had ongoing exchanges of correspondence with GrowthWorks as well as the Crocus Investors Association ("CIA") regarding a proposal to acquire the assets of Crocus and the requirement of the Receiver to call a meeting of shareholders to consider such proposals.
July 2006	The Receiver filed Receiver's Report #9 which provided a further update to the Court regarding the status of the First Class Action, MSC hearings, indemnification claims against the directors, and the RCMP investigation. The Receiver discussed the Class Actions and expressed its conviction that, separate and apart from matters related directly to the First Class Action, the Receiver should conduct its own investigation into the manner in which the business and affairs of Crocus were managed. The Receiver expressed the view that, in order to deal effectively with issues arising in the Class Actions, it must be knowledgeable about the facts that gave rise to the allegations made by the Class Action plaintiffs.
September 2006	Receiver's Report #9 outlined the Receiver's plans regarding an investigative review of the records of Crocus. In September 2006, the Receiver commenced the investigative review, primarily as it related to investments made by Crocus, many of which proved to be unsuccessful. The review enabled the Receiver to understand the history of the investments and to assess the possible validity of allegations made in various reports and hearings as well as in the Class Action litigation. The Receiver believed that the review might accelerate final resolution of the proceedings and minimize the costs of all parties.
November 2006	A hearing was held and a judgment was delivered regarding the motion raised by the MFL in May 2006. The Receiver opposed the motion and raised numerous concerns regarding the motives,

	<p>practicalities and legalities of the MFL's recommended course of action. The Receiver noted that many questions remained unanswered regarding the MOU.</p> <p>The Court dismissed the motion of the MFL in its entirety.</p>
March 2007	The Court of Appeal upheld the decision of the Court of Queen's Bench regarding the legal expenses of the former officers and directors.
May /June 2007	A series of motions to strike the Class Action claims as disclosing no reasonable cause of action together with motions for particulars regarding the pleadings, among other things, were heard in May 2007. A motion brought by the Government of Manitoba to strike the claim as against it was heard in June 2007. The case management judge reserved his decision on most of the motions.
August / September 2007	The Court handed down its decisions on the motions argued in May and June 2007, some of which were subsequently appealed. In the interim, many of the Class Action defendants brought a motion seeking an Order compelling the Receiver to submit to an examination which was intended to produce a wide range of documentation. The Receiver opposed the motion on the grounds that it was premature as the Receiver's Records Review report ("Records Review Report") would be ready for delivery shortly and it may contain at least some of the information being sought. In addition, the Receiver took the position that there was an insufficient basis to order such a wide ranging search as had been outlined in the motion. The motion was heard and dismissed by the Court.
October 2007	The Receiver brought a motion for advice and direction of the Court with respect to publication and distribution of its Records Review Report. The Receiver was ordered to have the Report sealed and to provide copies to certain interested parties comprised largely of the Class Action defendants. A hearing was set for November 2007.
November 2007	<p>The Court lifted the sealing Order and ordered that copies of the Records Review Report be provided to the MSC and the RCMP.</p> <p>The Records Review Report contained certain observations and conclusions drawn by the Receiver with respect to conduct of the business and affairs of the Fund. These observations and conclusions were made after review of underlying documentation including but not limited to Board & Board Committee minutes; annual prospectuses; audited financial statements and related auditors' reports and letters to and from management respecting audit related matters; the closing books and related correspondence pertaining to the investment by Solidarité des Travailleurs du Québec; and selected materials pertaining to many of the investments made by Crocus.</p>
November 2007	Examinations for Discovery of representatives of Chubb and Crocus were set for November 2007, but were postponed due to developments between Chubb and the Class Action plaintiffs relating to a possible settlement of the First Class Action against the officers and directors of Crocus who had been named as defendants in that action.
December 2007	The Receiver was advised that certain of the parties in the Class Actions had agreed to enter into mediated settlement discussions. Although Crocus was not being pursued directly by the Class Action plaintiffs, it was potentially exposed as a result of claims for indemnity from the officers and directors as well as the underwriters which had been retained by Crocus and were named as defendants. The Receiver welcomed such discussions given

	<p>that the Class Action was still in the early stages of what potentially could have been a lengthy and costly litigation process.</p> <p>The Receiver attended the mediation hearings. The Records Review Report was utilized by the mediator and other parties to gain an understanding of the issues and events that had occurred in the operations of Crocus.</p> <p>As a result of those discussions, several agreements in principle were reached among the plaintiffs and all of the defendants involved in the Class Actions, with the exception of Wellington West, which was one of the underwriters. As at December 31, 2007, the Receiver believed that it had reached agreement with the officers and directors as well as the Class Action plaintiffs to settle Class Action claims involving the officers and directors. However, some directors subsequently took the position that they had not come to agreement with the Receiver.</p>
May 2008	<p>Justice Hanssen certified the lawsuits against the Government of Manitoba, the MSC and Nesbitt Burns as class actions for the purposes of settlement and approved their respective settlement agreements. In exchange for payment, the claims against these parties were to be dismissed and no admissions of liability were to be made.</p> <p>Settlement agreements were also reached in principle with the former officer and directors of Crocus and PWC. In the aggregate, the settlements increased the amount of funds that would ultimately be available for distribution to the shareholders.</p>
June 2008	<p>The Court declined to approve the Class Action settlements on the terms proposed; however, the parties continued negotiations. A certification hearing with respect to the remaining non-settling defendant, Wellington West, was heard, but judgment was reserved.</p>
July 2008	<p>The RCMP completed its investigation; no criminal charges were laid.</p>
October 2008	<p>Further meetings occurred among counsel for the Class Action plaintiffs, Wellington West, the officers and directors and PWC to determine if a settlement could be finalized. Justice Hanssen was asked to defer ruling on the certification motion in light of the possibility that the parties would reach an overall resolution of the matter.</p>
November 2008	<p>The Receiver filed Receiver's Report #10 which updated the Court on the status of the Class Action and proposed that it make application to Court to ascertain if there were unknown claims against Crocus that might rank ahead of shareholders. In addition it proposed a procedure to bar future claims.</p>
January 2009	<p>While further progress was made among counsel for the Plaintiffs, Wellington West, the officers and directors, PWC and the Receiver, a significant obstacle arose between the Receiver and the former officers and directors regarding releases. Accordingly, the Receiver made application to the Court to obtain a claims bar order in favour of Crocus and the former officers and directors. The claims bar order requested by the Receiver was not granted.</p>
April 2009	<p>The Court approved additional settlements in the Class Actions between the Class Action plaintiffs and PWC, Wellington West, the officers and directors. The settlements in the Class Actions including funds from the Government of Manitoba and Nesbitt Burns totalled \$12.5 million. Class Action counsel fees and disbursements (excluding taxes) totalled \$4.6 million.</p>

