APPENDIX
12

GROWTHWORKS

November 9, 2005

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

Attention: A.R. Holmes, Senior Vice President

Re: Acquisition of the Assets of Crocus Investment Fund

We are writing to you in your capacity as the Receiver and Manager of the Crocus Investment Fund ("Crocus") and our capacity as manager of GrowthWorks Canadian Fund Ltd. (the "Canadian Fund"). Subject to the terms and conditions set out below, we wish to extend an offer on behalf of the Canadian Fund to acquire all of the assets of Crocus in one of two methods chosen by you. Under the first option, the Canadian Fund may merge with Crocus through the acquisition of Crocus assets whereby shareholders of Crocus exchange their Crocus holdings for Class A Shares of the Canadian Fund on a Net Asset Value basis determined a the time of closing the transaction. Alternately, you may chose to have the Canadian Fund purchase directly from Crocus itself its assets for cash and share consideration totalling $70 million at the time of closing.

You are well aware of our proposal dated October 14, 2005 that was submitted to Madam Justice McCawley at a hearing pursuant to The Manitoba Securities Commission v. Crocus Investment Fund held on October 19, 2005. Given the decision rendered by Madam Justice McCawley on October 27, 2005 and your expressed concerns at the hearing, that proposal is no longer being extended in the form presented to the Court.

Instead of the previous proposal by us, we now provide you with a choice to transfer the Crocus assets to the Canadian Fund by way of merger through the transfer of Crocus assets (the "Merger Transaction") or the direct sale of Crocus assets (the "Sale Transaction"). This Letter of Intent will confirm and summarize the principal terms and conditions under which the Canadian Fund would be prepared to pursue the Merger Transaction or the Sale Transaction.

This Letter of Intent has been prepared after reviewing public documents of Crocus, including the Receiver's Reports to the Court and the July 13, 2005 letter to Crocus from the Manitoba Securities Commission and assumes the accuracy, completeness and good standing of those documents and that no material change in the affairs of Crocus has occurred since the date of the

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last prospectus filed for Crocus except as publicly disclosed. This Letter of Intent is intended solely as a basis for further discussion and is not intended to be and does not constitute a legally binding obligation except as provided under paragraph 6, "Expenses", and paragraph 7, "Exclusivity", below. No other legally binding obligations will be created, implied, or inferred until a definitive formal agreement is executed and delivered by all parties.

Based on and subject to the foregoing paragraph, the two options to transfer the Crocus assets to the Canadian Fund are set out below:

1. *Structure of the Merger Transaction*-The proposed Merger Transaction structure would result in the merger of Crocus with the Canadian Fund through the transfer of Crocus assets to the Canadian Fund. Shareholders of Crocus would exchange their Crocus shareholdings for Class A Shares (WV Canadian–Commission I series) of the Canadian Fund. Information regarding the performance of the WV Canadian–Commission I series of Class A Shares are set out in Schedule A. The exchange of shares would occur based on the net asset value ascribed to each of the merging portfolios, and a standard rules-based valuation (pursuant to the Canadian Venture Capital Association guidelines) of the Crocus portfolio by independent valuators (as described in Canadian Securities Administrators' National Instrument 81-106) would occur before and be effective upon the merger. Crocus would be wound up immediately after the closing of the merger. You, as the Court-appointed Receiver, would ensure that any and all liabilities of Crocus had been settled or expunged. This could occur by way of your utilizing the powers provided to you as Receiver of Crocus or in any other manner effecting the same outcome. The Class A Shares would have all the same rights existing for the publicly-held shares of the Canadian Fund, including the participation in the net gains of the Canadian Fund. The Canadian Fund would require the approval of its board of directors, its shareholders, and regulators.

2. *Structure of the Sale Transaction*-The proposed Sale Transaction structure would result in the Canadian Fund acquiring ownership of all Crocus assets directly from Crocus (rather than by way of merger) by way of a standard asset sale agreement. Subject to the terms and conditions and assumptions set out in this Letter of Intent, the proposed compensation would be$70 million, payable to Crocus in both cash (calculated in the manner set out below) and Class C Shares of the Canadian Fund. Insofar as the $70 million purchase price is considered a discount to the proposed Merger Transaction value, any such discount is related to, among other reasons, (i) the Canadian Fund shareholders accepting additional risks regarding the value of the Crocus assets (rather than establishing NAV at closing), (ii) the inability of the Canadian Fund to treat the Crocus assets as "eligible investments" for regulatory purposes (and thus greatly increase its investment pacing obligations), and (iii) the loss of a shareholder base in Manitoba for future fundraising opportunities. Additional benefits to Crocus utilizing the Sale Transaction include (i) an established value of the Crocus assets at the time of execution of the agreement, (ii) a cash payment at closing, (iii) a faster, less costly closing, (iv) potentially fewer third party approvals required (including Canadian Fund shareholder approval), (v) the Canadian Fund shares being held by Crocus rather than individual shareholders (which may be necessary to obtain Crocus creditors' approval for either the Merger Transaction or Sale Transaction), and (vi) no requirement for all liabilities of Crocus to have been settled or expunged, as long as a vesting order is obtained from the Court pertaining only to the Crocus assets.

The cash portion of the purchase price would equal the amount necessary to (i) redeem all Crocus shares outstanding for at least 8 years at the closing and (ii) run the continuing operations of Crocus, to be determined in consultation with you. We note that having the cash paid out in this manner for this purpose solves competing claims among shareholders for rights to cash payments and ensures operations will be funded. The cash amounts required for operations after closing will be placed in an escrow account, to be released upon your invoicing the Canadian Fund.

The series of Class C Shares of the Canadian Fund issuable solely to Crocus will provide for:

one Class C Share to be issued to Crocus for each Crocus share outstanding (excluding any shares issued to management under compensation plans, etc.).
a redemption price equal to the Net Asset Value of the Class A Shares (Canadian-Commission I Series), meaning that the Class C Shares would participate rateably with the Class A Shares on the net gains to the Canadian Fund.
Class C Shares would have an aggregate redemption value of $70 million at closing of the Sale Transaction less any cash paid to Crocus.
Class C Shares shall be redeemable in the same numbers and upon the same eight year issuance anniversaries as existing for outstanding Crocus shares.

3. *Due Diligence* –As soon as practicable after execution of this Letter of Intent, Canadian Fund, its agents and employees will be permitted (upon entering appropriate confidentiality agreements) to make a full and complete due diligence review of the business and affairs of Crocus, including business, management, legal, and tax due diligence. You will cooperate fully with such review, and will cause Crocus to cooperate fully with such review including providing access to its premises and making available all of the documents, employees and agents of the Crocus necessary for the Canadian Fund's due diligence review.

4. *Definitive Agreement* – The terms and conditions governing the Merger Transaction or Sale Transaction are to be contained in either a merger agreement or an asset sale agreement (the "Transaction Agreement"). The Transaction Agreement shall include, among others, the following terms and conditions:

(a) Customary representations and warranties made by parties to such a Merger Transaction or Sale Transaction, including without limitation representations that (i) the Canadian Fund is acquiring 100% of all of the assets of Crocus as constituted the date of this Letter of Intent; (ii) no liabilities attach to Crocus assets,; (iii) there are no management or administration contracts with third parties (or if such contracts exist, that they have been cancelled without penalty); (iv) the valuations of the assets of Crocus have been properly and prudently established; (v) no employee obligations will attach to the assets of Crocus; (vi) the accuracy and completeness of the public disclosure; and (vii) and Crocus is not bound to any material contracts with third parties not described in its latest prospectus;

(b) Customary conditions to be satisfied before the parties are obligated to close the Merger Transaction or Sale Transaction, including without limitation (i) the expiry of all rights of first

refusal applicable to or the permitted transfer of the investee companies' shares held by Crocus; (ii) a vesting order obtained from the court by you to ensure liabilities do not attach themselves to the assets of Crocus; (iii) receipt of all applicable director, shareholder, regulatory and tax approvals, authorizations and clearances needed required for consummation of the Merger Transaction or Sale Transaction; (iv) delivery of appropriate legal opinions from counsel to Crocus; and (v) no material adverse change in the business or financial condition of Crocus after execution of the Transaction Agreement and prior to the closing of the Merger Transaction or Sale Transaction; and

(c) Customary covenants by you regarding the conduct of Crocus' business between the execution of the Transaction Agreement and the closing, including without limitation the covenant to take necessary steps to satisfy the conditions precedent for closing.

5. *Employees* – You acknowledge that the Canadian Fund shall have no obligation to employ any employees after the closing, and any costs related to the termination of Crocus or your employees will be assumed by Crocus or deducted from the amounts owed by the Canadian Fund at closing.

6. *Expenses* – Each party will pay and be solely responsible for the legal fees incurred by it together with out-of-pocket expenses incurred by its legal counsel, regardless of whether or not the Merger Transaction or Sale Transaction completes. Each party shall indemnify and hold harmless the other parties from any claim for broker's or finder's fees arising from the Merger Transaction or Sale Transaction contemplated by this Letter of Intent by any person claiming to have been engaged by such party.

The parties acknowledge that if this Merger Transaction or Sale Transaction does not proceed, the Canadian Fund shall have incurred significant expenses and other damages. Therefore, as an inducement to work towards an agreement and as compensation if an agreement is not entered into, you agree that if you or Crocus breaches any obligations because (i) the Canadian Fund presents a Transaction Agreement consistent in all material respects with this Letter of Intent and you as receiver and manager, the board or shareholders (if applicable) of Crocus refuse to accept it, or (ii) you or Crocus accept an offer to acquire any Crocus assets from another party, then Crocus shall pay a fee of $500,000 to the Canadian Fund.

7. *Exclusivity* – Crocus acknowledges that the Canadian Fund will expend a significant amount of time and money in its pursuit of the Merger Transaction or Sale Transaction. In consideration thereof, you agree that until January 9, 2006, Crocus and you will deal only with the Canadian Fund with respect to any transactions (other than in the ordinary course) involving any assets of Crocus. Neither Crocus nor you, nor related affiliates, employees and representatives will, directly or indirectly solicit, encourage or initiate any offer or proposal from, or engage in any discussions with, or provide any information to, any corporation, partnership, person or other entity or group concerning any transaction involving the sale of any equity interests, debt or assets of Crocus (other than in the ordinary course of business) or any merger, consolidation or comparable organic transaction involving Crocus (any such transactions being referred to herein as a "Competitive Transaction"), nor shall Crocus or you accept any proposal with respect to any

Competitive Transaction. If Crocus or you receive any proposal with respect to any Competitive Transaction before January 9, 2006 following the date of this Letter of Intent, it shall immediately communicate the terms of such proposal (including a copy thereof) to the Canadian Fund.

8. *Termination of Letter of Intent* - In the event the parties fail to enter into a Merger Transaction or Sale Transaction Agreement by January 9, 2006, the understandings contained in this Letter of Intent, unless extended by mutual written agreement of the parties, shall terminate and be of no further force or effect, except for the paragraph 6, "Expenses", which shall survive any termination of this Letter of Intent.

If you have any questions or comments about this Letter of Intent, do not hesitate to contact David Levi, CEO of GrowthWorks at 604.895.7253.

This Letter of Intent shall be null and void if not accepted by delivery of an executed copy hereof to GrowthWorks no later than 5:00 p.m., Vancouver time on November 18, 2005. The election of which option you wish to pursue (being the Merger Transaction or the Sale Transaction) can occur within a two week period after the Letter of Intent is agreed to and accepted.

GROWTHWORKS LTD.

By: _____
David Levi, CEO

Agreed and accepted to this ____
day of November, 2005 by
CROCUS INVESTMENT FUND,
by its receiver and manager
DELOITTE & TOUCHE INC.

