

**THE QUEEN'S BENCH
Winnipeg Centre**

BETWEEN:

THE MANITOBA SECURITIES COMMISSION,

Applicant,

– and –

CROCUS INVESTMENT FUND,

Respondent,

**RECEIVER'S REPORT #4
DATED: August 5, 2005**

**DELOITTE & TOUCHE INC.
Receiver and Manager of
CROCUS INVESTMENT FUND
2300 - 360 Main Street
Winnipeg, Manitoba
R3C 3Z3**

Telephone: (204) 942-0051

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1. The major assets of Crocus Investment Fund (hereinafter "CIF") consist of investments in a number of businesses which primarily operate in Manitoba. In that regard, the interests of CIF in these businesses are configured in a number of ways.
2. One of the configurations involves Manitoba Science and Technology Limited Partnership, which is a limited partnership which describes its business as follows:

"to raise capital and to make investments in Qualified Businesses with a view to achieving long-term capital appreciation and returns for the Partners, and any other activities complementary or incidental to or in furtherance of the foregoing"
3. Attached hereto and marked as Exhibit "A" is a true copy of the Limited Partnership Agreement under which CIF holds its investments in Manitoba

Science and Technology Fund Limited Partnership. The other limited partners in this investment are:

- (a) Workers Compensation Board of Manitoba
- (b) The Megill-Stephenson Company Limited
- (c) National Leasing Group Inc.
- (d) BMO Nesbitt Burns in trust for MISIR Holdings Inc.
- (e) Fonds de Solidarite des Travailleurs du Quebec
- (f) Malcolm Crooks
- (g) The Government of Manitoba
- (h) ST Partnership
- (i) Wellington West Capital Inc.

4. The General Partner of Manitoba Science and Technology Fund Limited Partnership is Scitech Management Inc., a wholly owned subsidiary of CIF (hereinafter "Scitech"). Attached hereto and marked as Exhibit "B" to this Report is a true copy of the last annual return of Scitech.

5. At the date of the Receiver's appointment, Scitech had one director and one officer, namely Kelvin Maloney. Since the date of the appointment, Mr. Maloney has resigned. It therefore becomes necessary for CIF to appoint a new director in Scitech and for that director to appoint a new officer of Scitech in order to enable that General Partnership to carry on the administration of the Partnership for the time being. However, prior to so doing, the Receiver needs to

ensure that the assets of CIF will be available to indemnify that director for any liabilities which are incurred by that director and by that officer as a result of his/her position in that company.

6. Although the current Receiving Order contemplates the existence of appointments of directors by the Receiver, it does not clearly set forth that the assets of CIF are able to be used to indemnify those directors nor any officers appointed by them. Accordingly, the Receiver suggests that the Receiving Order be amended to provide clearly such an indemnification right and charge. Language to accomplish this is proposed in Exhibit C hereto and is drafted broadly in order to give the Receiver flexibility to make such appointments whenever it is considered necessary to protect an asset. The language used is intended to mirror the extent of the Receiver's liability contained in the Receiving Order.

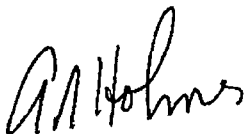
7. The Receiver proposes to appoint personnel of Deloitte & Touche Inc. to perform the said services, whether in regards to Scitech or any other company in which the Receiver feels it necessary to appoint. Because it is necessary to provide these individuals with as much protection as possible, the Receiver also requests that the Court provide them with a limitation on their liability consistent with the limitation of the liability of the Receiver. In addition, the liability of the said officer and director, excluding gross negligence and wilful misconduct, should be limited to the extent of assets in the hands of the Receiver, since the absence of assets renders the requested indemnity meaningless.

8. An alternative approach would be to apply to this Honourable Court every time that the Receiver wishes to make an appointment. That approach would provide greater control over which companies the Receiver is making its appointments, it will result in additional costs and delays. However, the Receiver is not opposed to such an approach if it is preferred by this Court.

9. For ease of reference, the current Receiving Order and the Order continuing it beyond July 13, 2005 are attached as Exhibits "D" and "E" hereto.