May 2009	The Receiver filed Receiver's Report #11 and proposed an alternate claims bar approach to the Court, which was also declined. The Receiver reached an agreement with the former officers and directors regarding the form of release. In order to facilitate a distribution to shareholders, the Receiver agreed to make available a fund of \$250,000 for the legal expenses of the directors in defending the MSC matter as well as to holdback \$3.0 million to address any unknown potential indemnity claims.
July 2009	The Receiver filed Receiver's Report 11A proposing a claims process. The process for identifying any unknown claims was approved by the Court.
September 2009	The Receiver filed Receiver's Report #12 and recommended, inter alia, a rateable distribution amongst the Class A and Class I shareholders. The Court approved an interim distribution ("First Distribution") to Class A and Class I shareholders of approximately \$54.7 million which equated to \$3.83 per Class A and Class I share. In addition, the Court approved the redemption of the Class L shares.
June 2010	As part of the settlements, the officers and directors assigned any claim for contribution and indemnity that they may have against third parties to the Class Action plaintiffs. The Class Action plaintiffs then filed a statement of claim against Fillmore Riley LLP and Stafford F. Swain & Associates. Fillmore Riley LLP had acted as counsel to the Fund and Stafford F. Swain & Associates had provided valuation services. The claim was a representative action on behalf of the shareholder class and claimed damages of up to \$ 5.0 million plus interest.
May 2011	The Receiver filed Receiver's Report #13 which updated the Court on the outstanding items in the receivership and recommended a distribution of \$7.9 million or \$0.55 per share.
June /July 2011	Hearings to approve the Receiver's proposed distribution were held. Counsel for ten (10) former directors involved in the MSC action opposed the motion on the amount of the distribution, and more particularly, maintained that the Receiver was obligated to hold back \$3.0 million pursuant to the release agreement executed in May 2009. The Court directed counsel to meet over the summer in an effort to resolve the matter.
October 2011	At a hearing to consider the proposed second distribution, the Receiver recommended that the interim distribution be increased to \$9.0 million. Counsel for eight (8) of the ten (10) directors involved in the MSC action advised that a settlement agreement had been put forward for approval by the MSC. Argument took place on the amount, if any, that the Receiver should be required to hold back for the benefit of the directors. The matter was adjourned <i>sine die</i> on the grounds that a decision was expected from the MSC within a couple of weeks.
October 2011	A settlement agreement submitted to the MSC by counsel for eight (8) of ten (10) former directors involved in the MSC action was approved. It was reported that these directors admitted to the allegations posed by the MSC. Certain non-monetary penalties were imposed by the MSC against these former directors.
November 2011	The Court approved a settlement between the Class Action plaintiffs and Stafford F. Swain & Associates.
December 2011	The Court approved a second interim distribution of \$9.0 million and also ordered a \$1.0 million holdback for the benefit of certain directors.

3.2 Investments

The events outlined in the foregoing chronology, and the related research, formulation of positions and reporting, required the expenditure of significant amounts of time and effort by the Receiver and its counsel. In addition to attending to those matters, the Receiver was required to realize on the portfolio of Crocus which, at the date of the receivership, consisted of the following forty-six (46) investments (individually also referred to as “Investees”):

Investment	Exit/Closed Date (quarter ended)
1) Blye Brothers Entertainment Inc.	December 31, 2005
2) CentreStone Ventures Limited Partnership	December 31, 2005
3) IMRIS Inc.	December 31, 2005
4) Sequoia Energy Fund	December 31, 2005
5) SR&J Customer Care Call Centre Inc.	December 31, 2005
6) Venture Seeds Ltd.	December 31, 2005
7) Viventia Biotech Inc.	December 31, 2005
8) Green Gates Country House and Restaurant	March 31, 2006
9) Maple Leaf Distillers Inc.	March 31, 2006
10) Mezzo Limited Partnership	March 31, 2006
11) Turtle Mountain Pork Limited Partnership	March 31, 2006
12) Turtle Mountain Pork II Limited Partnership	March 31, 2006
13) POS Systems Ltd.	June 30, 2006
14) Westward Industries Limited	June 30, 2006
15) Carte International Inc.	September 30, 2006
16) National Leasing Group Inc.	September 30, 2006
17) Wellington West Capital Inc.	September 30, 2006
18) Mondetta (Dimensions 100 Inc)	December 31, 2006
19) Mid Canada Production Services Inc.	December 31, 2006
20) Manitoba Property Fund	September 30, 2007
21) COH Holdings (US) Inc.	December 31, 2007
22) eZedia Inc.	March 31, 2008
23) Medicare Inc.	March 31, 2008
24) Minds Eye Pictures	March 31, 2008
25) Pasta La Vista	June 30, 2008
26) True North Holding Company	June 30, 2008
27) Winnipeg Spaghetti Corp.	June 30, 2008
28) Winnipeg Winter Club	June 30, 2008
29) Storm-Tite	December 31, 2008
30) Crocus Hockey Holdings Inc.	September 30, 2009
31) Biovar Life Support Inc.	December 31, 2009
32) Cando Contracting Ltd.	March 31, 2010
33) Enterprise Swine Systems Ltd	December 31, 2010
34) Enterprise Swine Systems II Ltd	December 31, 2010
35) ESS Holding Company	December 31, 2010
36) Online Enterprises Inc.	September 30, 2011
37) D.L.J.S. Enterprises Ltd.	December 31, 2011
38) Muddy Waters Smokehouse	December 31, 2011
39) W.O.W. Hospitality Concepts Inc.	December 31, 2011
40) Canad Corporation of Canada Inc.	Not exited
41) Diamedica Inc.	Not exited
42) Genesys Venture Inc.	Not exited
43) Manitoba Science & Technology Fund	Not exited
44) Novra Technologies Inc.	Not exited
45) ST Partnership	Not exited
46) Winnipeg Goldeyes Baseball Club Inc.	Not exited