By: _____
Authorized Signatory

APPENDIX
13

Deloitte

Deloitte & Touche Inc.
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel : (204) 944-3602
Fax : (204) 947-2689
ruholmes@deloitte.ca
www.deloitte.ca

November 28, 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: Crocus Investment Fund

We acknowledge receipt of your letter of November 9, 2005, in which you propose two methods by which your firm would acquire Crocus assets. We are not prepared to accept either proposal.

We have received expressions of interests from a number of parties interested in acquiring Crocus assets. We will be writing to all interested parties within the next week. We will furnish GrowthWorks with the same response which we send to all other parties. If after you receive our letter you wish to submit a better offer we would be prepared to consider same.

Yours truly,

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

Per: A. R. Holmes
Senior Vice-President

ARH*bjf

cc: Mr. R.A. Dewar
Hill Abra Dewar

Mr. D.E. Finkbeiner
Taylor McCaffrey LLP

APPENDIX
14

Deloitte & Touche Inc.
360 Main Street
Suite 2300
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November 30, 2005

PRIVATE & CONFIDENTIAL

Growthworks
2600-1055 West Georgia Street
Box 11170, Roayl Centre
Vancouver, BC V6E 3R5

Attention: David Levi

Dear Sir:

Subject: Crocus Investment Fund

Thank you for your enquiry regarding the Crocus Investment Fund portfolio. If you have not already done so, we direct you to the most recent public information regarding the portfolio which can be found at the Receiver's website at www.deloitte.com/ca/crocusfund In particular we direct you to Receiver's Report #5 which outlines a number of the complexities with the portfolio such as investee confidentiality and right of first refusal provisions. As a result of said provisions as well as other reasons outlined within the report, the Receiver is of the view that "en bloc bids" for the entire portfolio are not practical.

If, after your review of the Receiver reports, you are still interested in pursuing the acquisition of Crocus' interest in one or more of the investee companies, that you provide the following information to Deloitte:

1. Your contact information including name, address, telephone number, fax number and email address.
2. The specific investee(s) within the portfolio which you are interested in acquiring.
3. The financial information and due diligence procedures that you would require should the Receiver be in a position to consider offers on the investee(s) noted in #2 above.

We might add that the Receiver is currently meeting with individual Investee companies with a view to understanding their respective wishes about the disposition of Crocus shares in their company, and it may be that arrangements will have already been negotiated directly between that company and Receiver before your interest is received.

Any questions respecting this matter should be directed either to the undersigned or Mr. Steven Peleck at 204-944-3630.

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

Per: A. R. Holmes
Senior Vice-President

ARH*bjf

APPENDIX
15

GROWTHWORKS

March 9, 2006

Crocus Investment Fund
c/o Deloitte Touche Inc.
2300-360 Main Street
Winnipeg, MB R3C 3Z3

Dear Sirs/Mesdames:

Re: Acquisition of the Assets of Crocus Investment Fund

We are writing to you in your capacity as Receiver-Manager of the Crocus Investment Fund ("Crocus") and our capacity as manager of GrowthWorks Canadian Fund Ltd. (the "Canadian Fund"). Subject to the terms and conditions set out below, we are extending an offer (the "Offer") on behalf of the Canadian Fund to acquire all of the assets of Crocus.

We propose that the Canadian Fund merge with Crocus through the acquisition of Crocus assets whereby shareholders of Crocus exchange their Crocus holdings for (i) $1.55 per Crocus share held and (ii) that number of Class A Shares of the Canadian Fund on a net asset value ("the "Net Asset Value") "going-concern" basis determined at the time of closing the transaction (the "Merger Transaction"). The Merger Transaction would be subject to the right of Crocus shareholders to cancel any previously-approved Merger Transaction if the aggregate Net Asset Value of Crocus (including cash) is independently determined to be less $70 million.

This Offer letter summarizes the principal terms and conditions under which the Canadian Fund would be prepared to pursue the Merger Transaction. This Offer has been prepared after reviewing public documents of Crocus, including the Receiver's Reports to the Court and the July 13, 2005 letter to Crocus from the Manitoba Securities Commission and assumes the accuracy, completeness and good standing of those documents and that no material change in the affairs of Crocus has occurred since the date of the last prospectus filed for Crocus except as subsequently publicly disclosed. This Offer shall become legally binding once a definitive formal agreement is executed and delivered by all parties.

Based on and subject to the foregoing paragraph, the principal terms of the Merger Transaction we are offering are as follows:

1. *Structure of the Merger Transaction*-The proposed Merger Transaction structure would result in the merger of Crocus with the Canadian Fund through the transfer of Crocus assets to the Canadian Fund. Shareholders of Crocus would exchange their Crocus shareholdings for a new "Crocus" series of Class A Shares of the Canadian Fund, which would have the same substantive rights as the other series of Class A shares issued by the Canadian Fund. The exchange of shares would occur based on the Net Asset Value ascribed to each of the merging portfolios, and a standard rules-based valuation (pursuant to the Canadian Venture Capital Association guidelines) of the Crocus portfolio by independent valuators (as described in Canadian Securities Administrators' National Instrument 81-106 and as chosen jointly by Crocus and us) would occur after shareholder approval and before and be effective upon the merger. If, as a result of that

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www.growthworks.ca

valuation by independent valuators the aggregate Net Asset Value of Crocus (including cash) is determined to be less $70 million, then the Crocus shareholders (but not the Canadian Fund) would have the right to cancel any previously-approved Merger Transaction. Crocus would be wound up in due course after the closing of the Merger Transaction.

In discussions with the Crocus Investors Association, we have been able to reach an agreement-in-principle that its class action lawsuit, if certified, would "save harmless" Crocus, its assets and the Canadian Fund from any direct or third party claim arising from the lawsuit. This agreement-in-principle was provided solely on the basis that this Offer is accepted by Crocus and the Merger Transaction closes. This agreement-in-principle still needs to be finalized and would not restrict the lawsuit from seeking damages from Crocus advisors, former directors and officers, and insurers. Alternatively, you, as the Court-appointed Receiver, may wish to ensure that any and all liabilities of all Crocus assets would be transferred to Canadian Fund with no liability attached to them or to Can adian Fund.

The Class A Shares would have all the same rights existing for the publicly-held shares of the Canadian Fund, including the participation in the net gains of the Canadian Fund. The Canadian Fund would require the approval of its board of directors, its shareholders, and regulators. Any remaining hold periods attached to Crocus shares would continue on the respective Canadian Fund Class A Shares or be subject to an early redemption fee.

2. *Due Diligence* –As soon as practicable after execution of this Offer, Canadian Fund, its agents and employees will be permitted (upon entering appropriate confidentiality agreements) to make a full and complete due diligence review of the business and affairs of Crocus, including business, management, legal, and tax due diligence for a period not exceeding three weeks. You will cooperate fully with such review, and will cause Crocus to cooperate fully with such review including providing access to its premises and making available all of the documents, empl oyees and agents of the Crocus necessary for the Canadian Fund's due diligence review.

3. *Definitive Agreement* – The terms and conditions governing the Merger Transaction are to be contained in a merger agreement (the "Transaction Agreement"). The Tran saction Agreement shall include, among others, the following terms and conditions:

(a) Customary representations and warranties made by parties to such a Merger Transaction, including without limitation representations that (i) the Canadian Fund is acqui ring all or substantially all of the assets of Crocus as constituted the date of this Offer; (ii) no liabilities attach to Crocus assets or, as a result of the asset purchase, to the Canadian Fund; (iii) there are no management or administration contracts with third parties (or if such contracts exist, that they have been cancelled without penalty); (iv) no employee obligations will attach to the assets of Crocus; (v) the accuracy and completeness of the public disclosure; and (vi) and Crocus is not bound to any material contracts with third parties not described in its public disclosure documents;

(b) Customary conditions to be satisfied before the parties are obligated to close the Merger Transaction, including without limitation (i) a court order respecting the transfer of, the expiry of all rights of first refusal applicable to, or the permitted transfer of, the investee companies' shares held by Crocus; (ii) an order obtained from the court to ensure liabilities do not attach themselves to the assets of Crocus or to Canadian Fund; (iii) receipt of all applicable director, shareholder, regulatory and tax approvals, authorizations and clearances needed required for consummation of the Merger Transaction; (iv) delivery of appropriate legal opinions from counsel to Crocus; and (v) no material adverse change in

the business or financial condition of Crocus after execution of the Transaction Agreement and prior to the closing of the Merger Transaction; and

(c) Customary covenants by you regarding the conduct of Crocus' business between the execution of the Transaction Agreement and the closing, including without limitation the covenant to take necessary steps to satisfy the conditions precedent for closing.

4. *Employees* – You acknowledge that the Canadian Fund shall have no obligation to employ any employees after the closing, and any costs related to the termination of Crocus or your employees will be assumed by Crocus.

5. *Expenses* – Each party will pay and be solely responsible for the legal fees incurred by it together with out-of-pocket expenses incurred by its legal counsel, regardless of whether or not the Merger Transaction completes. Each party shall indemnify and hold harmless the other parties from any claim for broker's or finder's fees arising from the Merger Transaction contemplated by this Offer by any person claiming to have been engaged by such party.

6. *Termination of Offer* - In the event the parties fail to enter into a Merger Transaction Agreement by June 30, 2006, the understandings contained in this Offer, unless extended by mutual written agreement of the parties, shall terminate and be of no further force or effect, except for the paragraph 5, "Expenses", which shall survive any termination of this Offer.

If you have any questions or comments about this Offer, do not hesitate to contact David Levi, CEO of GrowthWorks at 604.895.7253.

This Offer shall be null and void if not accepted by delivery of an executed copy hereof to GrowthWorks no later than 5:00 p.m., Vancouver time on March 23, 2006.

GROWTHWORKS LTD.

By: _____
David Levi, CEO

Agreed and accepted to this ____
day of March, 2006 by
CROCUS INVESTMENT FUND,
by its receiver and manager
DELOITTE & TOUCHE INC.

By: _____
Authorized Signatory

APPENDIX
16

Deloitte.

Deloitte & Touche Inc.
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March 22, 2006

GrowthWorks Ltd.
Suite 2600, 1055 West Georgia Street
Box 11170, Royal Centre
Vancouver, British Columbia V6E 3R5

Attention: Mr. David Levi, CEO

Dear Sir:

Re: Acquisition of the Assets of Crocus Investment Fund

We have now had an opportunity to consider the matters raised in your letter of March 9, 2006. Before embarking on what would doubtless be a time consuming and costly process, we have identified a number of important preliminary considerations that must be addressed. While other matters may emerge, at present we have identified the following:

1. Under *The Crocus Investment Fund Act*, *The Labour-Sponsored Venture Capital Corporations Act*, regulations passed under those Acts and the Articles of Crocus, there are restrictions on who may hold the Class "A" Common Shares of Crocus (the "Legislative Restrictions"). On reviewing those restrictions, we do not believe that the arrangement for an exchange of Shares that you have proposed would be permissible. Is acquisition of the Shares an essential component of your business plan?
2. Your proposal calls for the Net Asset Value of Crocus (including cash) to be independently determined. As you may be aware, in the several months prior to our appointment as Receiver, the key components of the Crocus portfolio were independently valued. Are you contemplating that the portfolio itself would again be valued or that the valuations on hand would be reviewed? In either event, prior to embarking on the process, we would have to approve of the valuator, the methodology to be followed and the time by which it would be completed. All costs would have to be paid by GrowthWorks. In addition, the valuation would have to be subject to the approval of the Court of Queen's Bench of Manitoba. If we disagreed with the valuation, we would have to be entitled to recommend against its approval. Are these conditions acceptable?
3. Based on the information currently available to us, the sum of $70 million is simply too low for the Crocus portfolio. Accordingly, all references to $70 million in the proposal would have to be amended to $85 million. Is this acceptable? At the same time, discussions would have to be held regarding the purchase price for the non-portfolio assets, should you have any interest in acquiring same.