RESPECTFULLY SUBMITTED BY:

Deloitte & Touche Inc. in its capacity as
Court-Appointed Receiver and Manager of
Crocus Investment Fund

A handwritten signature in cursive script, appearing to read "A. R. Holmes".

Per: A. R. Holmes
Senior Vice-President

MANITOBA SCIENCE AND TECHNOLOGY FUND LIMITED PARTNERSHIP

**AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT**

DATED June 18, 1999

**FILLMORE RILEY
Barristers and Solicitors
1700 Commodity Exchange Tower
360 Main Street
Winnipeg, Manitoba
R3C 3Z3**

**D. Kerry Hrabinsky (204) 957-8390
(Matter No. 401689-10 DKH)**

**MANITOBA SCIENCE AND TECHNOLOGY FUND
LIMITED PARTNERSHIP**

**AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT**

THIS AGREEMENT dated June 18, 1999 is made between Scitech Management Inc. (the "**General Partner**"), a corporation duly incorporated under the laws of Manitoba, as General Partner; Crocus Investment Fund (the "**Initial Limited Partner**"), a corporation duly incorporated under the laws of the Province of Manitoba; and each and every other Person who subscribes for and (except in the case of the Province) pays the Subscription Price for a Unit and is accepted by the General Partner as a Limited Partner (or who is a successor to any such Person) and is registered as such in accordance with the Act.

WHEREAS:

A. By the Initial Partnership Agreement dated February 20, 1998, the General Partner and the Initial Limited Partner formed a partnership under the name "Manitoba Science and Technology Fund Limited Partnership", which was registered in accordance with the Act as a limited partnership under the laws of the Province of Manitoba;

B. The Partnership was formed for the purposes of raising capital and investing in small to medium sized Manitoba based businesses in the science and technology sectors with a view to achieving long-term capital appreciation and returns for the Partners;

C. The General Partner on behalf of the Partnership has offered to sell Units to investors pursuant to an offering of Units made in Manitoba, an offering of Units made in Ontario, and an offering of Units made in Quebec;

D. The Province has committed to contribute up to five million dollars (\$5,000,000) to the capital of the Partnership on terms and conditions set out herein in exchange for up to five thousand (5,000) Class "G" Units of the Partnership, which Class "G" Units carry with them the rights and obligations set out herein;

E. To facilitate the sale of Units and the admission of additional Limited Partners, including the Province, it is considered necessary to amend the provisions of the Initial Partnership Agreement and to restate the terms of the Initial Partnership Agreement, as amended;

NOW THEREFORE the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 Definitions. In this Agreement (including the preamble hereto), the following terms, when the first letters thereof are capitalized, shall have the following meanings:

- (a) **"Act"** means *The Partnership Act* (Manitoba);
- (b) **"Affiliate"** means any of the following:
 - (i) a Person who is an affiliate or associate (as those terms are defined in *The Securities Act* (Manitoba)) of the General Partner;
 - (ii) a director or officer of the General Partner or of any Person referred to in (i) above;
 - (iii) a Person who does not deal at Arm's Length with the General Partner or any Person referred to in (i) above;
- (c) **"Arm's Length"** has the same meaning as in subsection 251(1) of the Income Tax Act as at the date of this Agreement;
- (d) **"Assignment and Transfer Form"** means the assignment and transfer form attached hereto as Schedule "E";
- (e) **"Auditor"** means the firm of chartered accountants appointed from time to time as the auditor for the Partnership in accordance with section 8.02 hereof;
- (f) **"Capital"** means, at any time, the aggregate of all Capital Contributions at or prior to such time in respect of all Units issued and outstanding at that time, net of any returns of capital made prior to such time;
- (g) **"Capital Account"** of a Partner at any time means the account to be established for each Partner and to which shall be added:
 - (i) such Partner's Capital Contribution; and
 - (ii) such Partner's share of any Net Income for all Fiscal Years ending before that time;and from which shall be deducted:
 - (iii) such Partner's share of any Net Loss for all Fiscal Years ending before that time; and
 - (iv) any distributions of Surplus Cash made to such Partner prior to that time;

