

Appendices

APPENDIX

1

Crocus Investment Fund
Consolidated Statements of Net Assets
As at June 30, 2006 (unaudited)

ASSETS

Investments in Manitoba businesses
Investments in marketable securities
Investments in marketable securities - sequestered

June 30, 2006

\$ 60,008,318
23,076,900
420,000
83,505,218
1,385,130
1,788,415
685,169
9,983
87,373,915

Cash
Accounts receivable
Capital assets
Deferred costs

LIABILITIES

Accounts payable and accrued liabilities

1,185,078

NET ASSETS

\$ 86,188,837

SHAREHOLDERS' EQUITY

Share capital
Deferred selling costs adjustment
Deficit

188,014,669
(9,134,637)
(92,691,195)
\$ 86,188,837

"GAAP" NET ASSET VALUE PER CLASS "A" COMMON SHARE and

SERIES TWO CLASS "I" SPECIAL SHARE

\$ 6.03

**Crocus Investment Fund
Consolidated Statements of Operations
For the period ended June 30, 2006 (unaudited)**

REVENUE

Interest and dividend revenue
Management fees

	Year to Date (9 months)	
	Quarter Ending June 30, 2006	June 30, 2006
\$	546,363	\$ 1,606,512
	122,007	410,632
	668,370	2,017,143

OPERATING EXPENSES

Amortization of capital assets
Indemnification insurance
Occupancy
Administrative, office and investment
Legal - Receivership
Legal - Indemnification
Receiver and Manager
Salaries and benefits

	37,301	111,885
	-	100,000
	86,217	283,359
	161,002	566,929
	185,680	557,689
	-	347,358
	357,700	1,003,382
	134,476	484,803

OPERATING LOSS BEFORE NON-RECURRING ITEMS

Amount realized in excess of June 28, 2005 carrying value

INCOME FOR THE PERIOD

	962,376	3,455,405
	(294,006)	(1,438,262)
	900,751	2,916,156
\$	606,745	\$1,477,895

Crocus Investment Fund
Consolidated Statements of Deficit
For the period ended June 30, 2006 (unaudited)

DEFICIT-Beginning of period, September 30, 2005
Income for the period
DEFICIT-END OF PERIOD

	June 30, 2006
\$	(94,169,090)
	1,477,895
\$	<u>(92,691,195)</u>

Consolidated Statements of Changes in Net Assets
For the period ended June 30, 2006 (unaudited)

NET ASSETS - September 30, 2005

Operating activities
Income for the period

NET ASSETS - END OF PERIOD

	June 30, 2006
\$	84,710,942
	1,477,895
\$	<u>86,188,837</u>

Crocus Investment Fund
Consolidated Statements of Investment Portfolio
As at June 30, 2006 (unaudited)
Investment Portfolio by Sector

Science, Medical and Technology

	Debt Cost \$	Equity Cost \$
Biovar Life Support Inc.	-	500,000
Diamedica Inc.	350,000	-
Genesys Venture Inc.	-	425,000
	-	125,000
	100,000	-
Manitoba Science & Technology Fund	-	2,432,243
Medicure Inc.	-	850,000
Novra Technologies Inc.	-	1,249,999
	777,197	-
Online Enterprises Inc.	-	5,500,003
ST Partnership	-	744,406
Total Science, Medical and Technology -	1,227,197	11,826,651

Manufacturing

Carte International Inc.	-	1,220,000
	4,000,000	-
Cando Contracting Ltd.	-	1,816,141
Enterprise Swine Systems Ltd	600,000	-
Enterprise Swine Systems II Ltd	267,086	-
ESS Holding Company	-	600,000
	557,512	-
Mondetta (Dimensions 100 Inc)	-	800,001
Other	-	46
Total Manufacturing -	5,424,598	4,436,188

Crocus Investment Fund
Consolidated Statements of Investment Portfolio
As at June 30, 2006 (unaudited)

Investment Portfolio by Sector

Entertainment and Hospitality

	Debt Cost	Equity Cost
	\$	\$
Canad Corporation of Canada Inc.	-	5,000,000
Crocus Hockey Holdings Inc.	46,939	-
D.L.J.S. Enterprises Ltd.	-	5,067,524
Minds Eye Pictures	18,411	-
	145,000	-
	-	3,000,000
	679,361	-
	1,931,459	-
	132,614	-
	-	75,671
	135,098	-
	172,965	-
	-	400,000
	-	576,851
	434,149	-
	644,298	-
	1,593,827	-
Each individually less than \$100,000	-	50,000
Total Entertainment and Hospitality -	5,934,121	14,170,046

Sector Percentage: 27%

**Crocus Investment Fund
Consolidated Statements of Investment Portfolio
As at June 30, 2006 (unaudited)
Investment Portfolio by Sector**

Financial Services

Manitoba Property Fund
National Leasing Group Inc.
Wellington West Capital Inc.