4. You say that the "exchange of shares would occur based on the Net Asset Value ascribed to each of the merging portfolios, and a standard rules-based valuation ... of the Crocus portfolio ...". Assuming for the moment that our concern about the Legislative Restrictions could be overcome, we will be required to make a recommendation to the Court as to whether the overall terms of the Definitive Agreement are in the best interests of all of the Crocus stakeholders. Prior to making any such recommendation, we would have to evaluate GrowthWorks Canadian Fund Ltd. and satisfy ourselves that the share exchange ratio that you propose is reasonable. Would you agree to our doing so?

5. As regards the action commenced by Bernard W. Bellan, as you may be aware, Mr. Bellan was required by the Court to retain new counsel. Our lawyers advise that, in speaking to the newly appointed counsel, they are in the process of reviewing the Statement of Claim and expect to make substantial amendments. Their estimated timeframe for doing so is about six months. Is it your intention that, before the Definitive Agreement could be signed, you must conclude a final agreement with those persons that you describe as the Crocus Investors Association?

6. As to your proposed due diligence investigations, Crocus is a party to a number of agreements with its Investee Companies and their shareholders (the "Shareholders Agreements"), some of which impose significant restrictions on Crocus's right to disclose confidential information to third parties. Those restrictions may or may not be binding on the Receiver. Accordingly, your entitlement to have access to confidential information about Investee Companies during your proposed due diligence review must be subject to either the consent of the Investee Companies or an Order of the Court confirming that we are entitled to provide you with such access and establishing the terms on which we may do so. As we have been working co-operatively with the Investee Companies and see no present need to seek the assistance of the Court with respect to this issue, if we agreed to do so, it would only be on the basis that the purpose of our doing so is to satisfy your requirements and all costs incurred by the Receiver would have to be paid by GrowthWorks. Is this acceptable?

7. Insofar as the Definitive Agreement is concerned, as Receiver we are not in the position to make the customary representations and warranties made by parties to such an Agreement. Any Agreement we might conclude will be subject to the approval of the Court and will make provision for an Order vesting title to the assets in the purchaser free of encumbrances. Is this acceptable?

8. You mention that, as a condition of closing, you would require a Court Order respecting rights of first refusal and related matters. It is unclear to us whether your intention is that, if Crocus is bound by an agreement among the shareholders of an Investee Company that makes provision for rights of first refusal, the Receiver would be obliged either to honour those rights or to otherwise deal with them in a satisfactory way. Put somewhat differently, we expect that, as long as we are able to assure the Investee Companies that you are willing to allow the Receiver to honour the right of first refusal clauses, they may be somewhat more co-operative with the overall process. Please advise.

9. As you know, we are presently conducting the receivership of Crocus in accordance with the Order made by Madam Justice McCawley on October 19, 2005 in which she approved of our Plan that there be an orderly sale of the assets of Crocus over a reasonable period of time. That Plan was made after we considered, among other things, the sale of the portfolio "en bloc", which is the essence of your proposal. Pending the closing of any Definitive Agreement that

may be concluded, we do not intend to discontinue our efforts to sell the Crocus assets in accordance with the existing direction of the Court. Is this acceptable to GrowthWorks?

After you have had an opportunity to consider the foregoing, if you are of the view that there would be merit in our meeting, we would be pleased to do so.

Yours very truly,

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

Per: A. R. Holmes
Senior Vice-President

ARH*bjf

APPENDIX
17

GROWTHWORKS

March 26, 2006

Crocus Investment Fund
c/o Deloitte Touche Inc.
2300-360 Main Street
Winnipeg, MB R3C 3Z3

Dear Sirs/Mesdames:

Re: Acquisition of the Assets of Crocus Investment Fund

We are in receipt of your letter of March 22, 2006 which raised considerations about our offer letter of March 9, 2006.

We thank you for your response and welcome the opportunity to address issues surrounding our proposed offer ("Offer") to purchase the assets of Crocus Investment Fund ("Crocus"). We will address each issue in the order presented in your letter.

1. Legislative Restrictions

For several corporate, securities and tax reasons, a merger with Crocus through the purchase of assets is an essential component of the offer. Without a merger, federal tax credits and investment pacing obligations would be adversely affected resulting in a lower value we could pay for the Crocus assets. We have also reviewed the restrictions of ownership of the Class A shares of Crocus and believe they present no impediment to the Offer. Because our Offer may not have adequately described the merger process, we attach as Schedule A to this letter a step-by-step diagram of how the merger of Crocus and GrowthWorks Canadian Fund would occur. We think that diagram may clear up any confusion caused in our description of the Offer.

We have previously reviewed the legislation you referred to in your letter as well as the articles of Crocus. We are not certain which restriction you believe would prohibit the exchange of Crocus Class A shares. The Class A shares would be redeemed by Crocus so no transfer to a non-individual or a trust other than an RRSP would occur.

2. Independent Valuator

An independent valuation of the entire Crocus portfolio is an essential aspect of the Offer. Shareholders of both Crocus and the GrowthWorks Canadian Fund need the assurance that not only have the assets of each fund been valued independently, but also valued using the same valuation principles applied in a consistent manner. Further, given the history of Crocus and its allegedly inappropriate valuation policies in the past, we believe Crocus shareholders need to know that such an independent valuation has occurred of the entire Crocus portfolio. Only then does a relative NAV share exchange give the comfort that both funds' shareholders need.

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The methodology of the valuation is consistent with the guidelines promoted by the Canadian Venture Capital Association and has been used by GrowthWorks consistently for years. The recent four-fund merger last autumn by GrowthWorks Canadian Fund used such a process. As in the past we would suggest, with your approval, a national accounting firm for such a valuation with expertise in the venture capital sector. We note that in your report to the Court for the quarter ended December 31, 2006 you had stated in Section 5.1 that "should a transaction be contemplated, appropriate valuations would be undertaken to update the carrying value". We are not sure why this acknowledged duty should be paid for by GrowthWorks, but in order to expedite matters we would be willing to pay for such a cost at closing. We recognize that if there were procedural flaws in the valuation you would be required to make you objections know to the Court.

3. Minimum Offer Price.

We believe that you may have misunderstood our Offer. The Offer provides as consideration of the merger both cash and a number of GrowthWorks Canadian Fund Class A shares, based on a "going-concern" NAV value. The reference to the $70 million in the Offer pertains ***to the right of Crocus shareholders to cancel any previously-approved merger*** if the aggregate NAV of Crocus (including cash) is independently determined to be less $70 million. We are not trying to buy assets at $70 million, but rather at NAV. However, we are providing a "floor" price for Crocus shareholders so that they can be comfortable that if the NAV is determined to be less than $70 million then the shareholders can revoke any previously approved merger. GrowthWorks would be legally committed to the merger regardless of the aggregate NAV determination. In our view, this is an added benefit to Crocus shareholders.

In Section 7 of your report to the Court for the quarter ended December 31, 2005 you noted that the accounting book value may be materially affected by liabilities. We therefore prepared our Offer on that basis. It is in the interest of everyone if the ultimate aggregate NAV is more than $70million. We are pleased that you believe the aggregate NAV to be much higher than $70 million and we are willing to pay for that greater aggregate NAV. Given our Offer is based on NAV, no amendment to the Offer is needed.

With respect to your comment about non-portfolio assets of Crocus, we expect them to be immaterial and of little value to GrowthWorks Canadian Fund. However, we would be willing to learn of those assets and discuss their purchase in light of the Offer.

4. Valuation of GrowthWorks Canadian Fund

Agreed. We think the independent valuation of both Crocus and the GrowthWorks Canadian Fund will address your concern.

5. Save Harmless Agreement

GrowthWorks Canadian Fund requires confirmation that the acquisition of Crocus assets will not create a liability for GrowthWorks Canadian Fund or attach any liability to the Crocus assets acquired. We believe that the "save harmless" agreement in principle with the representatives of a certified class action lawsuit is one way to achieve that objective and at the same time providing you, as Receiver, with a tremendous benefit. We also note that there is an opportunity under Rule 10 of the Queen's Bench Rules to obtain a Representation Order prior to certification of the class action lawsuit that could achieve the same result. As well, we are aware that as Receiver you could obtain an order from the Court providing the assurance GrowthWorks Canadian Fund requires.

We are aware that the class action lawsuit may take several months to be certified. The other alternatives may be faster ways to obtain the comfort GrowthWorks Canadian Fund requires before completing the transaction. However, we believe that since it is in all parties' interest to achieve the "save harmless" result, we are willing to continue with the Offer with such a binding agreement being a condition precedent that could occur after a definitive agreement and even after the shareholder meeting.

6. Due Diligence

Agreed.

7. Definitive Agreement Approval

Agreed.

8. Rights of First Refusal

Let us emphasize that the ability to transfer the portfolio assets is a risk that we are willing to bear in this transaction and we will not require all the transfers occur as a condition of closing.

we also believe you may have misunderstood our Offer on this point. In our Offer we stated a condition of closing would include "a court order respecting the transfer of, the expiry of all rights of first refusal applicable to, ***or [emphasis added]*** the permitted transfer of, the investee companies' shares held by Crocus". The reason for such a condition was to ensure that the value of the portfolio assets is maximized by confirming that the assets can be transferred to a third party. for that purpose we do not necessarily require a court order. Instead, we may rely on "permitted transfer" provisions in the various agreements to transfer shares from Crocus to GrowthWorks Canadian Fund or trigger the rights of first refusal and wait for the conclusion of that process. A court order is just one more tool at the disposal of Crocus shareholders to maximize value if other means of transferring the assets are not available. We presume you would want to support such an approach.

At present we have not seen the rights of first refusal, piggyback and similar provisions in the shareholder and similar agreements between Crocus and the investee companies. However, as one of the largest venture capital funds in Canada and having participated in dozens of syndicated transactions, we are intimately familiar with the normal contract provisions and have worked successfully within those provisions to merge successfully other funds by way of purchase of assets. Most of these types of agreements have rights to transfer assets to entities with common control. We can achieve that result through the merger. Rights of first refusal usually require any insider to pay the same value being offered by a third party (in this case NAV), which would result in the same value being received by Crocus shareholders and GrowthWorks. There are other ways to deal with these maters that we have developed over many transactions. We have bought through mergers and disposed as investors well over 100 investee companies and the rights of first refusal and similar provisions have never caused a problem for the transactions. We expect nothing different with this Offer.

9. Sale of Crocus Assets to Third Parties

We understand that you will wish to continue to seek value for shareholders of Crocus. While you may find opportunities to sell assets before a definitive agreement is entered into with Growthworks, we are not sure how you would know that the consideration for such assets are valued at net present value on an

on-going basis and thus are a superior offer to our Offer. Furthermore, it is common in commercial transactions to enter into exclusivity agreements while definitive agreements are negotiated. Nevertheless, we believe the Offer is superior to what other parties can offer, and merely request a right of first refusal on any potential transaction entered into before a definitive agreement is executed.

Conclusion

We hope that our responses have addressed your questions and concerns adequately. We believe that, based on the content of your letter, there are no substantive impediments to a potential transaction between GrowthWorks Canadian Fund and Crocus.

We hope that we are able to meet with you on Tuesday, March 28, 2006 and explain our Offer in greater detail at that time. However, if you have any questions or comments about the Offer or our responses in this letter, do not hesitate before that time to contact David Levi, CEO of GrowthWorks at 604.895.7253.

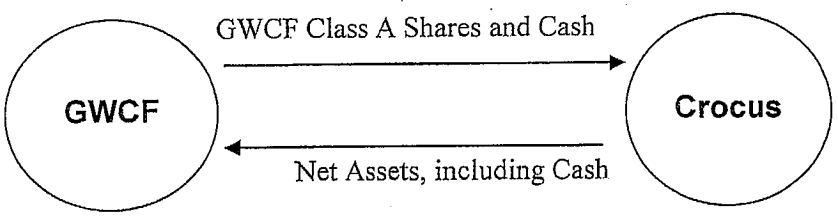
GROWTHWORKS LTD.