At the initial stages of the receivership, the Receiver performed the following activities to gain an understanding of the investment portfolio, the various agreements in place, and the obligations between Crocus, the Receiver and the Investees:

- Notified all of the Investees and other relevant stakeholders of the receivership.
- In conjunction with counsel and those of the Crocus staff whose employment was continued after the receivership, reviewed the history, performance, relevant agreements and other issues for each of the remaining Investees. Memorandums on each Investee were prepared.
- Notified all of the Investees of their financial reporting obligations to Crocus.
- Met with all of the active individual Investees to determine their positions regarding possible ways of liquidating the Crocus investment including refinancing with another lender or investor. Following these meetings, the Receiver formulated a prospective sale strategy for each investment.
- The Receiver also communicated with potential purchasers who had expressed an interest in the portfolio and requested that they identify the Investee(s) that they would be interested in acquiring as well as the financial information and due diligence procedures that they would require should the Receiver be in a position to consider offers on that particular Investee.

Based on the review and communications described above, the Receiver made the following observations:

- Thirty-seven (37) of the forty-six (46) investments were primarily equity holdings with the remaining nine (9) comprising debt holdings.
- All but three (3) of the thirty-seven (37) equity investments were minority holdings. Twenty-six (26) of these minority investments were for less than 25% of the total equity of the Investee company and eight (8) of these minority interests were for between 25% and 50% of the total equity of the Investee company.
- Three (3) of the Investees were public companies, two (2) of which were not widely traded and as such lacked liquidity.
- Twenty-eight (28) of the forty-six (46) Investee companies had a right of first refusal clause which allowed, but did not oblige, other shareholders of the Investee to buy back the interest Crocus held if Crocus decided to sell such interest to another party. These Investee companies comprised 86% of the book value ascribed to the total value of the Investee companies at the date of receivership.
- Fifteen (15) of the forty-six (46) Investee companies had confidentiality provisions within their agreements with Crocus which made it difficult, without the consent of the Investee, to disclose information to other parties, including potential purchasers. Fourteen (14) of the same fifteen (15) companies also had some form of a first right of refusal provision.
- Eleven (11) of the forty-six (46) investments provided cash receipts to Crocus via interest, dividends, management fees or share buybacks.

One of the overriding issues with the Crocus portfolio was that the majority of agreements entered into between Crocus and the Investee companies did not provide for any structured exit mechanism. That is to say, there was no contractual right available to Crocus or the Receiver to convert the investment into cash. Furthermore, the majority of the portfolio consisted of minority shareholder positions. The position of most Investees was that they preferred to negotiate an arrangement whereby the Investee company and/or the existing non-Crocus shareholder(s) of the Investee would buy Crocus' interest from the Receiver. In many cases, because of the illiquidity of the Crocus position, the Investees sought a discount from the fair value of Crocus's interest. Accordingly, the Receiver followed a general approach when assessing and exiting Investees:

- In certain cases Investees were reliant on Crocus for regular funding of operations. Crocus had also guaranteed the indebtedness of the secured creditors of certain Investees. In order to minimize cash outflows and exposure under the guarantees, the Receiver moved expeditiously to exit such investments.

- Regular monitoring of the Investees which included a review and analysis of their financial and operational performance.
- Taking positions on the Investee's Board, as appropriate.
- Attendance at annual shareholder and other meetings.
- Review and discussion with counsel with respect to underlying security positions and shareholder/other agreements so that the Receiver had a clear understanding of its rights and “triggering” events within many of the agreements.
- Discussions with the Investees and their shareholders regarding negotiated exits. In these cases, the Receiver met with the Investee and requested detailed financial information so that the Receiver could make an assessment of the value of the investment and negotiate an exit.
- Instituting legal action and/or the appointment of a Receiver over the Investee as required.

In many cases, the negotiations were challenging, required multiple discussions over extended periods of time, and required valuations to be regularly updated. While some Investees wanted an exit strategy, they were unable to obtain funding to buy out the Receiver's interest, which required further discussions around the form of the exit.

In some cases the Receiver was required to initiate or was drawn into legal action:

- In the case of eZedia Inc., Crocus had guaranteed a portion of a secured creditor's claim. Based on a legal opinion obtained by the Receiver, the Receiver concluded that there was no liability under the guarantee. The matter was litigated and the Court agreed with the Receiver's position. However, that decision was overturned on appeal.
- In the case of COH Holdings (US) Inc. (“COH”) (based in Denver, Colorado), the Receiver was involved in numerous discussions with the COH Board of Directors regarding the disposition of the remaining assets as COH had ceased operations. Following the resignation of the President and CEO and many of the COH Board members, the President and CEO issued a statement of claim against COH and Crocus in Colorado. Subsequently the Receiver initiated formal recovery proceedings through the appointment of a Court Appointed Receiver over COH in Colorado. The Court Appointed Receiver took possession of the remaining assets and records. After reviewing the records and having numerous meetings with counsel, the matter was settled with the Receiver receiving a portion of the remaining assets.
- In the case of one investment, the Receiver made application to Court regarding the Investee where a sale of Crocus' interest had been negotiated, but where another party was withholding books and records which were required to complete the sale. At a Court hearing held in December 2005, the Court ordered that the party provide the book & records to the Receiver within two (2) weeks. The Receiver reviewed the records and determined that a significant amount of effort would be required to bring the records received up-to-date. Numerous meetings were held with the other Partners of the Investee and ultimately the records were updated, appraisals completed and an exit negotiated.
- The Receiver has issued a demand against the Winnipeg Goldeyes where a significant amount of interest arrears was due but remained unpaid. Subsequent demands for principal were also made. This matter remains unresolved.

To-date 39 of the investments have been liquidated or are otherwise considered closed. In summary, since its appointment the Receiver has realized proceeds of approximately \$59.1 million for investments with a June 28, 2005 book value of approximately \$55.9 million representing a recovery of approximately 106%.