Limited partnership units
Class "A" common shares
Common shares
Debtenture
Sector Percentage: 13%

	Debt Cost \$	Equity Cost \$
	-	928,462
	-	6,017,647
	-	1,870,700
	500,000	-
	500,000	8,816,809

Total Financial Services -

Service

Mid Canada Production Services Inc.

Total Service -

Common shares

Sector Percentage: 1%

	-	290,000
	0	290,000

Non Operating

COH Holdings (US) Inc.
(formerly OpTx Corporation)
eZedia Inc.

Series "B-1" convertible preferred shares
Common shares and warrants
Common shares and warrants
Debtenture
Promissory note
Guarantee
Sector Percentage: 28%

	-	4,839,356
	-	3,705,334
	-	4,938,938
	6,442,093	-
	100,000	-
	523,433	-
	7,065,526	13,483,628

Total Non Operating -

TOTAL

Total: 100%

	20,151,442	53,023,322
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INVESTMENTS IN MANITOBA BUSINESSES AT COST

73,174,764

**NET UNREALIZED DEPRECIATION OF
INVESTMENTS IN MANITOBA BUSINESSES**

(13,166,445)

NET INVESTMENTS IN MANITOBA BUSINESSES

60,008,318

Crocus Investment Fund
Consolidated Statements of Investment Portfolio
As at June 30, 2006 (unaudited)

BONDS AND DEBENTURES

Province of Manitoba
 Manitoba Hydro
 City of Winnipeg

<u>Par Value</u>	<u>Amortized Cost</u>
\$200,000	\$200,000
611,000	611,000
600,000	599,137
<u>1,411,000</u>	<u>1,410,137</u>

SHORT TERM INVESTMENTS

RBC Guaranteed Investment Certificates
 Assiniboine Credit Union
 Scotia Bank
 Canadian Western Bank
 HSBC

14,103,316	14,103,316
3,652,250	3,652,250
1,205,237	1,205,237
1,003,323	1,003,323
2,000,000	2,000,000
<u>21,964,127</u>	<u>21,964,127</u>

\$ 23,375,127 \$ 23,374,264

NET UNREALIZED APPRECIATION OF INVESTMENTS
IN MARKETABLE SECURITIES

122,636

INVESTMENTS IN MARKETABLE SECURITIES

\$23,496,900

**Crocus Investment Fund
Notes to the Consolidated Financial Statements
For the period ended June 30, 2006 (unaudited)**

"GAAP" Net Asset Value of Class "A" Common Shares and Series Two Class "I" Special Shares

The net asset value of the Fund's issued Class "A" Common Shares and Series Two Class "I" Special Shares is calculated as follows:

	June 30, 2006
Net assets - end of year	\$ 86,188,837
Less: Attributed to Class "L" Special	(200)
Balance attributed to the Class "A"	\$ 86,188,637
Number of issued Class "A" Common	\$ 14,220,000
Number of issued Series Two Class "I"	69,126
"GAAP" net asset value per Class "A" Common Shares and Series Two Class "I" Special Shares	\$ 14,289,126
	\$ 6.03

APPENDIX

2

**REQUISITION FOR MEETING OF SHAREHOLDERS OF
CROCUS INVESTMENT FUND**

TO: Crocus Investment Fund (the "Fund"), the directors thereof (the "Directors") and Deloitte & Touche Inc. in its capacity as Court-Appointed Receiver-Manager of Crocus Investment Fund (the "Receiver-Manager")

DATED: March , 2006

The undersigned, being holders of Class A shares in the capital stock of the Fund, hereby requisition the Fund to call a special meeting of shareholders of the Fund at the first available date.

The purpose of the meeting would be to consider, and if deemed acceptable, pass a special resolution approving:

(a) a sale of all or substantially all of the assets of the Fund to GrowthWorks Canadian Fund Ltd. ("GW Canadian Fund") as part of the merger (the "Merger") of the Fund into GW Canadian Fund,

(b) merger-related amendments to the Articles of the Fund implementing an automatic redemption procedure for the Class A shares and such other amendments as will assist and facilitate the completion of the Merger,

(c) an increase in the authorized capital of the Fund so that there is an unlimited number of Class L shares,

(d) a subdivision of the Class L shares immediately prior to the Merger, a sufficient number of which will be issued to the shareholder to create a control position in the Fund

(e) a temporary suspension or redemption (other than as part of the Merger) of the Fund's Class A shares while shareholder data and records are transferred and the Merger transactions are completed, and

(f) to transact such other business as may properly come before the meeting or any adjournment thereof.

This Requisition may be signed in counterparts, including by way of facsimile transmission, each of which when taken together shall be deemed to be one and the same instrument.

Name of Shareholder (please print)

Signature

Address

Phone No.