- (h) **"Capital Contribution"** means the amount in cash or other property contributed to the Partnership by a Partner;
- (i) **"Certificate"** means the certificate or declaration filed as required by the Act, as amended from time to time in accordance with the Act;
- (j) **"Commission"** means The Manitoba Securities Commission;
- (k) **"Escrow Agent"** means Fillmore Riley, Barristers and Solicitors, Winnipeg, Manitoba;
- (l) **"Escrow Agreement"** means the agreement dated June 7, 1998, as amended, between the Partnership and the Escrow Agent;
- (m) **"Fiscal Year"** means the 12 month period ending on December 31st of each calendar year, or such other date as the General Partner may determine, provided however, that the first Fiscal Year shall be the period commencing February 20, 1998 and ending on December 31, 1998;
- (n) **"General Partner"** means Scitech Management Inc., a corporation incorporated under the laws of the Province of Manitoba, or any successor thereto appointed as provided herein;
- (o) **"Income Tax Act"** means the *Income Tax Act* (Canada);
- (p) **"Initial Limited Partner"** means Crocus Investment Fund, a corporation incorporated under the laws of the Province of Manitoba;
- (q) **"Initial Partnership Agreement"** means the limited partnership agreement dated February 20, 1998 between the General Partner and the Initial Limited Partner, pursuant to which the Partnership was formed;
- (r) **"Initial Unit"** means the interest in the Partnership which upon making a Capital Contribution of \$1.00 was acquired by the Initial Limited Partner;
- (s) **"Limited Partner"** means a limited partner of the Partnership and includes the Initial Limited Partner, the Province and other any Person who or which subscribes for and pays the Subscription Price for a Unit and is accepted by the General Partner as a Limited Partner (or who or which is a Substituted Limited Partner) and who or which is registered as such in accordance with the Act;
- (t) **"Manitoba Offering Memorandum"** means the offering memorandum dated June 7, 1999, as amended by Amendment No. 1 dated June 15, 1999 relating to the offering of Units by the Partnership in Manitoba;

- (u) **"Net Income" or "Net Loss"** in respect of any Fiscal Year means, respectively, the income or loss of the Partnership for such period determined in accordance with generally accepted accounting principles;
- (v) **"Offering"** means the applicable offering of Units, which may be the offering in Manitoba pursuant to the Manitoba Offering Memorandum, the offering of Units in Ontario pursuant to the Ontario Offering Memorandum, the offering of Units in Quebec, or any future offering of Units;
- (w) **"Ontario Offering Memorandum"** means the offering memorandum dated June 7, 1999, as amended by Amendment No. 1 dated June 15, 1999, relating to the offering of Units by the Partnership in Ontario;
- (x) **"Ordinary Resolution"** means a resolution passed by more than 50% of the votes cast at a duly constituted meeting of the Partners, or any adjournment thereof, or alternatively a written resolution signed in one or more counterparts by the holders of all of the Units entitled to vote at a meeting of Partners;
- (y) **"Partner"** means any Limited Partner or the General Partner;
- (z) **"Partnership"** means Manitoba Science and Technology Fund Limited Partnership which was formed on February 20, 1998 pursuant to the Initial Partnership Agreement, the terms of which have been amended and restated by this Agreement;
- (aa) **"Person"** means an individual, corporation, body corporate, partnership, joint venture, association, trust, unincorporated organization or any trustee, executor, administrator or other legal representative;
- (bb) **"Province"** means Manitoba Development Corporation, as agent for and on behalf of the Government of Manitoba;
- (cc) **"Qualified Businesses"** means small to medium sized Manitoba based businesses in the science and technology sectors, but does not include businesses:
 - (i) the principal activities of which are real estate, local retail sales or restaurants, natural resource exploration, farming, fishing, trapping or logging;
 - (ii) which are non-profit organizations; or
 - (iii) in which the Province owns a majority of shares or which earn a majority of their revenue (other than research grants) from providing services paid for by the Province;