3.3 Creditors

The following details the activities of the Receiver in dealing with certain major creditors of Crocus:

- Subsequent to the receivership, the Receiver became aware of a potential claim by the Government of Canada - Western Economic Diversification ("WED") relating to \$2.0 million in contributions made by WED to Crocus from 1994 to 1996. A portion of the contributions were repayable by Crocus on an annual basis from 1996 to 2008 if certain profitability levels were achieved. The Receiver reviewed the agreement and, with the assistance of counsel, formulated its position. The Receiver entered into settlement discussions with WED and ultimately reached an agreement.
- The Receiver had discussions with certain former employees that were not paid prior to the receivership and who subsequently advanced claims for severance. In addition, certain employees contacted the Receiver claiming indemnification for various matters. Settlements were reached for all employee severance and indemnification matters.
- Crocus had funded a defined benefit pension plan for its employees that was administrated by the Canadian Labour Congress ("CLC"). Effective January 1, 2005, the pension plan was changed to a defined contribution plan administrated through Great-West Life ("GWL Plan"). It had been the intention of Crocus to have the CLC plan converted to the GWL Plan but the transfer process was not initiated prior to the receivership. The Receiver investigated the details of both plans and had discussions with GWL, CLC, and the former consulting actuary engaged by Crocus. Ultimately, the GWL Plan contributions were refunded and the parties agreed to a partial wind-up of the CLC plan. As part of the wind-up, the Receiver funded a deficit in the CLC plan of approximately \$0.4 million.

3.3 Guarantees

Crocus had guaranteed the indebtedness of certain advances to its Investee companies from other lenders. At the commencement of the receivership, there were eight (8) guarantees with an approximate exposure of \$7.7 million. Through negotiations, the Receiver was able to exit six (6) of the investments and eliminate the related guarantee as part of the exit. Two (2) guarantees gave rise to demands as the Investees were placed into receivership and their primary secured creditor incurred a shortfall. Crocus paid approximately \$1.3 million in honouring these guarantees.

3.4 Shareholder Services / Correspondence

Throughout the receivership, the Receiver kept the shareholders apprised on the status of its activities through direct correspondence, updating of its website and by email and telephone. As is noted above, there were 33,569 individual shareholders at the commencement of the receivership.

In addition, the Receiver entered into a sub-contract with a company owned by former Crocus employees to provide those services previously provided by Crocus' shareholder services department, which responded to enquiries from shareholders, recorded address changes, recorded changes in marital circumstance and processed deceased shareholders' accounts.

3.4 Distribution to Shareholders

Crocus did not have a system in place to effect an “en masse” distribution to its shareholders. There were taxation and other issues regarding the types of investment accounts. In addition, the Class Action settlements were based on the original cost of the investment as opposed to the number of shares held. As a result, a significant amount of time was spent by the Receiver planning and testing distribution systems.

3.5 Records Review

Pursuant to Receiver’s Report #9, the Receiver and its counsel reviewed a substantial volume of records at Crocus. The Receiver prepared a three (3) volume report after a detailed review of the following:

- 1) Selected materials for eleven (11) of the more material investments made by Crocus.
- 2) Board of Directors minutes as well as Board packages distributed to Board members prior to the meetings.
- 3) All Valuation Committee minutes.
- 4) Minutes of other Board Committees deemed relevant.
- 5) Annual Prospectuses.
- 6) Annual Audited Financial Statements, related auditor’s reports and letters to management arising from the audit.
- 7) The closing books and related correspondence pertaining to the investment by Solidarite des Travailleurs du Quebec.

The Receiver summarized and reported its findings on the following:

- 1) The Reserve Fund, Eligible and Discretionary Investments
- 2) Valuation
- 3) Lawyers
- 4) Brokers
- 5) Auditors
- 6) Liquidity and Pacing
- 7) Committee Structure
- 8) Solidarity Transaction
- 9) Securities Issues
- 10) Officers and Directors Indemnities

The Receiver attended the Class Action mediation hearings. The Records Review Report was utilized by the mediator and other parties to gain an understanding of the issues and operation of the business and affairs of Crocus. Knowledge gained by the Receiver in preparing this Report was invaluable to it in negotiating many of the exit strategies from Investees.

4.0 Accounts of the Receiver

Pursuant to Paragraph 17, 18 and 19 of the Initial Receiving Order, any expenditure or liability properly made or incurred by the Receiver, including the fees of the Receiver and its counsel incurred at their normal rates and charges, as well as the disbursements of the Receiver and its counsel, were authorized to be paid on a periodic basis subject to any final assessment or taxation as may be ordered by the Court. The Receiver's Accounts are summarized in a Statement of Receipts and Disbursements from June 28, 2005 to March 31, 2012 attached as Appendix 2. Receipts total approximately \$100.5 million with disbursements totalling \$21.7 million. Interim distributions to shareholders total approximately \$63.7 million.

4.1 Account Summary

The following is a summary of the accounts:

Receipts	Amount (\$)	Description
Cash and Short Term Investments	\$23,363,012	Crocus was required to hold a minimum amount of cash and equivalents pursuant to <i>The Crocus Investment Act</i> . This represents the cash and short term investments on hand at the commencement of the receivership.
Contract Back Office Services	518,463	Crocus had entered into a contract with SaskWorks, a Saskatchewan based Labour Sponsored Fund, to perform back office services for their shareholders. The Receiver retained certain staff to complete the term of the contract with SaskWorks.
Dividends-Portfolio	657,483	Certain of the Crocus Investees paid periodic dividends.
Income Tax Refund	283,503	Represents various refunds of Income Taxes and Goods and Services Taxes received throughout the receivership.
Insurance Claim and Premium Refund	20,662	Represents a premium refund as well as an amount recovered to offset legal fees incurred by a former Crocus employee.
Interest – Portfolio	1,640,835	Represents interest paid by Crocus Investees where Crocus had made loan advances.
Interest – Short Term Investments	7,376,492	During the receivership, the Receiver invested surplus funds primarily in Term Deposits and Guaranteed Investment Certificates. This category represents interest earned on these investments.
Investment Principal Repayments	2,890,163	Represents principal repayments received for certain loans advanced by Crocus.
Management Fees	1,118,517	Crocus was an investor in Manitoba Science & Technology Fund ("MS&T"), which is a limited partnership holding several science and technology investments. Crocus is the