Please sign and return this form, if by mail, to:
Crocus Investors Association
c/o 979 Queenston Bay
Winnipeg, MB
R3N 0Y3
or, by fax, to: (204) 694-3916

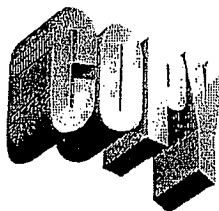
APPENDIX

3

Via Facsimile

April 20, 2006

Hill Abra Dewar
Barristers and Solicitors
2670 - 360 Main Street
Winnipeg, MB R3C 3Z3



Attention: Mr. Dave Hill

Dear Sir:

Re: The Manitoba Securities Commission v. Crocus Investment Fund

Further to the meeting on Tuesday, April 18, 2006 between yourself, Mr. Jack McJannet, Q.C., Mr. Russ Holmes and myself, please note that Section 132(4) of the Corporations Act of Manitoba provides as follows:

- "A shareholder may examine the list of shareholders
- (a) during usual business hours at the registered office of the corporation or at the place where its central securities register is maintained; and
 - (b) at the meeting of shareholders for which the list was prepared."

See also Section 21(3) et sequi of that Act, which contemplates that not just shareholders but also creditors can have access to that list.

By virtue of the foregoing, would you please advise whether or not Mr. Holmes might be prepared to reconsider his decision not to release the list of shareholders to the Manitoba Federation of Labour.

I thank you in advance for your early reply hereto.

Yours truly,

PITBLADO LLP

per: ORIGINAL SIGNED BY
DOUGLAS G. WARD

Douglas G. Ward, Q.C.

DGW/tkh

Cc/ Manitoba Federation of Labour
Attention: Ms. Darlene Dziewit
cc Mr. Jack McJannet, Q.C.

APPENDIX

4

McJANNET

RICH

BARRISTERS

SOLICITORS

Jack. T. McJannet, Q.C.
Ronald B. Zimmerman, B.A., LL.B.
Ellen K. Fleishman, LL.B.
Arthur A. Rich, Q.C. (1922-2000)

Manly S. Rusen, LL.B.
Samuel D. Sarbit, B.A., LL.B.
Steven W. Brennan, B.A., LL.B.

1710-330 PORTAGE AVENUE
WINNIPEG, MANITOBA R3C 0C4
TELEPHONE (204)957-0951
FAX (204)989-0688
EMAIL: jmcjannet@mcjannetrich.com

April 27, 2006

ATT: MR. A.R. HOLMES

Deloitte & Touche Inc.
Chartered Accountants
2300-360 Main Street
Winnipeg, MB R3C 3Z3

Dear Sirs:

RE: Crocus Investment Fund ("Crocus")

We write to you in your capacity as receiver/manager of Crocus.

Please note the following:

1. McJannet Rich acts on behalf of the Crocus Investors Association ("CIA"). The CIA is an association formed by Crocus shareholders to represent the interests of shareholders of Crocus.
2. Pitblado LLP acts on behalf of the Manitoba Federation of Labour ("MFL"). The MFL owns all of the Class L shares in the capital of Crocus and also represents the interests of other shareholders of Crocus.

To the extent that the CIA and the MFL own shares in the capital of Crocus, the CIA and the MFL have a commonality of interest in the actions taken or to be taken by you in your capacity as receiver/manager of Crocus.

THE CORPORATIONS ACT, MANITOBA

S. 136(1) states:

"The holders of not less than 5% of the issued shares of a corporation that carry the right to vote at a meeting sought to be held may requisition the directors to call a meeting of shareholders for the purposes stated in the requisition."

Together the CIA and the MFL have collected 3910 requisitions.

Deloitte & Touche Inc.
Page 2
April 27, 2006

All requisitions are delivered to you. Each requisition is addressed to Crocus, its directors and to you in your capacity as receiver/manager of Crocus.

We understand that each requisition is executed by a shareholder of one or more Class "A" Shares in the capital of Crocus.

Further, each requisition requests that a special meeting of shareholders of Crocus be held at the first available date to consider and, if deemed acceptable, to pass a special resolution approving the sale of all or substantially all of the assets of Crocus to GrowthWorks Canadian Fund Ltd. (the "GW Canadian Fund") and to approve all actions as may be necessary to facilitate and complete the sale of such assets to the GW Canadian Fund.

To the extent that voting rights attach to the Class L shares in the capital of Crocus which are owned by the MFL we understand that the MFL also requisitions the shareholder's meeting.

As all of the directors of Crocus have resigned, it is our position that you stand in the place of the directors and that the obligation to call the meeting of shareholders, as set forth in S.137(1), extends to you in your position as receiver of Crocus.

We would appreciate your advice as to whether you will, as requested, call the meeting of shareholders. If you do not call a meeting of shareholders pursuant to the requisitions within 21 days of the date of this letter then one or more of the shareholders represented by McJannet Rich or Pitblado may apply to the Court pursuant to the provisions of S.138(1) for an order that a shareholder's meeting be called, held and conducted in such manner as the court directs.

Yours truly,



J.T. McJANNET, Q.C.