By: _____
David Levi, CEO

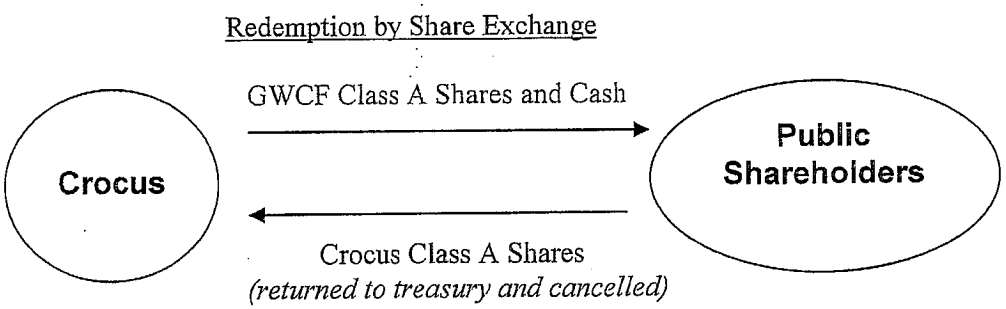
SCHEDULE A

Merger by Way of Asset Purchase followed by Automatic Redemption Procedure

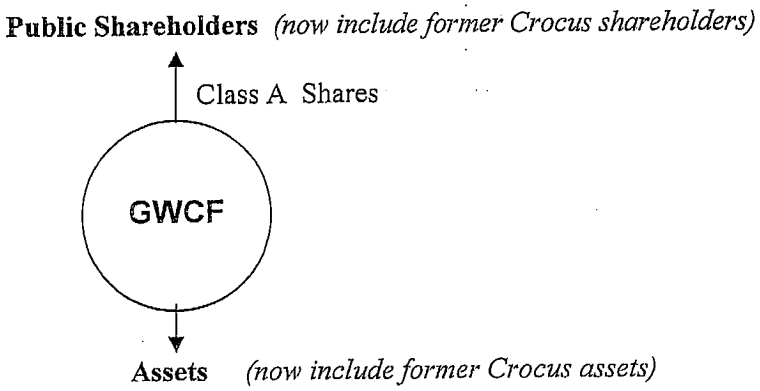
Step 1: GrowthWorks Canadian Fund ("GWCF") buys the net assets of Crocus by issuing Class A shares and cash to Crocus as payment.



Step 2: Crocus redeems all of its own issued Class A shares from its public shareholders in exchange for transferring GWCF Class A shares and cash to its shareholders.



Result: The net assets of Crocus are now held by GWCF and all Crocus investors have become shareholders of GWCF.



Post-Merger, Crocus has no public shareholders and no assets other than those required to pay its liabilities. Crocus is wound-up and dissolved as soon as practicable.

APPENDIX
18

THOMPSON
DORFMAN
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April 7, 2006

Irwin, White & Jennings
Barristers and Solicitors
Suite 2620, 1055 West Georgia Street
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Vancouver, British Columbia V6E 3R5

Attention: Mr. David Jennings

Dear Sir:

Re: Acquisition of the Assets of Crocus Investment Fund by GrowthWorks Canadian Fund Ltd. (the "Canadian Fund")
Our Matter No. 0080311 DGD

Further to the GrowthWorks Ltd. ("GrowthWorks") letter of March 26th and our subsequent meeting on the 28th, if we correctly understand your client's position on rights of first refusal in the shareholders' agreements of Crocus's investee companies, it is this: first, in many cases such agreements permit shares to be transferred to affiliates of a shareholder; second, many of the investee companies will be anxious to have the Canadian Fund replace Crocus as a shareholder and will waive their rights of first refusal; and, third, for cases in which the first two considerations do not apply, the Court would likely grant the Receiver the right to sell the shares of investee companies to the Canadian Fund and to vest Crocus's rights under the existing shareholders' agreements in the Canadian Fund over the objections of the investee companies. We also understand that, under your client's proposal, the Receiver is not to be allowed to honour rights of first refusal as the Canadian Fund wants to be a shareholder of the investee companies, not merely the beneficiary of cash that may be derived out of the shares when rights of first refusal are exercised. Please advise if we have misunderstood or misstated the position of GrowthWorks on these issues.

If we have your client's position correctly and provided that GrowthWorks accepts the Receiver's position on its continuing right to deal with the Crocus portfolio (set out below), the Receiver is now satisfied that it ought to seek the advice and direction of the Court on whether it presently has, or will be granted by the Court, the right to sell the shares of investee companies, without complying with rights of first refusal, to a purchaser that the Receiver (or, perhaps, the Court) concludes to be fit and proper and to vest Crocus's rights under existing shareholders' agreements in such a purchaser over the objections of the investee companies. At the same time, the Receiver intends to seek clarification on the issue of its right to disclose information about investee companies that was provided to Crocus or to the Receiver in confidence. As these are issues of general interest to the receivership, the Receiver will pay all costs and not look to GrowthWorks for reimbursement.

While it is difficult to predict the time that will be required for the foregoing matters to be resolved, subject to your client's agreement on the following issue, we have been instructed to proceed as expeditiously as possible. While the Receiver has not yet canvassed every investee company, some have pointedly expressed their opposition to the disclosure of confidential information and are certainly going to be adamantly opposed to the suggestion that the Receiver be allowed to disregard rights of first refusal. We have advised the Receiver that it is entirely possible that the final advice and directions of the Court, including disposition or expiry of all rights of appeal, would not be received prior to the end of 2006.

The Receiver was appointed June 28, 2005. In the eight intervening months, it has made considerable progress in concluding or attempting to conclude agreements that either have resulted or will result in the liquidation of the Crocus investments in certain investee companies or, if not going that far, at least settle on exit strategies that are to be implemented over a reasonable period of time (collectively "Exit Agreements"). The Receiver must be allowed to continue its efforts in this regard unabated by the GrowthWorks discussions.

The GrowthWorks proposal of March 9, 2006 did not restrict the Receiver's ability to deal with the existing Crocus portfolio, in contrast with the earlier proposal of November 9, 2005. Out of an abundance of caution, the Receiver's letter of March 22nd confirmed that, pending the closing of any Definitive Agreement that may be concluded, it did not intend to discontinue its efforts to sell the Crocus assets in accordance with the existing direction of the Court. The GrowthWorks letter of March 26th acknowledged the Receiver's position but requested a right of first refusal on any potential transaction. This

issue was again raised in our meeting of the 28th. The Receiver is not willing to grant a right of first refusal or to change its position from that set out in its letter of March 22nd.

Over the next few months, the Receiver is hopeful of being able to conclude Exit Agreements with respect to investee companies representing approximately 70% of Crocus's value. The Receiver sees no benefit to the Crocus stakeholders of transferring to the Canadian Fund either investments that are or are likely to be subject to Exit Agreements, investments that have minimal objective values, cash or receivables. Without at this time having settled on the manner of doing so, the objective of the Receiver will be to remove those assets from Crocus (and to distribute them to or hold them for the Crocus stakeholders) before closing a sale of the remaining assets to the Canadian Fund (subject to conclusion of the Definitive Agreement). Admittedly, this would result in the acquisition by the Canadian Fund of fewer investee companies and less cash and receivables than are envisioned by its proposal. It would, however, still acquire all of the residual Crocus assets, all of the Crocus Class "A" Shares would be redeemed and the Class "A" Shareholders would have distributed to them Class A Shares of the Canadian Fund.

We must know whether GrowthWorks is willing to continue our discussions on the assumption that the Receiver will be entitled to proceed as aforesaid or in some other manner acceptable to the Receiver that will achieve substantially the same result.

If GrowthWorks is prepared to accept the Receiver's position, there are a number of other preliminary issues that require further consideration, including:

1. At our meeting, you and your client expressed confidence that the right of first refusal and other provisions of shareholders agreements that might seem onerous likely would be of not much concern to GrowthWorks because of its experience in dealing with venture capital investee companies. It was suggested that, as many such companies are of a high growth nature and are capital hungry, they would welcome the presence of the Canadian Fund as a partner and, if necessary, would agree to amend their shareholders' agreements during the course of new financing negotiations.

   The Receiver's experience to date is that several of the more successful Crocus investee companies do not have an appetite for what might be described as conventional venture capital financing. Notwithstanding, there

may be some benefit to GrowthWorks having an opportunity to introduce itself to those companies in a forum sponsored by the Receiver. Such a forum could lead to subsequent discussions between GrowthWorks and the investee companies, the results of which may impact on our discussions. In addition, at least insofar as GrowthWorks is concerned, we may be able to determine which of the investee companies are willing to allow you access to their confidential information (subject to an appropriate confidentiality agreement) and to waive rights of first refusal.

2. At the end of our meeting, we were left with the impression that, in the space of about six weeks and for a fee of approximately $80,000, KPMG formally valued all of the investee companies that were involved in GrowthWorks' recent four fund merger, including reviewing all key agreements entered into by those companies and conducting interviews with their senior management. You invited the Receiver to examine the SEDAR filings with respect to that merger, which it did. From that examination, it seems that KPMG did not review the investee companies themselves but merely the process followed by GrowthWorks in establishing the value of the merging funds, which it found to be reasonable.

As was mentioned in the Receiver's letter of March 22nd, before recommending in favour of the GrowthWorks proposal, the Receiver would have to evaluate the Canadian Fund (meaning the investee companies), which it believes to be a different and more onerous task than was performed by KPMG in connection with the merger. In addition, we understand from your client's letter of March 26th and comments made at our meeting that GrowthWorks requires an actual review and valuation of the Crocus investee companies, not merely a review of the Crocus valuation process.

Subject to agreement on the matter of the Exit Agreement strategy of the Receiver, in order to advance the discussions, the Receiver suggests that one of its business valuators travel to Vancouver and meet with GrowthWorks' internal head of valuation as well as an appropriate representative of KPMG in order to ensure that the parties are on common ground on the valuation issue, including with respect to matters such as the relevance of minority discounts and provisions contained in shareholders

agreements (the latter of which we understand GrowthWorks is willing to disregard). At the same time, we could also have a discussion as to an appropriate valuator or valuators for this process. Independence is critical and, given the relatively small pool of qualified experts, it may be difficult to achieve.

3. The Receiver wishes it to be clear that, while the Class "A" Common Shareholders of Crocus represent an important stakeholder in the receivership and it is the Receiver's desire that they receive the greatest possible return on their investment, it is its view that they are neither practically nor legally able to play the role that GrowthWorks contemplates for them in its proposal.

Absent receivership, an offer to purchase all or substantially all of the assets of a corporation would be considered by its board of directors and, upon their being satisfied with its terms, would be referred by the board to the shareholders for approval. In a court appointed receivership in which the right to sell all or substantially all of the assets, either with or without approval of the court, has been vested in the receiver, there is no requirement or recognized legal mechanism for either the board or the shareholders to approve the sale.

The sale of all or substantially all of the assets of Crocus is a matter of extraordinary complexity. No such sale will take place without the approval of the Court of Queen's Bench on notice to all interested parties. The Court must be completely free of inappropriate pressures when considering the proposed sale. In our opinion, for the Receiver to endorse a meeting of Shareholders to consider and vote on the proposed sale prior to its being presented to the Court would be entirely inappropriate. The Receiver will not countenance the possibility of putting the Court that appointed it in the conundrum of having to consider a proposed transaction that either the Receiver recommended but the shareholders rejected or the Receiver rejected but the shareholders approved.

In the Receiver's view, it would be highly inappropriate and damaging to engage in a publicity campaign that is designed to give the Class "A" Shareholders a sense of having the right to determine the acceptability or otherwise of any proposal that may come forward for the sale of the Crocus

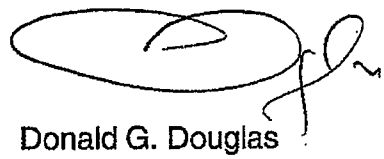
portfolio. To do so would cause confusion and disorder in the minds of those Shareholders and increases the costs and complexity of administering the receivership.