- (dd) **"Register"** means the register of Partners maintained by or on behalf of the General Partner;
- (ee) **"Special Resolution"** means a resolution passed by 66 2/3% or more of the votes cast at a duly constituted meeting of Partners called for the purpose of considering such resolution or any adjournment thereof or, alternatively a written resolution signed in one or more counterparts by Limited Partners holding all of the voting rights in respect of outstanding Units entitled to vote on such resolution at a meeting of Partners;
- (ff) **"Subscriber"** means any Person who or which subscribes for Units by completing, executing and delivering a Subscription Form to the Escrow Agent;
- (gg) **"Subscription Form"** means the subscription and power of attorney forms for each of Manitoba Subscribers, Ontario Subscribers, Quebec Subscribers and the Province attached hereto as Schedules "A", "B", "C" and "D", respectively in respect of any offering of Units, or such other form as the General Partner may determine from time to time;
- (hh) **"Subscription Price"** means the subscription price for a Unit which is \$1,000;
- (ii) **"Substituted Limited Partner"** means a Person who has been assigned a Unit by a Partner (or any successor thereto) and been accepted as a substituted limited partner by the General Partner in accordance with section 5.19 hereof;
- (jj) **"Surplus Cash"** means any cash held by the General Partner on behalf of the Partnership after all expenditures (including operating expenses, management fees, including additional fees, payable to the General Partner as provided in Section 7.18 hereof, administrative expenses, reduction of liabilities and acquisition of assets) have been paid and after any reserves determined by the General Partner to be retained by the Partnership to meet future liabilities or to make investments in Qualified Businesses have been provided for;
- (kk) **"Tax Income"** or **"Tax Loss"** in respect of any Fiscal Year means, respectively, the amount of income or loss of the Partnership for such period determined in accordance with the provisions of the Income Tax Act (including the amount of the taxable capital gain or allowable capital loss, recapture of capital cost allowance or terminal loss, resulting from the disposition of each capital property of the Partnership as determined by the General Partner in accordance with the provisions of the Income Tax Act);
- (ll) **"Unit"** means the interest of a Limited Partner (other than the Initial Limited Partner) in the Capital of the Partnership as set out in Article 5 hereof and for greater certainty any reference to a Unit in this Agreement does not include

a reference to the Initial Unit. A Unit may be a Class A Unit or a Class G Unit, as referred to in Article 5 hereof; and

(mm) **"Unit Certificate"** means a certificate in the form attached hereto as Schedule "F" as evidence of the Unit or Units held by a Partner, or such other form as may be approved from time to time by the General Partner.

1.02 References to Agreement. "This Agreement", "herein", "hereto", "hereof" and similar expressions refer to this Amended and Restated Limited Partnership Agreement as it may from time to time be supplemented or amended.

1.03 Headings. The index and headings preceding the text, Articles and Sections hereof have been inserted for convenience only and do not form a part of this Agreement nor are they intended to be used to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

1.04 Accounting Terms. All accounting terms not otherwise defined herein shall be interpreted and all computations made pursuant to this Agreement, except as expressly provided otherwise, shall be made in accordance with generally accepted accounting principles.

1.05 Currency. All references to currency herein are references to Canadian currency unless otherwise stated.

1.06 Statutory References. Unless otherwise provided, any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute so referred to or the regulations made pursuant thereto.

1.07 Successors. Any reference to an entity shall include and shall be deemed to be a reference to any entity that is a successor to such entity.

1.08 Properly Incurred and Paid. Any reference to "properly incurred and paid" means incurred and paid in the ordinary course of business.

1.09 Approvals. Any reference to "approval", "authorization" or "consent" of the General Partner means the written approval, written authorization or written consent of the General Partner.

1.10 Gender and Plural. Words importing any gender include all genders and words in the singular include the plural, and vice versa, wherever the context requires.