JTMcJ/dk

APPENDIX

5

April 28, 2006

Deloitte & Touche Inc.
Chartered Accountants
2300 - 360 Main Street
Winnipeg, MB R3C 3Z3

Attention: Mr. A.R. Holmes

Dear Sir:

Re: Crocus Investment Fund ("Crocus")

We write to you in your capacity as receiver/manager of Crocus.

Please note the following:

1. McJannet Rich acts on behalf of the Crocus Investors Association ("CIA"). The CIA is an association formed by Crocus shareholders to represent the interests of some of the shareholders of Crocus.
2. Pitblado LLP acts on behalf of the Manitoba Federation of Labour ("MFL"). The MFL owns all of the Class L shares in the capital of Crocus and also represents the interests of other shareholders of Crocus.

To the extent that the CIA represents shareholders and the MFL owns shares in the capital of Crocus and represents other shareholders of Crocus, the CIA and the MFL have a commonality of interest in the actions taken or to be taken by you in your capacity as receiver/manager of Crocus.

S. 136(1) of the *Corporations Act* of Manitoba states:

"The holders of not less than 5% of the issued shares of a corporation that carry the right to vote at a meeting sought to be held may requisition the directors to call a meeting of shareholders for the purposes states in the requisition."

Together the CIA and the MFL have collected 3,910 requisitions.

All requisitions are delivered to you. Each requisition is addressed to Crocus, its directors and to you in your capacity as receiver/manager of Crocus.

We understand that each requisition is executed by a shareholder of one or more Class "A" Shares in the capital of Crocus.

Further, each requisition requests that a special meeting of shareholders of Crocus be held at the first available date to consider and, if deemed acceptable, to pass a special resolution approving the sale of all or substantially all of the assets of Crocus to GrowthWorks Canadian Fund Ltd. (the "GW Canadian Fund") and to approve all actions as may be necessary to facilitate and complete the sale of such assets to the GW Canadian Fund.

To the extent that voting rights attach to the Class L shares in the capital of Crocus which are owned by the MFL, the MFL on its own behalf is also requisitioning the shareholder's meeting.

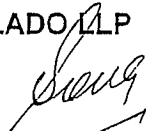
As all of the directors of Crocus have resigned, it is our position that you stand in the place of the directors and that the obligation to call the meeting of shareholders, as set forth in S. 137(1), extends to you in your position as receiver of Crocus.

We would appreciate your advice as to whether you will, as requested, call the meeting of shareholders. If you do not call a meeting of shareholders pursuant to the requisitions within 21 days of the date of this letter then one or more of the shareholders represented by McJannet Rich or Pitblado LLP may apply to the Court pursuant to the provisions of S.138(1) for an order that a shareholder's meeting be called, held and conducted in such manner as the court directs.

Yours very truly,

PITBLADO LLP

per:



Douglas G. Ward

DGW/tkh

- Cc McJannet Rich
Attention: Mr. J.T. McJannet, Q.C.
- Cc Manitoba Federation of Labour
Attention: Ms. Darlene Dziewit
- Cc Hill Abra Dewar
Attention: Mr. Dave Hill

APPENDIX

6

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BARRISTERS & SOLICITORS

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Pamela G. Reimer
Marie L. Grande
Keilh D. LaBossiere
Karen Jarema Cornejo
Karen L. Clearwater
Elmer J. Gomes
Monina A.P. Glowacki
Jonathan M. Woolley
Elizabeth A. Olson

Weller L. Ritchie, Q.C.
G.V. Brickman, Q.C.
E. William Olson, Q.C.
Sergio Pustogorodsky
A. Blair Graham, Q.C.
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John D. Stefanuk
Jamio A. Kagan
D. Sean Kells
Silvia V. de Sousa
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Paul J. Brett
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Kara L. Crawford
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Robert W. Olson

Bruce S. Thompson
Chrys Pappas, Q.C.
Robert J.M. Adkins
William J. Burnett, Q.C.
Gordon A. McKinnon
James A. Ripley
Arthur J. Stacey
Jeffrey B. Hirsch
Albina P. Moran
Peter J. Glowacki
Lindy J.R. Choy
Sheryl A. Rosenberg
Lellani J. Kagan
Adrian B. Frost
Dinh N. Bo-Maguire
Andrew L. Thompson
Lynda K. Troup

D.A. Thompson, Q.C., LL.D. (1953-1992)

Irwin Dorfman, Q.C. LL.D. (1966-1993)

Writer's Direct Telephone (204) 934-2466
Internet E-mail Address dgd@tdslaw.com
Writer's Direct Fax (204) 934-0566

May 12, 2006

McJannet Rich
Barristers and Solicitors
1710 - 330 Portage Avenue
Winnipeg MB R3C 0C4

Attention: J.T. McJannet, Q.C.

Pitblado LLP
Barristers and Solicitors
2500 - 360 Main Street
Winnipeg MB R3C 4H6

Attention: Douglas G. Ward, Q.C.