4. As a final matter, we understand that GrowthWorks has been in discussions with all relevant authorities, including the Government of Manitoba and the Securities Commission, in order to become qualified to carry on business as a labour-sponsored venture capital corporation in Manitoba. If matters proceed, the Receiver will expect Growthworks' assurance that it will diligently and continuously pursue those efforts and will forthwith notify the Receiver either that it has been successful or that it has not been successful and has abandoned its efforts.

If, having considered the foregoing, GrowthWorks is of the view that further discussions are in order, the Receiver is willing to travel to Vancouver, with counsel, for that purpose. We look forward to your response.

Yours truly,

THOMPSON DORFMAN SWEATMAN LLP

Per: 

Donald G. Douglas

DGD/dgd

APPENDIX 19

GROWTHWORKS

April 13, 2006

Crocus Investment Fund
c/o Deloitte Touche Inc.
2300-360 Main Street
Winnipeg, MB R3C 3Z3

Dear Sirs/Mesdames:

Re: Acquisition of the Assets of Crocus Investment Fund

We are in receipt of a letter of April 7, 2006 from your legal counsel addressed to our legal counsel. We would like to address each of the issues raised in that letter separately in the order presented.

1. Rights of First Refusal

Your counsel's summary of our position with respect to the rights of first refusal in agreements with Crocus investee companies is not quite accurate. Our position is that the Receiver should seek an order of the Court acknowledging that a proposed merger of Crocus with GrowthWorks would result in merely the continuation of business operations in a new entity (with the same shareholder involvement), and as a result the merger itself should not trigger rights of first refusal drafted principally for very different situations. GrowthWorks Canadian Fund would continue to be bound by such rights of first refusal after the merger is completed. If such an order of the Court was not obtained, then in the alternative we would simply require that any rights of first refusal would be exercised using the net asset value determined by the independent valuator and that GrowthWorks Canadian Fund be the third party to whom Crocus would intend to transfer the Crocus investment. We expect that the independent valuation will set a price higher than what Crocus would otherwise receive in a disposition. As stated in our last letter to you, we have had extensive experience with rights of first refusal and have not found them in practice to be an impediment to parties both wishing to conclude a transaction.

We would be happy to meet with investee companies to address the issues set out in your letter. As to your counsel's statement that several investee companies may not be interested in traditional venture capital financing, we want to make two points. First, we have also met with several investee companies that are interested in such financing. Second, we believe, based in part on conversations with the investee companies, that GrowthWorks Canadian Fund is a very different type of venture capital partner than Crocus was, and will be seen to be a more co-operative partner than Crocus was historically viewed.

2. Confidential Information

There still seems to be a misapprehension of our view with respect to confidential information. In short, we do not require any confidential information of the investee companies. The independent valuator, which would be retained by Crocus as well as by GrowthWorks Canadian Fund, could receive any confidential information regarding the investee companies it wished, because it would be a professional advisor of Crocus. The legal issues regarding the release of confidential information to advisors are no

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different than the ones raised by the involvement at present by you the Receiver and your legal counsel. If for some reason you wished to provide us confidential information, we would agree to enter into standard confidentiality agreements that require us and our advisors to keep that information confidential and to use that information only for the purpose of reviewing and valuing the investee companies.

3. Exit Agreements

Your counsel properly noted that in our letter of March 26, 2006, we responded to the suggestion that the Crocus investment in portfolio investee companies may be liquidated with the request that we be provided a right of first refusal on any potential transaction.

We are disappointed to learn from your counsel's letter that you are not willing to grant such a right of first refusal, especially since no rationale for such a position was provided. Furthermore, we are surprised to learn in the letter that you are hopeful of concluding agreements to liquidate approximately 70% of Crocus' assets. From the content of the letter we cannot understand why you would seek a partial solution to selling the assets instead of a full solution, especially without any clear determination that the partial solution provides any value about the net asset value of the investee companies.

We think that there are very clear reasons why Crocus benefits from the transfer of those assets to the GrowthWorks Canadian Fund rather than selling those assets now with no right provided to us to agree to an equal competing offer.

Crocus benefits from a transfer to GrowthWorks Canadian Fund for several reasons, including:

- assets are transferred at an independent, objectively determined net asset value on an on-going basis, rather than a liquidation sale made with no competing offer to determine if fair value is achieved.
- the maximum value of an investee company may not be realized without further follow-on investments or roll out of a business plan, all of which can occur post merger with Crocus shareholders receiving a benefit from that increased value through their GrowthWorks Canadian Fund shares. You state you are trying to sell investee companies with "minimal objective values". With respect, as an experienced venture capital investor, the measure of value must include pregnant value that is only realized by a long term strategy, which under our Offer Crocus shareholders would participate. Under a liquidation sale, that value is lost to Crocus shareholders.
- funds obtained by Crocus from a sale by you may not be able to be paid out to shareholders (as was evidenced in the recent ruling by Madam Justice McCawley). GrowthWorks Canadian Fund has an agreement in principle with the parties to the class action lawsuit to save harmless Crocus that would probably allow for such a payout.
- even if sale proceeds could be paid out by Crocus, they probably cannot be paid out on a tax efficient basis. The merger structure allows for a tax efficient outcome for shareholders.
- if Crocus will take the time and expense to transfer 30% of its portfolio to GrowthWorks Canadian Fund, why not transfer 100% and obtain the full benefit of a lower proportionate expense for the transfer?

Your letter does not explain how you can determine, with no competitive bid process, that you are obtaining full value for Crocus assets, nor why you think such action is beneficial to Crocus shareholders. If you continue with such an approach, we can understand why the shareholders of Crocus demand a general meeting to have the matter discussed fully.

With respect to your direct question of whether we are willing to continue with our Offer once you have sold substantially all of the assets of Crocus, we would obviously need to have a much better understanding about the remaining portfolio and your view why it cannot be sold.

4. Independent Valuation

Your counsel's summary of our statements about the independent valuation performed by KPMG for the four way merger involving the GrowthWorks Canadian Fund last autumn is generally accurate. A review of all the investee companies themselves was performed by KPMG as well as a review of the process. In the KPMG letter filed on SEDAR, it noted that it reviewed information pertaining to each investee company, including financial statements, budgets, and corporate documents. Those corporate documents included all documents available to a director of an investee company, such as minutes, material contracts, and strategic plans. KPMG in effect has complete access to all information that directors have. While KPMG determined that it had sufficient information not to interview senior management of investee companies, it was able to do so if it felt it was needed to make a proper valuation determination. That detailed review was done in order to give comfort to the special committees of Canadian Science and Technology Growth Fund and Capital Alliance Ventures Inc. A discussion about the independent valuation methodology and practices with respect to our offer would be fruitful once we are able to determine whether the other issues in this letter can be properly addressed.

5. Crocus shareholders meeting

We have read your view about a potential shareholders meeting of Crocus. While you may believe that a shareholders meeting would not be desirable, the fact remains that under corporate legislation it is a right of shareholders. If you the Receiver acting in place of the Board of Directors chose to ignore their request for a meeting once made, then the Manitoba legislation allows shareholders the right to hold the meeting without your involvement, except to the extent that Crocus must pay for such a meeting.

While we are not directly involved in the process, we understand that the Requisitionists for the proposed meeting will be calling for the meeting regardless of your actions. As the subject matter of the meeting relates solely to the consideration of a GrowthWorks Canadian Fund merger, we would hope that we could announce with you a mutually acceptable agreement had been reached. However, we will participate in any meeting if requested by the shareholders.

You are undoubtedly aware by now that the letter from your counsel was leaked to the media. We are embarrassed by the leak and have reprimanded the Crocus shareholder responsible for the leak and wish to apologize to you that the leak occurred. However, the reason the Crocus shareholder had the letter was because of a demand for information relating to the negotiations. We were put in an awkward position that if we provided no information, we were told certain Crocus shareholders would have acted in a manner that neither you nor we would have thought to be constructive. As a suggestion (but only that) given the implicit role of the shareholders in this process (especially now that the proposed lawsuit includes the entire class of shareholders), perhaps you should consider inviting shareholder representatives to meet with you and us to discuss matters rather than having them questioning your actions publicly.

You mentioned that the Court will need to finally approve any merger. We are well aware of that fact. However, that requirement should not be an impediment if the Court is able to conclude it is in the best interests of shareholders and that creditors are not adversely affected. A shareholders meeting would greatly assist the Court in determining if shareholders' interests are benefiting from a merger. With

respect to creditors being adversely affected, your recent setback in court to pay out funds to Crocus shows that our save harmless agreement in principle with the parties to the class action lawsuit (together with our agreement to pay out trade creditors, etc.) is essential for any payout of funds to shareholders.

6. LSVCC Business in Manitoba

We are continuing to pursue our registration in Manitoba to carry on the business of a labour-sponsored venture capital corporation. We will advise you of our success when it has been achieved.

We appreciate your offer to continue discussions in Vancouver, although the parties you would seek to speak with are located in Toronto. We hope that GrowthWorks Canadian Fund and Crocus can reach an agreement on the important issues in this letter and await your response to this letter to determine the best course to take to reach such an agreement. If so, we think a meeting could be very beneficial for everyone.

Do not hesitate to contact David Levi, CEO of GrowthWorks at 604.895.7253 with respect to any questions or comments arising from this letter.

GROWTHWORKS LTD.

By: _____
David Levi, CEO

APPENDIX
20

THOMPSON
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April 28, 2006

PRIVATE AND CONFIDENTIAL

Irwin, White & Jennings
Barristers and Solicitors
2620 Royal Centre
1055 West Georgia Street
P.O. Box 11168
Vancouver BC V6E 3R5

Attention: David Jennings

Dear Sir:

Re: Acquisition of Assets of Crocus Investment Fund by GrowthWorks Canadian Fund Ltd.
Our Matter No. 0080311

We are in receipt of a letter of April 13, 2006 from your client addressed to our client. We would like to address each of the issues raised in that letter separately in the order presented.

1. ***Rights of First Refusal***

As regards the first paragraph, we are in agreement with GrowthWorks' suggested procedure. That will require public disclosure of the proposed asset sale and share redemption methodology so that Investee Companies will be afforded the full opportunity to argue, if they so choose, that the proposed merger would be, in fact, a sale of assets followed by a redemption of shares, which would entitle them to the benefits of whatever Rights of First Refusal are afforded to them under their agreements with Crocus.

As regards the second paragraph, subject to our arriving at a consensus on the valuation issue, we will convene the meeting of Investee Companies.

2. ***Confidential Information***

We do not agree that an independent valuator, retained on behalf of both GrowthWorks and Crocus, would qualify as an advisor to Crocus entitled to the same confidential information as is available to Crocus. Accordingly, the entitlement to access to confidential information would remain subject to advice and directions of the Court.

3. ***Exit Agreements***

As we understand the GrowthWorks proposal, it is predicated on the assumption that the value of Crocus equates to the value of the Investee Companies, however that may be determined. With this assumption, the Receiver does not agree. In addition to the value of the Investee Companies, the Receiver is of the view that Crocus has inherent value attributable to, among other things, its business presence and structure in Manitoba, the information it has about and its connection with some 34,000 shareholders and its internal intellectual property system.