1.11 Schedules. The following are Schedules to this Agreement:

Schedule "A" - Manitoba Subscription Form

Schedule "B" - Ontario Subscription Form

Schedule "C" - Quebec Subscription Form

Schedule "D" - Province Subscription Form

Schedule "E" - Assignment and Transfer Form

Schedule "F" - Unit Certificate Form

ARTICLE 2 - PARTNERSHIP

2.01 **Continuation.** The General Partner, the Initial Limited Partner and the Limited Partners acknowledge and confirm that the Partnership was formed pursuant to the Initial Partnership Agreement and that this Agreement is an amendment to and a restatement of the terms, as amended hereby, of the Initial Partnership Agreement. The General Partner, the Initial Limited Partner and the Limited Partners shall continue the Partnership under the Act to carry on business under the name "MANITOBA SCIENCE AND TECHNOLOGY FUND LIMITED PARTNERSHIP" and shall prepare, complete and file the amended Certificate required by the Act and shall do all things and execute and deliver all such documents, instruments and assurances as may be necessary to qualify, continue and keep in good standing the Partnership as a limited partnership.

2.02 **Business.** The business of the Partnership shall be to raise capital and to make investments in Qualified Businesses with a view to achieving long-term capital appreciation and returns for the Partners, and any other activities complementary or incidental to or in furtherance of the foregoing.

2.03 **Principal Place of Business.** The principal place of business of the Partnership shall be in Winnipeg, Manitoba. The head office of the Partnership shall be located at the office of the General Partner at 303 - 275 Broadway, Winnipeg, Manitoba, R3C 4M6 or at such other place as the General Partner may from time to time determine.

2.04 **Term of Partnership.** The term of the Partnership commenced on February 20, 1998 and shall continue until terminated upon the occurrence of an event set out in Article 11 hereof.

2.05 **Fiscal Year.** The first Fiscal Year of the Partnership commenced on February 20, 1998 and shall end on December 31, 1998. Each subsequent Fiscal Year shall end on December 31 of each calendar year, or such other date as may be determined by the General Partner.

ARTICLE 3 - REPRESENTATIONS, WARRANTIES AND COVENANTS

3.01 **General Partner.** The General Partner represents and warrants to and covenants with each Limited Partner that:

- (a) it is a body corporate duly incorporated under the laws of Manitoba, and it is and shall continue to be duly existing in good standing under such laws and under the laws of any jurisdiction where it carries on business;
- (b) all necessary corporate proceedings have been taken by it to authorize the execution, delivery and performance of this Agreement by it;
- (c) it has and shall continue to have the capacity to act as the general partner of the Partnership and to perform its obligations under this Agreement and that such obligations do not and shall not conflict with or constitute a default under its Articles of Incorporation, By-laws or any agreement by which it is bound or to which it is a party;
- (d) it shall act with the utmost fairness and good faith in the best interests of the Limited Partners in the carrying on of the business of the Partnership;
- (e) it shall and shall cause each of its officers to devote such of their time, attention and facilities as may be necessary for the full, proper and efficient administration of the affairs of the Partnership;
- (f) it shall, in conducting and completing the Offering or otherwise, comply with the applicable securities legislation and requirements of any securities commission or similar regulatory authority in any province, state or country having jurisdiction; and
- (g) it shall use its best efforts to provide and maintain limited liability of the Limited Partners in all the jurisdictions in which the Partnership carries on business.

3.02 Limited Partners. Each Limited Partner severally represents and warrants to and covenants with each other Partner that:

- (a) such Limited Partner has the legal capacity and competence to enter into and be bound by this Agreement and, if not an individual, that all necessary corporate, partnership or other (as the case may be) action has been taken and all necessary approvals have been given to authorize it to enter into this Agreement;
- (b) such Limited Partner is not and shall continue to not be a "non-resident" of Canada within the meaning of the Income Tax Act;
- (c) such Limited Partner is not and shall not become a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada);
- (d) while a Limited Partner, such Limited Partner will not change its status such that the above representations would at any time be untrue, or assign or purport to assign any Unit to any Person who would be unable to make the

representations and warranties in Subsections 3.02 (a), (b) and (c) above;
and

- (e) such Limited Partner shall, at any time and from time to time at the request of the General Partner, provide such evidence of its status as the General Partner may require.