Dear Sirs:

Re: Crocus Investment Fund
Requisition for Shareholders Meeting
Our Matter No. 0080998 DGD

Deloitte & Touche Inc. (the "Receiver"), in its capacity as Receiver and Manager of the Crocus Investment Fund ("Crocus"), provided us with copies of your letters to it of April 27 and 28, 2006 and a sample Requisition and requested that we respond on its behalf.

We take issue with your position that the Receiver stands in the place of the former directors of Crocus and that it is obliged to call a meeting of shareholders pursuant to subsection 137(1) of *The Corporations Act*, C.C.S.M. Cap. C225 (the "MCA"). In our opinion, your position fundamentally misapprehends the impact of a Court appointed receivership on the rights of Crocus's officers, directors and shareholders. Both at common law and pursuant to the provisions of the Receiving Order, the Receiver is in possession of the Crocus assets as an officer of the Court. While the Receiver is in a fiduciary relationship with the Crocus stakeholders, it does not take direction from them, but only from the Court. If the stakeholders are dissatisfied with the conduct of the Receiver, they are free to take their concerns to the Court but are not entitled to employ any extra-judicial mechanism in order to affect the conduct of the receivership.

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- 2 -

Kerr on the Law and Practice as to Receivers and Administrators, 1989, London, Sweet & Maxwell ("*Kerr*"), in Chapter 6 entitled Effect of the Appointment and Possession of a Receiver, says at page 143: "When the Court has appointed a receiver and the receiver is in possession, his possession is the possession of the court, and may not be disturbed without its leave. ... The court will not allow the possession of its receiver to be interfered with or disturbed by anyone, whether claiming by title paramount to or under the right which the receiver was appointed to protect. ... A man who thinks he has a right paramount to that of the receiver must, before he presumes to take any step of his own motion, apply to the court for leave to assert his right."

Kerr's Chapter 7 is entitled Powers and Duties of a Receiver and commences at page 171 with: "The general duty of a receiver may be said to be to take possession of the estate, or other property, the subject-matter of the dispute in the action, in the room or place of the owner thereof; and, under the sanction of the court, to do, as and when necessary, all such acts of ownership, in relation to ... making the property productive, or collecting and realizing it, for the parties to be ultimately declared to be entitled thereto, as the owner himself could do if he were in possession."

In Chapter 9, entitled Managers, *Kerr* says, at page 214: "Where the court appoints a manager of a business or undertaking, it in effect takes the management of it into its own hands; for the manager is an officer of the court. Managers, when appointed by the court, are responsible to the court, and can have no regard to orders of any of the parties interested in the business." Under the heading Effect of Appointment of Manager, at page 219, the text continues: "The appointment of a receiver and manager over the assets and business of a company does not dissolve or annihilate the company ... but the company is entirely superseded in the conduct of that business, and deprived of all power to enter into contracts in relation to that business, or to sell, pledge or otherwise dispose of the property put into possession or under the control of the receiver and manager. The powers of the directors in this respect are entirely in abeyance so far as that business of the company is concerned, and the relevant powers of the company are exercised by the receiver under the direction of the court."

Bennett on Receiverships, Second Edition, Frank Bennett, Carswell, 1999 ("*Bennett*") makes the statement, at page 24:

The duties of a court-appointed receiver are well summarized in the leading case of *Parsons et al v. Sovereign Bank of Canada*, [1913] A.C. 160 at p. 167, wherein Viscount Haldane stated:

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- 3 -

A receiver and manager appointed ... is the agent neither of the debentureholders, whose credit he cannot pledge, nor of the company, which cannot control him. He is an officer of the Court put in to discharge certain duties prescribed by the order appointing him; duties which in the present case extended to the continuation and management of the business. The company remains in existence, but it has lost its title to control its assets and affairs.

In Canada, the duties are set out in *Ostrander v. Niagara Helicopters Ltd. et al*, (1973), 1 O.R. (2d) 281 at p. 286:

A very clear distinction must be drawn between the duties and obligations of a receiver-manager ... appointed by virtue of the contractual clauses of a mortgage deed and the duties and obligations of a receiver-manager who is appointed by the Court and whose sole authority is derived from that Court appointment and from the directions given him by the Court.

In considering the Status of the Receiver and Manager at page 167, *Bennett* makes the following statement:

Although title does not vest in the court-appointed receiver, the receiver in the managerial capacity takes charge of the management of the debtor's assets. The powers of the officers and directors of the debtor corporation are suspended during the currency of the order with respect to the management of the assets under the receiver's care. The officers and directors do not possess any residual power to create debt or to enter into new contracts with third parties. ...

And at page 169:

Subject to the terms of the order, the receiver does not have any limitations in managing the debtor's operations, although the receiver has the general responsibility of operating it in a business-like manner. ...