The Receiver is not yet comfortable with GrowthWorks' suggested procedure that "assets are transferred at an independent, objectively determined net asset value on an on-going basis, rather than a liquidation sale made with no competing offer to determine if fair value is achieved". First, such a procedure makes no allowance for the inherent value of Crocus, referred to above. Secondly, provided that the process of valuation is conducted with reference to the principles by which Chartered Business Valuators practice their profession, the results should be relatively predictable. Under your proposal, the best that the Crocus shareholders could hope to achieve would be the objectively determined value of the Investee Companies and they would receive that value in the form of shares in the GrowthWorks Canadian Fund, which would be encumbered by the same restrictions as burdened the Crocus shares. Any increase over the objectively determined value of the Investee Companies that GrowthWorks would be able to subjectively negotiate with the Investees would be shared by all Canadian Fund shareholders and would only accrue to the benefit of the Crocus shareholders proportionately to their interest in that Fund.

The Receiver's experience to date with the Crocus portfolio is that, by subjectively negotiating an exit strategy with an Investee Company, it has been able to realize values that are equal to or greater than Chartered Business Valuators would have objectively determined to be reasonable in the circumstances. To the extent that the Receiver has exceeded objective valuations, the excess accrues 100% to the Crocus shareholders.

GrowthWorks is correct in its observation that Justice McCawley has prohibited, for the time being, distributions to the Crocus shareholders as a result of the action commenced under *The Class Proceedings Act*. We acknowledge that GrowthWorks' "agreement in principle with the parties to the class action lawsuit to save harmless Crocus" is an attractive feature of the proposal. However, the stated intention of counsel in the intended class action to amend his client's claim to include all shareholders removes one of the great impediments to the possibility of a cooperative relationship between the proposed class action plaintiffs and the Receiver.

In addition, as counsel for the intended class action plaintiffs stated in Court that the action would not be discontinued against Crocus, and it is reasonable to expect that the action itself will be prolonged, the Receiver asked us to inquire about the consequences thereof on the GrowthWorks proposal. As we understand your discussions with the federal income tax authorities, it is an essential component of the proposal that, immediately following the asset sale and share redemption, Crocus be dissolved. It is unlikely that the Court would permit dissolution if Crocus remained involved in the action. Furthermore, does the "agreement in principle" address the matter of Receiver's costs and legal fees, not only for counsel for the Receiver but also for the directors, officers and brokers, who will doubtless be required to testify and who will want their own representation even if they are no longer parties to the proceeding?

As regards the tax treatment to be afforded to distributions by Crocus, public statements made by governmental officials at or about the time of the receivership suggested that distributions would be dealt with fairly from a tax perspective. We have no reason to believe that those statements will not be honoured.

You say that our letter did not explain how the Receiver could determine, "with no competitive bid process", that it is obtaining full value for the Crocus' assets. That observation causes the Receiver some concern from the perspective of the GrowthWorks proposal which, as mentioned above, makes no allowance for the inherent value of Crocus. The unfortunate disclosure to the media of our letter of April 7th has had one

readily foreseeable consequence. The President of ENSIS Management Inc. wrote to the Receiver and advised that he had been provided with a copy of that letter and requested that a competitive process be established by which all interested parties would be provided with any information provided to the Canadian Fund to facilitate making a proposal. The Receiver intends to respond to Mr. Watchorn and advise him that, as of yet, GrowthWorks has not been provided with any information by the Receiver that is not publicly available. However, we anticipate that ENSIS may wish to make its own proposal, which the Receiver will be obliged to consider fairly.

The Receiver is pleased to hear that GrowthWorks is willing to continue with our discussions notwithstanding that much of the Crocus portfolio may be liquidated prior to reaching a Definitive Agreement. The Receiver understands that if, at some intervening date, GrowthWorks concludes that it is no longer in its best interests to continue the discussions, it would be at complete liberty to call them to a halt.

4. ***Independent Valuation***

No further comment is needed at this time although we note that, in the most recent valuations that were done for Crocus, each of the Investee Companies voluntarily consented to their participation therein. From the Receiver's experience, valuations made with the full cooperation of management (such as the ones presently in the possession of the Receiver) are inherently more reliable than valuations made without such cooperation (which would certainly be the case in some of the valuations that would be made under your proposal).

5. ***Crocus shareholders meeting***

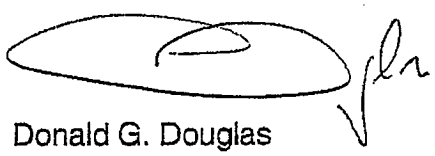
No further comment needed at this time.

6. ***LSVCC Business in Manitoba***

No further comment need at this time.

Yours truly,

THOMPSON DORFMAN SWEATMAN LLP

Per: 

Donald G. Douglas

DGD/dgd

APPENDIX
21

GROWTHWORKS

May 23, 2006

Crocus Investment Fund
c/o Deloitte Touche Inc.
2300-360 Main Street
Winnipeg, MB R3C 3Z3

Dear Sirs/Mesdames:

Re: Acquisition of the Assets of Crocus Investment Fund

We are writing to you in your capacity as Receiver-Manager of the Crocus Investment Fund ("Crocus") and our capacity as manager of GrowthWorks Canadian Fund Ltd. (the "Canadian Fund"). We had previously sent to you an offer dated March 9, 2006 to acquire all the assets of Crocus. Since that time, we have corresponded with you with respect to explaining and potentially amending our offer to purchase. We believe that it is now time to consolidate those discussions and to extend a formal offer for your consideration and response. Therefore, subject to the terms and conditions set out below, we are extending an offer (the "Offer") on behalf of the Canadian Fund to acquire all of the assets of Crocus.

We propose that the Canadian Fund merge with Crocus through the acquisition of Crocus assets whereby shareholders of Crocus exchange their Crocus holdings for an aggregate amount equal to (i) a cash amount equal to the cash and cash equivalent assets held by Crocus as determined at the time of closing the transaction (the "Merger Transaction") less amounts needed to extinguish, satisfy or create a reserve fund for liabilities of Crocus and (ii) that number of Class A Shares of the Canadian Fund on a net asset value ("the "Net Asset Value") "going-concern" basis determined at the time of closing the Merger Transaction.

The Merger Transaction would be subject to the Canadian Fund providing (i) the right of Crocus shareholders to cancel any previously-approved Merger Transaction if the aggregate Net Asset Value of Crocus (including cash) is independently determined to be less $70 million and (ii) an enforceable litigation settlement agreement with the proposed representative of the Crocus shareholders' class action lawsuit as against any potential direct or indirect liability of Crocus to its shareholders .

This Offer letter summarizes the principal terms and conditions under which the Canadian Fund would be prepared to pursue the Merger Transaction, and is subject only to a definitive formal agreement being executed and delivered by all parties.

Based on and subject to the foregoing paragraph, the principal terms of the Merger Transaction we are offering are as follows:

1. *Structure of the Merger Transaction*-The proposed Merger Transaction structure would result in the merger of Crocus with the Canadian Fund through the transfer of Crocus assets to the Canadian Fund. Shareholders of Crocus would exchange their Crocus shareholdings for a new "Crocus" series of Class A Shares of the Canadian Fund, which would have the same substantive rights as the other series of Class A

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Main: 604.633.1418 Fax: 604.669.7605
Toll-Free Phone: 1.800.268.8244 Toll-Free Fax: 1.866.688.3431
www.growthworks.ca

shares issued by the Canadian Fund. Schedule "A" sets out a diagram showing the steps of the Merger Transaction.

The exchange of shares would occur based on the Net Asset Value ascribed to each of the merging portfolios, and a standard rules-based valuation (pursuant to the Canadian Venture Capital Association guidelines) of the Crocus portfolio by independent valuators (as described in Canadian Securities Administrators' National Instrument 81-106 and as chosen jointly by Crocus and us) would occur after shareholder approval and before and be effective upon the merger. We would recommend a jointly appointed national accounting firm for such a valuation with expertise in the venture capital sector. The Canadian Fund would pay the cost of such a valuation at closing.

Shareholders of both Crocus and Canadian Fund need the assurance that not only have the assets of each fund been valued independently, but also valued using the same valuation principles applied in a consistent manner. Further, given the history of Crocus and its allegedly inappropriate valuation policies in the past, we believe Crocus shareholders need to know that such an independent valuation has occurred of the entire Crocus portfolio. Only then does a relative NAV share exchange give the comfort that both funds' shareholders need.

If, as a result of that valuation by independent valuators the aggregate Net Asset Value of Crocus (including cash) is determined to be less $70 million, then the Crocus shareholders (but not the Canadian Fund) would have the right to cancel any previously-approved Merger Transaction. To clarify this point, the Canadian Fund is not trying to buy assets at $70 million, but rather at NAV. However, the Canadian Fund would provide this "floor" price for Crocus shareholders so that they can be assured that if the NAV is determined to be less than $70 million then the shareholders can revoke any previously approved merger. The Canadian Fund would be legally committed to the merger regardless of the aggregate NAV determination.

Crocus would be wound up in due course after the closing of the Merger Transaction. The Canadian Fund acknowledges that given the existing litigation such winding up may be delayed.

The Class A Shares would have all the same rights existing for the publicly-held shares of the Canadian Fund, including the participation in the net gains of the Canadian Fund. The Canadian Fund would require the approval of its board of directors, its shareholders, and regulators. Any remaining hold periods attached to Crocus shares would continue on the respective Canadian Fund Class A Shares or be subject to an early redemption fee.

2. *Transfer of Assets*. – In order to effect the Merger Transaction, you will seek an order of the Court acknowledging that the merger Transaction would result in merely the continuation of business operations of Crocus in a new entity (with the same shareholder involvement), and as a result the Merger Transaction itself would not trigger rights of first refusal or other sale rights contained in agreements between Crocus and investee companies. The Canadian Fund would continue to be bound by such rights of first refusal and other sale rights after the Merger Transaction was completed. If such an order of the Court is not obtained, then in the alternative the Canadian Fund would simply require that any rights of first refusal would be exercised using the Net Asset Value and that the Canadian Fund be the third party to whom Crocus would intend to transfer the Crocus investment. We would expect that the independent valuation will set a price higher for assets that can be transferred without restriction and as such would expect you to take all reasonable efforts to obtain such Court order.

With respect to non-portfolio assets of Crocus, we expect them to be immaterial and of little value to Canadian Fund. However, we would be willing to learn of those assets and discuss their purchase in light of the Offer. As for any goodwill of Crocus, the Canadian Fund would be willing to pay for any net goodwill determined to exist by the independent valuator.

3. *Litigation Settlement.* – The Canadian Fund has been able to reach an agreement with respect to the settlement of direct and indirect liability arising out of litigation as against Crocus as it pertains to the potential Crocus shareholders' class action lawsuit. The form of that agreement is attached as Schedule "B". This settlement agreement was provided solely on the basis that this Offer is accepted by Crocus and the Merger Transaction closes. The settlement agreement would not restrict the lawsuit from seeking damages from Crocus advisors, former directors and officers, and insurers. Alternatively, you, as the Court-appointed Receiver, may wish to ensure that any and all liabilities of all Crocus assets would be transferred to Canadian Fund with no liability attached to them or to Canadian Fund.

4. *Due Diligence* –As soon as practicable after execution of this Offer, Canadian Fund, its agents and employees will be permitted (upon entering appropriate confidentiality agreements) to make a full and complete due diligence review of the business and affairs of Crocus, including business, management, legal, and tax due diligence for a period not exceeding three weeks. You will cooperate fully with such review, and will cause Crocus to cooperate fully with such review including providing access to its premises and making available all of the documents, employees and agents of the Crocus necessary for the Canadian Fund's due diligence review. You will have a similar due diligence right with respect to the Canadian Fund.