ARTICLE 4 - AUTHORITY AND LIABILITY

4.01 Limitation on Authority of Limited Partners. Except to the extent a limited partner is permitted by law, each Limited Partner shall not in its capacity as a Limited Partner:

- (a) take an active part in the business of the Partnership, or exercise any power in connection therewith;
- (b) execute any document which binds or purports to bind the Partnership or any other Partner;
- (c) hold itself out as having the power or authority to bind the Partnership or any other Partner;
- (d) have any authority or power to act for or undertake any obligation of responsibility on behalf of any other Partner or the Partnership; or
- (e) bring any action for partition or sale or otherwise in connection with any interest in the property of the Partnership, whether real or personal, or register or permit to be filed or registered or remain undischarged, any lien or charge in respect of the property of the Partnership.

Notwithstanding the foregoing:

- (f) the General Partner may do any of the things referred to in Subsections 4.01 (a) to (e) above in its capacity as General Partner on behalf of the Partnership, notwithstanding that it or any of its shareholders, directors or officers may be a Limited Partner; and
- (g) Limited Partners may, from time to time, examine the state and progress of the Partnership business and may advise as to its management, in each case in accordance with the Act.

4.02 Power of Attorney. Each Limited Partner hereby irrevocably nominates, constitutes and appoints the General Partner to act, with full power of substitution, as the Limited Partner's true and lawful attorney and agent to act on the Limited Partner's behalf, in a manner not inconsistent herewith and to give effect to the provisions of this Agreement, with full power and authority in the Limited Partner's name, place and stead to execute (under seal or otherwise), swear to, acknowledge, deliver, file and record as and when required any and all of the following:

- (a) any amendment to this Agreement made in accordance with this Agreement, the Certificate, declaration of change form or any amendment thereto or any other instrument required to form, qualify, continue and keep the Partnership in good standing as a limited partnership or otherwise in compliance with the laws of Manitoba in order to maintain the limited liability of the Limited Partners and to comply with all applicable laws, including those of Manitoba, Ontario and Quebec;
- (b) all certificates, instruments, documents and other papers (including, without limitation, any business certificate, name certificate, certificate of limited partnership and additional powers of attorney) and amendments thereto that may be required under the laws of Manitoba or required by an appropriate governmental body or agency which the General Partner deems appropriate or necessary, to qualify or to continue the qualification of the Partnership as a limited partnership, to carry on the object and intent of the Partnership and to conduct and give effect to the business and affairs of the Partnership as authorized by this Agreement;
- (c) any instrument required in connection with any election, determination or designation, or any registration or returns relating to the Partnership that may be made or filed under the Income Tax Act or any analogous fiscal legislation in Canada, any of the provinces of Canada or in any other jurisdiction;
- (d) all conveyances, agreements and instruments which the General Partner deems appropriate or necessary to effect and reflect the dissolution or termination of the Partnership pursuant to the terms of this Agreement, including the cancellation of any declaration;
- (e) any document as may be necessary to amend the Certificate or like instrument or which the General Partner deems appropriate to effect and reflect cancellation, repurchase or assignment of a Unit, to admit, substitute or delete Partners, to sell, exchange or dispose of assets or property of the Partnership, to borrow money and otherwise to enter into transactions in the name of or otherwise on behalf of the Partnership, provided that such amendments or other actions are made in accordance with this Agreement;
- (f) any instrument or document on behalf of and in the name of the Partnership that may be necessary for the purpose of:
 - (i) adding to this Agreement (in accordance with the provisions of this Agreement) or any other agreement or document delivered in connection with the offering of Units by the Partnership, any further covenants, restrictions, deletions or provisions which, in the reasonable opinion of counsel to the Partnership, do not materially adversely affect the rights of any Limited Partner unless they are necessary for the protection of the Limited Partners;