Bennett also considers the rights of interested parties, if they are of the view that the Receiver is not adequately discharging its duties and says, at page 183:

Finally, throughout the receivership, any interested person may apply to the court if the court-appointed receiver is failing to perform its duties properly or is

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- 4 -

otherwise abusing them. In reviewing the conduct of a court-appointed receiver, the court will first assume that the receiver is acting properly unless the contrary is shown. It is incumbent upon the person actually alleging abuse to prove it. The court presumes that the receiver is acting honestly and in good faith unless it is otherwise established. Secondly, the court will be reluctant to second-guess the receiver on its decisions with the benefit of hindsight. And thirdly, the court should review the receiver's conduct in light of the specific mandate in the order.

Section 95 of the MCA reaffirms the foregoing statements of the common law:

If a receiver-manager is appointed, by a court or under an instrument, the powers of the directors of the corporation that the receiver-manager is authorized to exercise may not be exercised by the directors until the receiver-manager is discharged.

The Receiving Order made by Justice Scurfield and amended by Justice McCawley includes a number of relevant provisions:

1. In paragraph 2, the Receiver was appointed with respect to all of Crocus's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property").
2. In paragraph 3(a), the Receiver was empowered to take possession and control of the Property.
3. In paragraph 3(b), the Receiver was empowered to receive, preserve, protect and maintain control of the Property.
4. In paragraph 3(c), the Receiver was empowered to manage, operate and carry on the business of Crocus.
5. In paragraph 3(l), the Receiver was empowered to sell, convey, lease or assign the Property or any part or parts thereof, whether in or out of the ordinary course of business.

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- 5 -

6. In paragraph 3(m), the Receiver was empowered to apply for vesting orders conveying the Property free and clear of liens and encumbrances.

In each case where the Receiver takes any such steps **"it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons ... and without interference from any other Person"**. **"Person" is specifically defined to include the** "current and former directors, officers, employees, agents, accountants, legal counsel and **shareholders**" of Crocus.

The Requisitions that you provided indicate that one of the purposes of the meeting "would be to consider and, if deemed appropriate, pass a special resolution approving ... a sale of all or substantially all of the assets of the Fund to GrowthWorks Canadian Fund Ltd. ... as part of a merger ... of the Fund into GW Canadian Fund".

We can advise that the Receiver has engaged in discussions of an exploratory nature with GW Canadian Fund. The Receiver is interested in continuing those discussions, provided that the parties can achieve agreement on certain preliminary issues.

As you can appreciate, negotiating a definitive Agreement for the sale of "all or substantially all of the assets of the Fund" would be an extraordinarily complex matter. The Requisition contemplates that, should such an Agreement be concluded, it may lead to a "merger ... of the Fund into GW Canadian Fund" in which the outstanding shares of Crocus would be exchanged for shares of GW Canadian Fund. We note that the Receiver has no power to deal with the outstanding shares of Crocus.

Subsection 185(1) of the MCA defines "arrangement" to include "an exchange of securities of a corporation held by security holders for ... securities of another body corporate ..." Subsection 185(9) allows a corporation to make application to the Court for an Order approving an arrangement. On an application of that nature, the Court may make any Order it thinks fit including an Order requiring the corporation to hold a meeting of the shareholders.

It is much too premature to determine whether a definitive Agreement may be concluded between GW Canadian Fund and the Receiver. However should that occur, it is possible that a shareholders meeting would be appropriate to give the shareholders the opportunity for meaningful consideration of that Agreement, not a speculative proposal, and voice or withhold their approval. Submission of the proposal to

THOMPSON

DORFMAN

SWEATMAN

LLP

BARRISTERS & SOLICITORS

- 6 -

the shareholders at this time and in its current state of uncertainty and incompleteness would serve no good purpose. A shareholders meeting could only be held at considerable expense and would have the effect of inappropriately raising expectations and causing further disruption to the orderly administration of the receivership.

The Receiver is of the view that the present circumstances are not materially different than those that were under consideration by Justice McCawley when she released her Reasons of October 27, 2005 dismissing a Motion by the MFL for an Order requiring the Receiver to call a meeting of shareholders. Quoting from those Reasons:

[30] It was argued by counsel for the MFL that the shareholders should be consulted as to what they would like to see happen. ...

[31] To the extent such a suggestion might raise the expectation that the shareholders of Crocus should decide on what approach is to be taken, it must be stated clearly that this decision rests solely with the court. At best, a consultation with the shareholders of Crocus would simply provide them with an opportunity to express their opinion as to what they would like to see happen from their vantage point. It would not be binding on the court. Even ignoring for a moment the considerable problems of logistics, timing and expense to ascertain the view of some 33,700 shareholders (or portion thereof), in all candour such input would be of questionable value. In so saying, I in no way want to minimize the legitimate interests and concerns of the shareholders. Rather, I merely underline the fact that the view is one perspective, understandably informed by self-interest, and one that cannot be taken to reflect the broader interests which this court, and indeed the Receiver as a court-appointed neutral party, must take into account.