5. *Definitive Agreement* – The terms and conditions governing the Merger Transaction are to be contained in a merger agreement (the "Transaction Agreement"). The Transaction Agreement shall include, among others, the following terms and conditions:

(a) We recognize that you will not be able to make the customary representations and warranties made by parties to such a Merger Transaction, although we would expect that the Canadian Fund would receive representations and warranties (perhaps subject to court order) that (i) the Canadian Fund is acquiring all or substantially all of the assets of Crocus as constituted the date of this Offer; (ii) no liabilities attach to Crocus assets or, as a result of the asset purchase, to the Canadian Fund; (iii) there are no management or administration contracts with third parties (or if such contracts exist, that they have been cancelled without penalty); (iv) no employee obligations will attach to the assets of Crocus; and (v) and Crocus is not bound to any material contracts with third parties not described in its public disclosure documents;

(b) Customary conditions to be satisfied before the parties are obligated to close the Merger Transaction (perhaps subject to court order), including without limitation (i) any of (A) a court order respecting the transfer of, (B) the expiry of all rights of first refusal applicable to, or (C) the permitted transfer of, the investee companies' shares held by Crocus; (ii) an order obtained from the court to ensure liabilities do not attach themselves to the assets of Crocus or to Canadian Fund; (iii) receipt of all applicable director, shareholder, Court, regulatory and tax approvals, authorizations and clearances needed required for consummation of the Merger Transaction; (iv) delivery of appropriate legal opinions from counsel to Crocus; and (v) no material adverse change in the business or financial condition of Crocus after execution of the Transaction Agreement and prior to the closing of the Merger Transaction; and

(c) Customary covenants by you regarding the conduct of Crocus' business between the execution of the Transaction Agreement and the closing, including without limitation (i) that no sale to third parties or investee companies of portfolio assets (unless required by contract or by the court) will occur without providing the Canadian Fund a right of first refusal to purchase such portfolio assets at the offered price, and (ii) a covenant to take necessary steps to satisfy the conditions precedent for closing.

6. *Employees* – You acknowledge that the Canadian Fund shall have no obligation to employ any employees after the closing, and any costs related to the termination of Crocus or your emp loyees will be assumed by Crocus.

7. *Expenses* – Each party will pay and be solely responsible for the legal fees incurred by it together with out-of-pocket expenses incurred by its legal counsel, regardless of whether or not the Merger Transaction completes. Each party shall indemnify and hold harmless the other parties from any claim for broker's or finder's fees arising from the Merger Transaction contemplated by this Offer by any person claiming to have been engaged by such party.

8. *Termination of Offer* - In the event the parties fail to enter into a Merger Transaction Agreement by December 31, 2006, the understandings contained in this Offer, unless extended by mutual written agreement of the parties, shall terminate and be of no further force or effect, except for the paragraph 7, "Expenses", which shall survive any termination of this Offer.

If you have any questions or comments about this Offer, do not hesitate to contact David Levi, CEO of GrowthWorks at 604.895.7253.

This Offer shall be remain open for a six month period ending November 23, 2006. The Offer shall be null and void if not accepted by delivery of an executed copy hereof to GrowthWorks no later than 5:00 p.m., Vancouver time on or before that date.

GROWTHWORKS LTD.

By: _____
David Levi, CEO

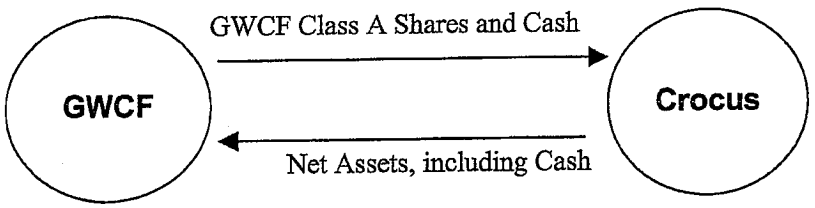
Agreed and accepted to this ____
day of _____, 2006 by
CROCUS INVESTMENT FUND,
by its receiver and manager
DELOITTE & TOUCHE INC.

By: _____
Authorized Signatory

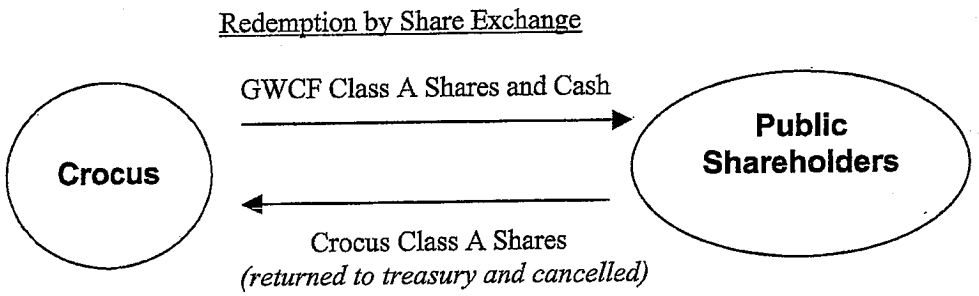
SCHEDULE A

Merger by Way of Asset Purchase followed by Automatic Redemption Procedure

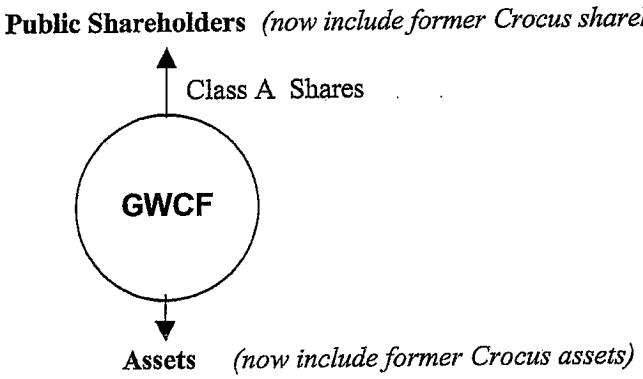
Step 1: GrowthWorks Canadian Fund ("GWCF") buys the net assets of Crocus by issuing Class A shares and cash to Crocus as payment.



Step 2: Crocus redeems all of its own issued Class A shares from its public shareholders in exchange for transferring GWCF Class A shares and cash to its shareholders.



Result: The net assets of Crocus are now held by GWCF and all Crocus investors have become shareholders of GWCF.



Post-Merger, Crocus has no public shareholders and no assets other than those required to pay its liabilities. Crocus is wound-up and dissolved as soon as practicable.

SCHEDULE "B"

SETTLEMENT AGREEMENT

Memorandum of Understanding

WHEREAS:

1. Bernard Bellan ("Bellan") has commenced a proposed class action, on his own behalf and on behalf of a proposed class of shareholders in the Crocus Investment Fund entitled *Bellan* v. *Curtis et al.*, Manitoba Court File No. CI 05-01-42765 (the "Class Action"), and Bellan has commenced a further, related class action entitled *Bellan et. al.* v. *Government of Manitoba*, Manitoba Court File No. CI 06-01-46955 (the "Government Action").

2. Growthworks Canadian Fund Ltd. ("Growthworks") has offered to purchase the assets of the Crocus Investment Fund, and to provide consideration to shareholders of the Crocus Investment Fund (the "Offer").

3. Bellan believes that the Growthworks Offer is fair and reasonable and in the best interests of the proposed class, and wishes to settle the Class Action, as against the Crocus Investment Fund and Crocus Capital Inc. (collectively, "Crocus"), to facilitate the Offer so as to obtain consideration for shareholders, while maintaining the Class Action and the Government Action against any further or remaining defendants (the "Non-Settling Defendants") for the balance of the losses suffered by shareholders.

4. Bellan and Growthworks have reached an agreement in principle to settle the Class Action as against Crocus, subject to Growthworks acquiring the assets of the Crocus Investment Fund, and subject to court approval.

NOW THEREFORE:

5. Crocus will consent to certification of the Class Action, for settlement purposes, as against it.

6. The certified class (the "Class") will be defined as "All shareholders who owned Class A shares in the Crocus Investment Fund on December 10, 2004, and their legal representatives, heirs, successors and assigns." Excluded from the Class are the defendants, members of the immediate family of each of the individual defendants, subsidiary or affiliates of the corporate defendants, corporations or entities controlled by any person referred to above and the legal representatives, heirs, successors and assigns of any defendant.

7. The Crocus Investment Fund will pay the Class the sum of $1 million (the "Litigation Fund"), to be held in Class Counsel's trust account, and to be billed by Class Counsel to cover past and future disbursements (out-of-pocket expenses) in this litigation on an ongoing basis. The purpose of the Litigation Fund is to assist the Class to pursue the Class Action and the Government Action as against the Non-Settling Defendants. Class Counsel will maintain the Litigation Fund until the final resolution of the Class Action and the Government Action. Upon such final resolution, Class Counsel will report to the court as to the disbursements paid from the Litigation Fund, and will seek directions from the court if there are any funds still remaining in the Litigation Fund to permit the proper distribution of these remaining funds.

8. The Class and Crocus will consent to a dismissal of the Class Action claims as against Crocus, and to a "bar order" which will:

(a) permit the Class Action and the Government Action to continue against the Non-Settling Defendants, but only with respect to the several liability of the Non-Settling Defendants as between the Non-Settling Defendants and Crocus; and

(b) enjoin the Non-Settling Defendants from pursuing any actions, claims, counter-claims, cross-claims, third party claims, claims for contribution and indemnity or the like as against Crocus, except to the extent that any Non-Settling Defendant is entitled to indemnification from Crocus on account of that Non-Settling Defendant's several liability to the Class.

9. Crocus shall assign to the Class its right to dispute, challenge or otherwise defend any claim brought by a Non-Settling Defendant against Crocus for indemnification of any Non-Settling Defendant's liability to the Class.

10. The Class shall indemnify Crocus and Growthworks for any indemnity claims successfully made by the Non-Settling Defendants against Crocus with respect to any Non-Settling Defendant's liability to the Class.

11. The settlement will include provisions for Crocus to provide all possible assistance to the Class in the Class Action. Such assistance will include, but not be limited to:

(a) Crocus will provide Class Counsel with access to all documents, books, records, files, computer files, drives, servers, e-mails, or any other documentary materials, whether paper or electronic, that are within Crocus's possession, power or control and that are, in the opinion of Class Counsel, relevant to the Class Action. Crocus will, upon Class Counsel's request, make copies of the forgoing materials at Class Counsel's expense. The obligation of Crocus to provide the forgoing materials is subject to any enforceable confidentiality obligations and applicable privacy legislation. Crocus will not destroy, delete or dispose of any of the forgoing materials without first obtaining Class Counsel's written authorization;

(b) Crocus shall request that any current or former employees of Crocus, other than the Non-Settling Defendants, make themselves available to be interviewed by Class Counsel, assist in reviewing and inspecting materials referred to in paragraph (a), and make themselves available, at Class Counsel's request, to testify as witnesses in the Class Action; and

(c) Crocus will provide Class Counsel with access to all lists or registries of Class A shareholders as of December 10, 2004, including the last known mailing addresses of such shareholders, to assist Class Counsel in communicating with and providing notice to the Class. Crocus will further provide Class Counsel with access to all transaction

records for Class members to assist Class Counsel in determining and assessing damages suffered by the Class.

12. Bellan and Growthworks agree to enter into a detailed settlement agreement to give effect to the terms of this Memorandum of Understanding.

13. This Memorandum of Understanding shall only be admissible in court for the purposes of seeking court approval, enforcing the terms of the settlement, or facilitating the Offer. In the event that Growthworks does not acquire substantially all of the assets of the Crocus Investment Fund, or the settlement is not approved by the court, then this Memorandum of Understanding shall be null and void.

14. Growthworks acknowledges that appropriate provision will be made for liabilities of Crocus that are not related to the Class Action.

15. This Memorandum of Understanding may be executed in counterparts.

Dated: May 15/06

B Bellan

Bernard Bellan

Dated: May 17/06

Growthworks Canadian Fund Ltd.
Per: David Levi, President and CEO

APPENDIX
22

GROWTHWORKS

May 23, 2006

Crocus Investment Fund
c/o Deloitte Touche Inc.
2300-360 Main Street
Winnipeg, MB R3C 3Z3

Dear Sirs/Mesdames:

Re: Acquisition of the Assets of Crocus Investment Fund

We are in receipt of a letter of April 28, 2006 from your legal counsel addressed to our legal counsel. We would like to address those issues raised in that letter that we believe require a response at this time.