		sole owner of the General Partner and the limited partners gave the General Partner a mandate to wind down the partnership. The majority of the fees relate to the management of MS&T.
Proceeds on Disposal of Investments	52,442,430	Represents funds received from the liquidation of equity investments. Refer to Section 3.2 above.
Rent/Sub-Lease	1,804,884	Crocus had entered into a fifteen (15) year lease from 2001 to 2016 for its premises at 211 Bannatyne Avenue, in Winnipeg. The Receiver sublet the majority of the space. This represents payments from sub-lessees.
Sundry	297,476	Represents various other receipts and recoveries by the Receiver on behalf of Crocus. It includes recoveries from certain investments that were previously written off.
Pre-Receivership Accounts Receivable	1,247,463	Represents collection of Crocus Accounts Receivable as recorded on the Crocus financial statements as at June 28, 2005.
Class Action Settlements	6,812,978	To date gross settlements in the Class Action have totalled approximately \$12.5 million. Deducted from the total include legal fees and disbursements of \$4.6 million and taxes on the fees and disbursements of \$0.6 million. In addition there is a \$0.5 million holdback in favour of PWC pending completion of the Class Action.

Disbursements (Expenditures)	Amount (\$)	Description
Advances to Investees	\$265,132	At the commencement of the receivership, one of the Investees had been dependent on Crocus to advance cash to primarily fund operating losses. The Receiver funded short term operations of the Investee and moved quickly to dispose of the investment.
Capital Tax	200,257	Represents Capital Taxes which Crocus was subject to post-receivership.
Computer Telephone and Office Expense	719,488	From the inception of the receivership the Receiver has maintained an office to house staff at 211 Bannatyne. In addition it was required to maintain telephone and computer systems to deal with enquiries and make changes as necessary for the approximate 37,000 shareholder accounts. This account also includes costs for various pieces of office equipment which had been leased by Crocus.
Consulting Fees	359,150	Represents fees paid to consultants engaged by the Receiver.

Employee Pension	442,922	Crocus had joined a defined benefit pension in conjunction with the Canadian Labour Congress. As a result of the receivership a partial wind-up was effected. This amount represents Crocus' portion of the deficiency which was funded by the Receiver.
Insurance	141,608	Represents premiums for property as well as director and officer insurance.
Investee Guarantee and Indemnification	1,344,677	Primarily represents a \$1.0 million guarantee that Crocus granted on behalf of one of its Investees, Maple Leaf Distillers Inc. ("Maple Leaf"). Maple Leaf was placed into receivership by its secured lenders who called on the guarantee of Crocus.
Investment Expenses	218,497	Primarily represents Capital Taxes paid on behalf of one of the Crocus investments held through a subsidiary corporation.
Legal Fees	2,038,338	Refer to Section 4.3 below
Legal Disbursements	55,735	Represents legal disbursements.
Taxes on Legal Fees and Disbursements	261,922	Represents taxes on legal fees and disbursements.
Legal Fees – Indemnification	651,982	Refer to Section 4.4 below
Legal Disbursements – Indemnification	11,216	Represents legal disbursements for indemnification claims.
Taxes on Legal Fees and Disbursements – Indemnification	50,057	Represents taxes on legal fees and disbursements for indemnification claims.
Payroll & Benefits	1,735,550	From the inception of the receivership, the Receiver maintained an Investment, Accounting and Back Office group of staff. These staff were gradually released and the Receiver entered into a contract for the Back Office function.
Receiver and Manager Fees	7,130,967	Refer to Section 4.2 below.
Taxes on Receiver and Manager Fees	407,821	Represents taxes on Receiver and Manager fees.
Rent	2,899,455	Represents payments to the landlord for rent and operating costs for the Crocus premises at 211 Bannatyne Ave.
Settlements	579,116	Represents certain settlements paid by the Receiver, the largest of which was the payment to WED described in Section 3.3 above.
Shareholder Services	1,317,222	Represents fees paid to the firm which maintains the Trust for Crocus' registered products as well as fees paid to

		Fundserv which allows for dealer enquiries and shareholder transfers to be processed. Also represents the costs of contract Back Office services to service shareholder enquiries and requests, as well as postage and mailing costs for the numerous notices sent to the shareholders as a result of the receivership and Class Actions.
Pre-Receivership Payables & Accruals	914,385	Represents the payment of amounts which Crocus had recorded as payable as at June 28, 2005 and were paid by the Receiver.

4.2 Receiver Fees

The fees of the Receiver to March 31, 2012 total approximately \$7.1 million excluding Goods and Service Tax. The following summarizes the quantum of fees by year:

Position	Annual Receiver Fees (GST excluded)									Total
	2005	2006	2007	2008	2009	2010	2011	2012		
Technician	\$ 8,610	\$ 4,627	\$ 8,717	\$ 9,225	\$ 10,174	\$ 2,240	\$ 1,528	\$ 120	\$ 45,241	
Staff Accountant	28,422	159,190	257,769	317,643	427,566	402,707	250,460	109,487	1,953,244	
Manager	11,137	87,333	125,225	36,269	54,437	4,032	2,027	8,580	329,040	
Senior Manager	316,108	584,987	659,709	91,646	73,932	42,533	47,809	28,200	1,844,924	
Associate Partner / Partner	405,402	452,293	442,275	612,183	588,793	240,368	169,659	47,545	2,958,518	
Total	\$ 769,679	\$ 1,288,430	\$ 1,493,695	\$ 1,066,966	\$ 1,154,902	\$ 691,880	\$ 471,483	\$ 193,932	\$ 7,130,967	

The following summarizes the number of hours by level and average hourly rates by year:

Position	Annual Hours									Total
	2005	2006	2007	2008	2009	2010	2011	2012		
Technician	114.8	62.0	114.9	123.0	133.9	28.0	19.4	1.5	597.5	
Staff Accountant	252.8	1,192.5	2,328.1	2,201.5	2,386.2	2,347.0	1,224.5	583.9	12,516.5	
Manager	49.5	387.4	536.8	161.9	177.8	19.6	9.5	31.2	1,373.7	
Senior Manager	862.8	1,535.5	1,602.9	237.2	201.1	116.3	131.8	75.3	4,762.9	
Associate Partner / Partner	885.2	935.0	832.7	1,229.8	1,190.2	492.2	343.7	97.0	6,005.8	
Total	2,165.1	4,112.4	5,415.4	3,953.4	4,089.2	3,003.1	1,728.9	788.9	25,256.4	