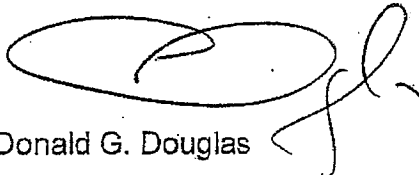
[32] As a result, it is my view that the calling of a shareholders' meeting, when objectively considered from the perspective of first principles, is neither necessary nor of assistance to the court.

The power to deal with the Property of Crocus rests with the Receiver, not the shareholders. The Receiver is subject to the direction of the Court and no one else. Accordingly, the Receiver will not be calling a meeting of the shareholders in response to the Requisitions.

Yours truly,

THOMPSON DORFMAN SWEATMAN LLP

Per:



Donald G. Douglas

DGD/dgd

APPENDIX

7

PITBLADO LLP
BARRISTERS & SOLICITORS

2500 - 360 Main Street
Winnipeg, Manitoba
Canada R3C 4H6

Tel. (204) 956 0560
Fax (204) 957 0227
E-mail firm@pitblado.com

Reply to:
Douglas G. Ward, Q.C.
Direct (204) 956 3534
ward@pitblado.com

Via Facsimile

June 1, 2006

File No. 38983.1

Deloitte & Touche Inc.
Chartered Accountants
2300 - 360 Main Street
Winnipeg, MB R3C 3Z3

Attention: Mr. A.R. Holmes

Dear Sir:

Re: Crocus Investment Fund ("Crocus")

The Crocus Investors Association and the Manitoba Federation of Labour recently received your negative response to our joint submission of over 3900 written shareholder requests for a shareholders meeting.

We are very disappointed with your position on this important issue. Since the appointment of the receiver-manager there have been significant and serious matters affecting the Crocus Fund, which should be put before the shareholders for their review and consideration. You have a duty as receiver to ensure all stakeholders are kept informed.

First, Bernie Bellan, the plaintiff representative in the class action suit, has signed a memorandum of understanding which details a proposed settlement with the Crocus Fund concerning the class action law suit. This settlement will save harmless the Crocus Fund from any direct or third party claim arising from the lawsuit if the GrowthWorks offer is accepted by shareholders and once the merger into the GrowthWorks Canadian Fund is completed.

Second, GrowthWorks has submitted its final offer to purchase the assets of the Crocus Fund. Shareholders should have an opportunity to consider these important developments.

We request that the receiver initiate a public meeting of shareholders. If immediate action is not taken on your part we will call a meeting on behalf of the 3900 shareholders who made such a request and as was submitted to you on April 28, 2006.

We believe time is of the essence to ensure that the portfolio assets are retained en bloc and not sold separately. Therefore, we respectfully request the receiver does not sell off any of those assets until after the shareholders have had the opportunity to review and vote on the GrowthWorks proposal.

PITBLADO LLP
BARRISTERS & SOLICITORS

Page 2
June 1, 2006

We truly believe it is in the best interests of shareholders to hold a meeting and consider the options for the future of the Crocus Fund. We look forward to hearing back from you as soon as possible.

Yours very truly,

PITBLADO LLP

per:



Douglas G. Ward

DGW/tkh

- Cc Manitoba Federation of Labour
Attention: Ms. Darlene Dziewit
Attention: Mr. Bob Dewar
- Cc McJannet Rich
Attention: Mr. J.T. McJannet, Q.C.
- Cc Hill Abra Dewar
Attention: Mr. Dave Hill

APPENDIX

8

Jack McJannet
Page 2
June 2, 2006

named in the Class Action Law Suit who might otherwise claim indemnity from Crocus. We urge you to reconsider your decision and immediately commence preparation of the necessary documentation required to call a special general meeting of shareholders to consider the most recent GrowthWorks offer.

The shareholders of the Crocus Investors Association believe that time is of the essence to insure that the value of the Crocus assets are maximized. On behalf of such shareholders we request that you cease the sell off of any of Crocus's assets, devote your efforts to complete a sale of all of the Crocus assets to GrowthWorks and that in connect therewith you call a special general meeting of shareholders to consider that most recent GrowthWorks offer.

Yours truly,



J.T. McJANNET, Q.C.

JTMcJ/kc

- cc: Hill Abra Dewar
Attention: Mr. Dave Hill
- cc: Pitblado LLP
Attention: Mr. D. Ward
- cc: Mr. B. Bellan

APPENDIX

9

June 7, 2006

Private and confidential
Via fax

Douglas G. Ward Q.C.
Pitblado LLP
2500-360 Main Street
Winnipeg MB R3C 4H6

Dear Sir,

Subject: Crocus Investment Fund ("Crocus")

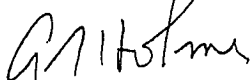
We acknowledge receipt of your recent letter.

We are able to advise that we have been provided with a copy of the Memorandum of Understanding between Bernard Bellan and GrowthWorks Canadian Fund Ltd. and that same has been referred to counsel for consideration. Our discussions with GrowthWorks, including with respect to the effect of the Memorandum, are continuing.