1. Rights of First Refusal

With respect to our meeting with investee companies, given the length of time passed s ince our first and subsequent unanswered requests to you and your counsel, we have initiated direct individual meetings with those companies ourselves.

2. Confidential Information

We find your view surprising that a professional valuator retained by Crocus is not entitled to the same confidential information as Crocus. The entire venture capital and mutual fund industry relies on the ability to provide such confidential information to its advisors in order to have independent valuations and audits completed in a reliable manner. We find it more surprising that such a position is taken by an accounting firm and its legal counsel, both of which are professionals who are used to requesting and requiring confidential information held by its clients in order to fulfill its duties. While you have stated your position, it does not follow that you are correct and we would request that you seek specific direction from the Court on that issue rather than allow it to be an impediment to achieving value for Crocus shareholders.

3. Exit Agreements

(i) Value of Goodwill

We must admit to being shocked that you would take the position that Crocus, independent of the investee companies, has any positive value. Any company that is deregistered under its governing legislation, that is cease traded under its securities regulation, that is a party to lawsuits and other contingent liabilities that far exceed the value of its assets, that is unable to raise any equity necessary to carry out its mandate, and that is viewed as the one of the primary reasons for poor equity sales for an entire national industry would seem to have only a significant negative goodwill. Furthermore, our position is consistent with how all other mutual funds and venture capital funds in Canada (including very successful ones) are valued in practice and as required by securities legislation.

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Toll-Free Phone: 1.800.268.8244 Toll-Free Fax: 1.866.688.3431
www.growthworks.ca

You suggest that there is value in "its business presence and structure in Manitoba" and "information it has about and its connection with some 34,000 shareholders". We have had a press clipping service monitoring Crocus for many months that has not given us any reason to believe that Crocus is viewed positively by the Manitoba business community. As for the information about shareholders in its possession, either the information cannot be used for other profitable purposes because of legislative restrictions or it is the type of information that is of little value to a cease traded and much maligned company. With respect to the "internal intellectual property system " you mention, if it has any value we would certainly be willing to have it sold to a third party and not be included in the assets purchased by us.

However, in the spirit of co-operation we would be willing to revisit the issue if the independent valuato r could find any net positive value of Crocus goodwill.

*(ii) **Potential Upside in Crocus value***

There are several issues you have raised on this subject. We will try to deal with all of them.

Before addressing your specific points, we think it would be helpful to make a comment on the largest determining factor on Crocus shareholders' return on equity. In the Receiver's report on activities for the quarter ended March 31, 2006 filed with the Court of Queen's Bench in Manitoba, you recognized "that the total amount of claims against Crocus may be significant in light of the current investigations and the Class Action lawsuit against the Fund". We concur.

Our proposal includes the elimination of any liability to Crocus pertaining to the Class Action lawsuit, and the liability specifically remains with Crocus if our proposal is not adopted. We attach a copy of the Memorandum of Understanding we have with the plaintiff in the Class Action lawsuit for your perusal. We believe that the elimination of this potential liability alone makes our proposal superior to any potential transaction you may suggest occur. We also believe that your fiduciary obligation to the shareholders of Crocus and the Court requires you to place a high value on the elimination of that potential liability. As you can see from the Memorandum of Understanding, it is not available to you to negotiate a similar deal with the Class Action lawsuit, contrary to the suggestion made in your counsel's letter.

The elimination of the Class Action liability would not only increase the share value of Crocus, it would probably also allow for a payout of funds to shareholders that you have been unsuccessful to date concluding. Pursuant to the judgement of Madam Justice McCawley, we believe that if the safe harmless agreement we have with the Class Action lawsuit was implemented upon the merger of Crocus with GrowthWorks Canadian Fund, a distribution to shareholders would be permitted.

We find it difficult to believe on a portfolio basis (rather than isolated sales) that you could achieve returns in excess of what independent valuators would assign to the assets on an ongoing basis rather than as a liquidation. Since you had previously been part of the independent valuation of Crocus, is it your position that your previous work would have on a consistent basis inadequately valued the assets of Crocus? Also, presumably investee companies are not willing to pay more than market value for the repurchase of their shares, so we do not understand how your arrangements with companies could provide a material excess value. In short, the best assessment of the market value of Crocus assets is an independent valuation, as long as the valuation is applied consistently for both Crocus and GrowthWorks Canadian Fund assets.

You express the concern that an objective independent valuation would not capture all of the excess value of the Crocus investee companies. Even if that were true, our proposal requires that the same valuation methodology be consistently applied to GrowthWorks Canadian Fund. Since Crocus shareholders would after the merger participate in the excess value of both Crocus assets and GrowthWorks Canadian Fund assets, presumably under your analysis Crocus shareholders would also benefit from the similarly undervalued GrowthWorks Canadian Fund assets. It is not clear that this would be detrimental to Crocus shareholders even if you could show such an assumption to be factually correct.

It is true that to the extent you have realized portfolio sales that have "exceeded objective valuations, the excess accrues 100% to the Crocus shareholders". What is equally true is that insofar as sales are less than objective valuations, Crocus shareholders bear 100% of that burden. Under our proposal, Crocus shareholders receive both the potential return and risk of the entire Crocus-GrowthWorks Canadian Fund portfolio, instead of just the Crocus portfolio that is being liquidated. The diversification of this return risk should be seen as a substantial value to Crocus shareholders. Of course, you must in your analysis of our proposal take into account the much larger potential Class Action liability that Crocus must bear if our proposal is not accepted.

Your counsel asked questions relating to the requirement that Crocus be wound up after the merger. The wind up needs to occur within a reasonable timeframe, and obviously the continued litigation would reasonably extend such a wind up. However, we also believe the Court and creditors would consider the creation of a reserve account to deal with the other potential liabilities of Crocus and allow a wind up once a merger had been effected. We confirm that our offer does not require an immediate wind up of Crocus.

4. Crocus shareholders meeting

Since the date of your counsel's letter, the shareholders have requisitioned the meeting to consider our proposal. We believe this to be a positive step so that all parties can learn what the shareholders think about our proposal and your alternative plans. We trust that you will take steps to allow the shareholders to have their views expressed on this matter most important to them.

5. Revised Offer

In order to summarize our discussions since our first offer dated March 9, 2006, we have prepared a revised offer which we have included in the package with this letter. While we have extended the offer for a six month period in order to allow it to remain valid through any extended court proceedings, we would greatly appreciate your response in the near future. We have also taken the opportunity to forward the revised offer to representatives of the Crocus Investors Association as this offer is of great interest and importance to them.

Do not hesitate to contact David Levi, CEO of GrowthWorks at 604.895.7253 with respect to any questions or comments arising from this letter.

GROWTHWORKS LTD.

By: _____
David Levi, CEO

APPENDIX
23

Holmes, Russ (CA - Winnipeg)

From: Holmes, Russ (CA - Winnipeg)
Sent: Tuesday, June 06, 2006 5:34 PM
To: David Levi
Cc: Peleck, Steve (CA - Winnipeg)
Subject: Crocus Investment Fund

Dear Sir;

We have now had an opportunity to consider your two letters of May 23, 2006.

As regards your covering letter, we may have misunderstood your position with respect to the right of the independent valuator to have access to confidential information about Investee Companies. Are you saying that you would be prepared to agree that GrowthWorks would not have access through the valuation process to any of the information about the Investee Companies that might be provided to the valuator? That is to say, you would receive the results of the valuation and nothing else.

As regards your proposal, we have a number of comments:

1. For reasons mentioned before, we would not submit your 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.*

2. You mention that it is your expectation that the "independent valuation will set a price higher for assets that can be transferred without restriction". From our previous discussions, we were under the impression that you had agreed that the valuator would be directed to disregard the effect of rights of first refusal and other restrictive provisions on value. Is this no longer the case?

3. The Memorandum of Understanding that you entered into with Bernard Bellan will require further comment from our litigation counsel, Hill Abra Dewar. In addition to noting that Crocus is not a party to the Memorandum, nothing has been presented to us or our counsel dealing with the advisability of consenting to the certification or of paying the sum of $1 million to facilitate pursuit of the action. We also require clarification on the proposed arrangements with respect to the Non-Settling Defendants. In addition, it is unclear to us how the proposed Class would effectively indemnify Crocus. Doubtless, there will be other issues to be discussed on this matter.

On first receiving your proposal, we were pleased to see that it is open for acceptance until November 23, 2006. However, in your voicemail message of June 2, 2006 you enquired about the status of the Crocus portfolio and specifically about "rumors" which you had heard that Deloitte has disposed of 4 of the top 5 investments held by Crocus. As you are aware, we do not provide specific information or comments on the ongoing negotiations with any of the Crocus Investee Companies, however, we would advise that the rumor as stated is not correct.

As you are also aware, we are continuing with our sales plan that was approved by the Court last October. We had advised you of our intentions to carry on with this sale process and, in the April 7th letter from Thompson Dorfman Sweatman LLP, it was stated that we were hopeful that Exit Agreements would be negotiated with approximately 70% of the Crocus portfolio over the next

few months. This was re-iterated in our March quarterly report to the Court and reinforced in our counsel's letter of April 28th when it advised that we were pleased that you were willing to continue with our discussions "notwithstanding that much of the Crocus portfolio may be liquidated prior to reaching a Definitive Agreement." Negotiations are ongoing and we continue to be of the view that Exit Agreements with 60%-70% of the value of the Crocus portfolio will be completed by the end of summer.

Exit Agreements and cash would be excluded from assets being transferred under any definitive Agreement we might make with GrowthWorks. Accordingly, your recent telephone message to the effect that, if we concluded such Agreements with four of the major Investee Companies, it could jeopardize your willingness to complete the purchase of the residual assets is a source of surprise.

We have had no real difficulties in dealing with the Investee Companies on matters relating to rights of first refusal and confidentiality. Our willingness to incur the costs of a Court application and the accompanying ill will of Investee Companies on those matters is highly dependent on your continuing commitment to pursue a Definitive Agreement. We do not intend to change our course of action in attempting to liquidate the Crocus portfolio. We are interested in pursuing our discussions to determine if a definitive Agreement is possible. However, unless you are willing to continue the discussions on the basis outline above, we question the wisdom of either of us incurring further expense in doing so.

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APPENDIX
24

Deloitte & Touche Inc., Receiver and Manager of
CROCUS INVESTMENT FUND
Statement of Receipts & Disbursements
For the Period June 28, 2005 to June 30, 2006

Receipts		
Contract Back Office Services	$	159,704
Dividends-Portfolio		652,483
Insurance Premium Refund		6,294
Insurance Claim		14,368
Interest-Portfolio		392,809
Interest-Short Term Investments		671,387
Investment Principal Repayments		209,405
Management Fees		303,002
Proceeds on Disposal of Investments		4,589,066
Rent/Sub-Lease		153,086
Sundry		29,532
Pre-Receivership Accounts Receivable		551,640
Total Receipts		7,732,777
Disbursements		
Advances to Investees		235,000
Capital Tax		71,421
Computer, Telephone and Office Expense		190,801
Consulting Fees		48,342
Guarantee of Investee Indebtedness		1,000,000
Insurance - Indemnification		100,000
Investment Expenses		114,176
Legal Fees		674,613
Payroll & Benefits		926,094
Receiver and Manager Fees		1,421,578
Rent		442,597
Shareholder Services		141,842
Pre-Receivership Payables and Accruals		847,297
Total Disbursements		6,213,759
Excess of Disbursements over Receipts	$	1,519,018
Opening Short Term Investments & Bonds	$	23,363,012
Closing Short Term Investments & Bonds	$	24,882,030
Represented by:		
Short Term Investments & Bonds	$	24,462,030
Sequestered Funds		420,000
	$	24,882,030