The following summarizes the average hourly rate by level by year:

Position	Average Hourly Rate									Average
	2005	2006	2007	2008	2009	2010	2011	2012		
Technician	\$ 75	\$ 75	\$ 76	\$ 75	\$ 76	\$ 80	\$ 79	\$ 80	\$ 76	
Staff Accountant	112	133	111	144	179	172	205	188	156	
Manager	225	225	233	224	306	206	213	275	240	
Senior Manager	366	381	412	386	368	366	363	375	387	
Associate Partner / Partner	458	484	531	498	495	488	494	490	493	
Average	\$ 355	\$ 313	\$ 276	\$ 270	\$ 282	\$ 230	\$ 273	\$ 246	\$ 282	

The fees charged by the Receiver are based on the amount of professional time required at hourly billing rates, which vary depending upon the experience, level and location of the professionals involved. The rates charged by the Receiver are comparable to the rates charged for the provision of services by other professional firms providing specialized financial advisory and restructuring services and the fees are fair and reasonable in the circumstances. Furthermore they have been validly incurred in accordance with the provisions of the Initial Receiving Order.

4.3 Legal Fees

The following table summarizes the legal fees and disbursements for counsel to the Receiver by year.

Law Firm	Annual Legal Fees (Excluding Disbursements and Taxes)										Total
	2005	2006	2007	2008	2009	2010	2011	2012			
Aikins MacAulay Thorvaldson LLP	\$ 17,394	\$ 5,351	\$ 9,916	\$ 6,228	\$ 12,399	\$ 1,753	\$ 297	\$ -	\$ -	\$ -	53,338
Fairfield Woods P.C.	25,121	6,807	10,991	-	-	-	-	-	-	-	42,919
Fillmore Riley LLP	39,046	38,579	16,485	2,815	-	-	-	-	-	-	96,925
Hill Sokalski Walsh Trippier LLP	239,607	126,522	154,854	132,592	76,199	17,671	43,563	6,006	-	-	797,014
Thompson Dorfman Sweatman LLP	111,727	336,673	269,060	79,995	94,274	89,488	62,440	4,485	-	-	1,048,142
Total	\$ 432,895	\$ 513,932	\$ 461,306	\$ 221,630	\$ 182,872	\$ 108,912	\$ 106,300	\$ 10,491	\$ -	\$ -	2,038,338

Hill Sokalski Walsh Trippier LLP acted as primary litigation counsel to the Receiver while Thompson Dorfman Sweatman LLP acted as primary commercial counsel and also served the role of general counsel to which the Receiver regularly turned in seeking advice on the conduct of the receivership and review of various documents prepared by the Receiver, including certain of its Reports. In addition to representing the Receiver on the various litigation matters outlined in the Chronology above the legal firms also acted for the Receiver on matters relating to specific Investees as well as other matters. The following summarizes the number of investments where the Receiver required counsel:

Law Firm	# of Investees
Thompson Dorfman Sweatman LLP	30
Hill Sokalski Walsh Trippier LLP	3
Aikins MacAulay Thorvaldson LLP	4
Fillmore Riley LLP	3
Total	40

The Receiver did not require counsel for the remaining six (6) Investees. Fairfield Woods P.C. of Denver, Colorado acted as co-counsel for an Investee whose head office had been moved to the United States. Throughout the receivership the Receiver strived to maintain the confidential nature of the commercial relationships that Crocus had with its Investees and, to that end, has limited the disclosure with respect to the legal fees incurred in dealing with the individual Investees. In general the activities of counsel with respect to the Investees included but were not limited to:

- Review and renewal of Annual Corporations Returns for Crocus and its subsidiaries.
- Review and renewal of various Land Titles and Personal Property Registrations registered by Crocus against the Investees.
- Review of shareholder and other agreements and arrangements that Crocus had entered into with its Investees and reporting to the Receiver on the various rights, if any, that it had pursuant to the agreements.
- Review of underlying security documents where Crocus had made advances by way of debt and providing opinions on the perfection, validity and enforceability of same.
- Review of the validity and enforceability of guarantees or indemnities where Crocus had guaranteed the obligations of an Investee or provided an indemnity.
- Providing the Receiver with views on the various options available regarding exit of the investment.

- Participating in negotiations with the Receiver for certain of the larger and more complex Investees.
- Review of term sheets and preparation of definitive agreements relating to the sale of Investees.
- Preparation and attendance at closings and reporting thereon.
- Review of various Securities Laws and Exchange rules and regulations relating to the disposal and other transactions involving public companies.
- Drafting of claims and representing the Receiver for those Investees where the Receiver initiated or was drawn into litigation.
- Representing the Receiver in mediation hearings as well as other settlement discussions.

Other matters where the Receiver required counsel included but were not limited to:

- Research and providing direction to the Receiver for various severance and other claims advanced by former employees of Crocus that had not been dealt with prior to the receivership.
- Review of the Crocus head lease for its premises at 211 Bannatyne and preparation of various sub-leases and amendments thereto.
- Making a detailed review of many of the corporate records of Crocus with a view to assisting the Receiver in the preparation of the Records Review Report.
- Review and advice around the pension plans that Crocus had entered into and the obligation of Crocus as employer.

Given the complex nature of the Crocus receivership, there was a significant amount of Partner time involved. Hourly rates vary by firm and throughout the course of the receivership Partner rates have ranged from \$300 to \$495 per hour. The Receiver considers the fees of its counsel as fair and reasonable in the circumstances and validly incurred in accordance with the provisions of the Initial Receiving Order.

4.4 Legal Fees - Indemnification

Law Firm	Annual Legal Fees - Indemnification (Excluding Disbursements and Taxes)									Total
	2005	2006	2007	2008	2009	2010	2011	2012		
D'Arcy & Deacon LLP	\$ 62,384	\$ 149,644	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212,028
D'Arcy & Deacon LLP - MSC Settlement	-	-	-	-	250,000	-	-	-	-	250,000
Pitblado LLP	16,163	64,208	-	-	-	-	-	-	-	80,371
Levene Tadman Golub Law Corporation	32,805	-	46,778	-	-	-	-	-	-	79,583
Tapper Cuddy LLP	-	-	-	30,000	-	-	-	-	-	30,000
Total	\$ 111,352	\$ 213,852	\$ 46,778	\$ 30,000	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 651,982

The above table outlines legal fees paid by the Receiver on behalf of former directors, officers or employees who advanced indemnification claims. The table includes a \$250,000 payment made to D'arcy Deacon LLP to fund up to \$250,000 for the legal expenses of the directors in defending the MSC matter.