For reasons mentioned before, we do not intend to submit the GrowthWorks proposal to the shareholders of Crocus unless either we felt that it would serve a useful purpose or the Court directed us to do so pursuant to the arrangement provisions of *The Corporations Act*. Neither circumstance applies at present.

Yours truly,

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



Per: A. Russell Holmes
Senior Vice-President

June 7, 2006

Private and confidential

Via fax

J.T. McJannet Q.C.
McJannet Rich
1710 Newport Center
330 Portage Avenue
Winnipeg MB R3C 0C4

Dear Sir,

Subject: Crocus Investment Fund ("Crocus")

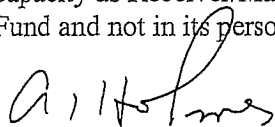
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Yours truly,

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



Per: A. Russell Holmes
Senior Vice-President

APPENDIX
10



GROWTHWORKS

BY FAX

September 15, 2005

Deloitte & Touch Inc.
Receiver and Manager of
Crocus Investment Fund
2300 - 360 Main Street
Winnipeg, Manitoba
R3C 3Z3

Attn: A.R. Holmes
Senior Vice-President

Re: Crocus Investment Fund ("Crocus")

We are writing to inform you of our strong interest in pursuing a plan to address Crocus' current problems and maximize value for its shareholders and other stakeholders.

We are prepared to move quickly on this, with a view to completing major due diligence and formulating a proposal over the next 30 days or so.

We believe we are uniquely positioned to attain the best "going concern" valuation of Crocus' investments and bring substantial financial resources to bear to resolve liquidity issues.

About GrowthWorks

GrowthWorks is the second largest Labour Sponsored Investment Fund ("LSIF") manager in the Canada (outside of Quebec), with approximately \$800 million in assets under management. We have offices across Canada, in Vancouver, Saskatoon, Toronto and Halifax. Our people have been running LSIFs since 1992.. We began our life managing a regional LSIF in British Columbia, the Working Opportunity Fund. GrowthWorks has the best 10-year track record in the country and has consistently been in the top 25% of LSIFs in Canada. We have a skilled team of investment professionals with a combined 200 years of experience.

2600-1055 West Georgia Street
Box 11170, Royal Centre, Vancouver, BC V6E 3R5
Main: (604) 688-9631 Fax: (604) 669-7605
www.growthworks.ca

Moreover, we are the only manager in Canada who has taken over the management of a large LSIF in "difficulty". Working Ventures Canadian Fund was a national LSIF that lost its reputation in the latter 1990's, falling from \$850 million to less than \$300 million in assets: half from losses within the portfolio and half from redemptions. Since taking on management of that fund (since renamed "GrowthWorks Canadian Fund"), we have dealt with the liquidity issues, investment pacing shortfalls and provided among the highest 1 and 2 year rates of return for labour-sponsored funds with over \$100 million in assets. Building on this expertise and success in turning around LSIFs, we took on management of two more Ontario-based LSIFs earlier this year.

Moving Forward

We propose to work with you as the court appointed receiver and manager of Crocus, and with the Manitoba Federation of Labour, Crocus's sponsor, to formulate a plan that we believe can:

- * avoid the lower valuations typically received on venture investments in young companies when they are sold on a piece-meal, liquidation basis;
- * bring fresh liquidity to bear to better permit shareholders to redeem out of their investment; and
- * facilitate the establishment of a new, stronger LSIF entity and venture capital resource in the Province of Manitoba.

I look forward to hearing back from you on this request and scheduling a meeting as soon as possible.

Yours truly,

GrowthWorks Ltd.



David Levi
President & CEO

cc. Doug Ward, Pitblado LLP

APPENDIX

11

September 16, 2005

VIA FACSIMILE – 1-604-688-9621

Growth Works
Suite 2600, 1055 West Georgia Street
Box 11170, Royal Centre
Vancouver, British Columbia V6E 3R5

Attention: Mr. David Levi

Dear Sir:

**Re: The Manitoba Securities Commission v. Crocus Investment Fund
Queen's Bench File No. CI 05-01-43350**

We acknowledge receipt of your letter of September 15, 2005.

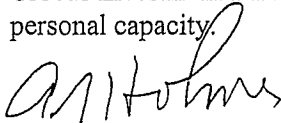
As you may be aware, the Receiver has made its recommendation to the Court of Queen's Bench in Receiver's Report #5. It does not contemplate the global involvement of a third party manager. It does recommend an administration of the estate and the portfolio by the Receiver with an ability of the Receiver to engage consultants as required.

We do not propose to be entering into discussions with any potential consultants until the court has reviewed our recommendation. That matter has been scheduled for Thursday at 2:00 p.m.

Should you wish to discuss the matter further, we suggest that you contact us after next Thursday.

Yours truly,

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



Per: A. R. Holmes
Senior Vice-President

ARH*bjf