5.0 Outstanding matters

The following is a summary of outstanding matters, many of which include commitments into the future and matters beyond the control of the Receiver. Accordingly the Receiver is unable to predict the timing of completion of the receivership.

- Subsequent to the settlement of the Class Action, a representative claim was brought by Bernard Bellan as representative of the shareholder class against Fillmore Riley LLP. As part of the settlement agreement on the Class Action, the Receiver is required to maintain its files and make a representative available in the event that a non-settling party in the Class Action seeks to exercise its discovery rights as against the Receiver as part of the representative's claim against Fillmore Riley LLP. Fillmore Riley LLP had previously filed a motion to have the representative claim struck on the basis that it should have been brought as a class action under The Class Proceedings Act. Fillmore Riley LLP's motion was dismissed and Fillmore Riley LLP has appealed. The Court of Appeal has reserved its decision.
- There remains \$0.5 million from the PWC Class Action settlement that cannot be distributed to Class A shareholders until the resolution of the action against Fillmore Riley LLP. The Receiver is the conduit through which the funds in the Class Action flow back to the Class A shareholders.
- There are outstanding MSC charges against Crocus and two former directors, Mr. Ron Waugh and Mr. Robert Ziegler. It is unclear what, if any, costs or involvement of the Receiver on behalf of Crocus may be necessary in the future.
- Crocus' lease obligation for its premises at 211 Bannatyne continues until September 2016.
- The Receiver has entered into litigation with one (1) of the investments. The timing, outcome and costs relating to this matter are unknown.
- One of the remaining investments is primarily a debt obligation where the Receiver and the Investee have entered into a long term agreement for the Investee to repay the debt. Furthermore certain of the exits negotiated by the Receiver require payments over the next four (4) years.
- Certain of the remaining investments do not have defined exits available to Crocus and the Receiver. Accordingly the timing, outcome and costs relating to realizing on these investments are unknown.
- Crocus is an investor in MS&T which is a limited partnership holding several science and technology investments. Crocus is the sole owner of the General Partner and the limited partners gave the General Partner a mandate to wind down the partnership. Crocus and MS&T's holdings include Diamedica Inc., Genesys Ventures Inc. and ST Partnership. There are numerous interrelationships amongst these entities. In some cases, the ability to negotiate exits from MS&T's science and technology investments is limited given that certain of the companies are publicly traded with limited market liquidity. As a result, the timing of a complete disposition is uncertain.

6.0 Summary

The Receiver respectfully submits that all of the disbursements detailed above are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the Initial Receiving Order. Accordingly the Receiver now seeks approval of its Fees and Disbursements including that of its counsel.

Respectfully submitted this 25th day of May, 2012.

DELOITTE & TOUCHE INC., in its capacity as Receiver and Manager of Crocus Investment Fund and not in its personal capacity.

A handwritten signature in black ink, appearing to read "Steven Peleck". The signature is written in a cursive, flowing style.

Per: S. P. Peleck
Senior Vice-President

Appendix 1 – Initial Receiving Order (June 28, 2005)

**THE QUEEN'S BENCH
Winnipeg Centre**

BETWEEN:

THE MANITOBA SECURITIES COMMISSION,

Applicant,

– and –

CROCUS INVESTMENT FUND,

Respondent,

Application under Section 27 of the Securities Act, CCSM c. S50
and Queen's Bench Rule 14.05(2)(b)

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RECEIVING ORDER

HILL ABRA DEWAR
Litigation Counsel
2670 – 360 Main Street
Winnipeg, Manitoba
R3C 3Z3

R.A. Dewar

Telephone: (204) 943-6740
Fax: (204) 943-3934
File No. **05157 RAD**

**THE QUEEN'S BENCH
Winnipeg Centre**

THE HONOURABLE)
MR. JUSTICE SCURFIELD)

Tuesday, the 28 of June, 2005

BETWEEN:

THE MANITOBA SECURITIES COMMISSION,

Applicant,

- and -

CROCUS INVESTMENT FUND,

Respondent,

Application under Section 27 of the Securities Act, CCSM c. S50
and Queen's Bench Rule 14.05(2)(b)

~~certified copy~~

ORDER

THIS MOTION, made by the Applicant for an Order pursuant to Section 27 of The Securities Act, CCSM c. S50 and Queen's Bench Rule 14.05(2)(b) appointing DELOITTE & TOUCHE, Inc. as receiver and manager (the "Receiver") without security, of all of the assets, undertakings and properties of CROCUS INVESTMENT FUND (the "Respondent"), and for such other Orders as may be just and convenient in the circumstances was heard this day on June 28, 2005 at the Law Courts, 408 York Avenue, in the City of Winnipeg.

ON READING the affidavit of Robert B. Bouchard sworn June 27, 2005 and the Exhibits thereto and on hearing the submissions of counsel for the applicant, ~~no one for the respondent, and for the Manitoba FEDERATION OF LABOUR appearing for the respondent although duly served,~~ and on reading the consent of DELOITTE & TOUCHE, Inc. to act as the Receiver, and this matter coming on for final decision on this date:

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to Section 27 of The Securities Act, CCSM c. S50, DELOITTE & TOUCHE, Inc. is hereby appointed Receiver, without security, of all of the Respondent's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate and carry on the business of the Respondent, including the powers to enter into any agreements, incur any

obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Respondent;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Respondent or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Respondent and to exercise all remedies of the Respondent in collecting such monies, including, without limitation, to enforce any security held by the Respondent;
- (g) to settle, extend or compromise any indebtedness owing to the Respondent;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Respondent, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Respondent;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Respondent, the Property or the Receiver, and to settle or compromise any such proceedings.

The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$100,000;
- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Respondent;

- (q) to exercise any shareholder, partnership, joint venture or other rights which the Respondent may have, including but not limited to the right to designate representatives of the Receiver to the board of directors of any company to which the Respondent had such right immediately preceding the granting of this order; and
- (r) to take any steps reasonably incidental to the exercise of these powers,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Respondent, and without interference from any other Person.

4. This Court orders that the ability of the Receiver to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business, other than those transactions described in paragraph 3(l) hereof, shall be the subject of future application to this Court.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Respondent, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related

to the business or affairs of the Respondent, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE RESPONDENT OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Respondent or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Respondent or the Property are hereby stayed and suspended pending further Order of this Court, provided that the within stay shall not apply to proceedings initiated or continued by the Applicant.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Respondent, the Receiver, or affecting the Property, including, but not limited to, the exercise of any contractual rights, including but not limited to a right to a setoff, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Respondent to carry on any business which the Respondent is not lawfully entitled to carry on, (ii) exempt the Receiver or the Respondent from compliance with statutory or regulatory provisions relating to securities, health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Respondent, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Respondent or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation

services, utility or other services to the Respondent are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Respondent's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Respondent or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Respondent who have not yet been terminated effective as of the time of this Order, shall remain the employees of the Respondent until such time as the Receiver, on the Respondent's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

16. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Receiver by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. THIS COURT ORDERS that any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "Receiver's Charge").

18. THIS COURT ORDERS the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of this Honourable Court.

19. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,000,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge .

21. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

23. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE

24. THIS COURT ORDERS that the Receiver is directed to serve notice of its appointment as Receiver by placing advertisements regarding such appointment substantially in the form attached as Schedule "B" hereto in at least one (1) local newspaper and one (1) Canadian daily newspaper with national distribution.

25. THIS COURT ORDERS that the Receiver shall use reasonable efforts to serve notice of its appointment as Receiver within 21 days hereof, by forwarding by ordinary mail ^{or e-mail,} a copy of a notice substantially in the form attached as Schedule "B" hereto, to the shareholders of the Respondent at the addresses as last indicated in the records of the Respondent.

26. THIS COURT ORDERS that the Receiver is directed to serve notice of its appointment as Receiver within 21 days hereof by forwarding by ordinary mail a copy of this Order to all creditors who have registered a security interest against the assets of Respondent in the Personal Property Registry of Manitoba.

GENERAL

27. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

28. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Respondent.

29. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

30. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

31. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

32. THIS COURT DIRECTS that given the appearance before this Court by the Manitoba Federation of Labour, a hearing shall be held on WEDNES day, the 13th day of July, 2005, ^{OR SOONER BY CONSENT} or such further date set by this Honourable Court, to continue the appointment of the Receiver.

SIGNED this 28th day of June, 2005, at 1:50 p.m.



CERTIFIED A TRUE COPY

J. Mitchell
DEPUTY REGISTRAR

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Deloitte & Touche, Inc., the receiver and manager (the "Receiver") of all of the assets, undertakings and properties of Crocus Investment Fund appointed by Order of the Manitoba Court of Queen's Bench (the "Court") dated the ___ day of _____, 2005 (the "Order") made in an action having Court file number CI _____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded no more frequently than monthly not in advance after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at _____ [address of Lender].

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this

certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 2005.

Deloitte & Touche, Inc., solely in its capacity
as Receiver of the Property (as defined in
the Order), and not in its personal capacity

Per: _____

Name:

Title:

SCHEDULE "B"

NOTICE

in respect of

CROCUS INVESTMENT FUND (the "Respondent")

Please be advised that pursuant to the Order of the Honourable Mr. Justice J.M. Scurfield of the Court of Queen's Bench dated June 28, 2005 in Court File No. _____ (the "Order"), Deloitte & Touche, Inc. has been appointed as receiver and manager (the "Receiver") of all of the Respondents' assets, undertakings and properties. The appointment of the Receiver was made under Section 27 of the *Manitoba Securities Act*.

A copy of the Order and other information regarding the Receiver's appointment are available online at www._____. The Receiver has established a helpline available at _____.

Appendix 2 – Statement of Receipts and Disbursements (March 31, 2012)

**Deloitte & Touche Inc., Receiver and Manager of
CROCUS INVESTMENT FUND
Statement of Receipts and Disbursements
For the Period June 28, 2005 to March 31, 2012**

Receipts

Cash and Short Term Investments on Hand	\$ 23,363,012
Contract Back Office Services	518,463
Dividends-Portfolio	657,483
Income Tax Refund	283,503
Insurance Claim and Premium Refund	20,662
Interest-Portfolio	1,640,835
Interest-Short Term Investments	7,376,492
Investment Principal Repayments	2,890,163
Management Fees	1,118,517
Proceeds on Disposal of Investments	52,442,430
Rent/Sub-Lease	1,804,884
Sundry	297,476
Pre-Receivership Accounts Receivable	1,247,463
Class Action Settlements	6,812,978

Total Receipts

100,474,361

Disbursements

Advances to Investees	\$ 265,132
Capital Tax	200,257
Computer, Telephone and Office Expense	719,488
Consulting Fees	359,150
Employee Pension	442,922
Insurance - Indemnification	141,608
Investee Guarantee and Indemnification	1,344,677
Investment Expenses	218,497
Legal Fees	2,038,338
Disbursements	55,735
Taxes	261,922
Legal Fees - Indemnification	651,982
Disbursements	11,216
Taxes	50,057
Payroll & Benefits	1,735,550
Receiver and Manager Fees	7,130,967
Taxes	407,821
Rent	2,899,455
Settlements	579,116
Shareholder Services	1,317,222
Pre-Receivership Payables and Accruals	914,385

Total Disbursements

21,745,497

Excess of Receipts over Disbursements prior to:

78,728,864

1st Interim Distribution - Class "A" Shares	52,305,250
1st Interim Distribution - Class "I" & "L" Shares	264,955
Class Action Settlements	6,537,507
2nd Interim Distribution - Class "A" Shares	7,545,272
2nd Interim Distribution - Class "I" Shares	43,539

Excess of Receipts over Disbursements

\$ 12,032,342

Represented by:

Short Term Investments and Bonds	\$ 7,197,732
Cash in Trust - Holdback	1,000,000
Cash in Trust - 1st Interim Distribution	2,153,866
Cash in Trust - 2nd Interim Distribution	1,405,272
Cash in Trust - Class Action Settlements	275,471

\$ 12,032,341

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