- (ii) curing any ambiguity, or to correct or supplement any provision contained in this Agreement which, in the reasonable opinion of counsel to the Partnership, may be defective or inconsistent with any other provisions contained herein, provided that such cure, correction or supplemental provision does not and will not, in the reasonable opinion of such counsel, materially adversely affect the interests of the Limited Partners;
- (iii) making such other provisions in regard to matters or questions arising under agreements or documents contemplated in connection with the offering of Units or the business of the Partnership which, in the reasonable opinion of counsel to the Partnership, do not and will not materially adversely affect the interests of the Limited Partners;
- (iv) carrying out fully this Agreement in accordance with its terms including, without limitation, guarantees, share subscriptions, debt instruments and general security agreements; and
- (v) any acknowledgment of service or any document evidencing receipt of lawful notices relating to matters regarding the Partnership,

but the foregoing grant of authority shall not include the authority to transfer the interest of any Limited Partner in its Units (except where such Limited Partner is a Defaulting Partner as defined in Article 13 hereof), nor to execute any proxy on behalf of any Limited Partner nor to vote in respect of or to execute on behalf of any Limited Partner any Ordinary Resolution or any Special Resolution. The power of attorney hereby granted shall be irrevocable, shall be deemed to be a power coupled with an interest and, to the extent permitted by law, is valid and binding on the estate of the Limited Partner and will survive and be exercisable during any subsequent legal incapacity of the Limited Partner, will survive the death of the Limited Partner, the assignment of all or any part of the Limited Partner's interest in the Partnership (except where the transferee thereof has been approved by the General Partner for admission to the Partnership as a substituted Limited Partner in which case the power shall survive such transfer with respect to the interest so transferred only for the purpose of enabling the General Partner to execute and file any instruments necessary to effect such substitution) and extends to and is binding upon the heirs, executors, administrators and other legal representatives and the successors and assigns of the Limited Partner.

Each Limited Partner, in executing a Subscription Form or in executing an Assignment and Transfer Form will be required to execute a power of attorney containing the powers set forth above in form satisfactory to the General Partner.

This power of attorney shall continue in respect of the General Partner so long as it is the general partner of the Partnership, and shall terminate thereafter, but shall continue in respect of a new general partner as if the new general partner were the original attorney. The power of attorney granted herein may be exercised by the General Partner executing

on behalf of each Limited Partner any instrument by listing all of the Limited Partners to be bound by such instrument with a single signature as attorney and agent for all of them. Each Limited Partner shall be bound by any representation or action made or taken by the General Partner pursuant to this power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm the action of the General Partner taken in good faith under and within such power of attorney.

4.03 Unlimited Liability of General Partner. The General Partner shall have unlimited liability for the debts, liabilities, obligations and losses of the Partnership to the extent that they exceed the assets of the Partnership, as required by the Act.

4.04 Limited Liability of Limited Partners. Subject to the provisions of the Act, the liability of each Limited Partner for the debts, liabilities, obligations and losses of the Partnership is limited to the amount of such Limited Partner's Capital Contribution plus such Limited Partner's share hereunder of any other undistributed Capital or Net Income of the Partnership. If any part of the Capital Contribution of a Limited Partner is returned to such Limited Partner, then such Limited Partner (including any successor to such Limited Partner) will be liable for the debts of the Partnership to the extent the amount so returned is necessary to discharge liabilities of creditors of the Partnership whose claims arose before the return of the Capital Contribution. Further, the Limited Partners acknowledge the possibility that they may lose their limited liability in certain circumstances, including to the extent that the principles of the relevant provincial, territorial and Canadian law recognizing the limitation of liability of limited partners have not been authoritatively established with respect to limited partnerships formed under the laws of one province but operating, carrying on business, owning property, or incurring obligations in another province or territory.

4.05 Other Activities of Partners. Affiliates of the General Partner and the Limited Partners and their respective Affiliates may engage in businesses, ventures, investments and activities which may be similar to or competitive with those in which the Partnership is or might be engaged and no Limited Partner nor any Affiliate of the General Partner or a Limited Partner shall be required to offer or make available to the Partnership any other business or investment opportunity which a Limited Partner or any Affiliate of the General Partner or a Limited Partner may acquire or be engaged in for their respective accounts.

4.06 Indemnity of Limited Partners. The General Partner shall indemnify and hold harmless each Limited Partner from any costs, damages, liabilities or expenses suffered or incurred by such Limited Partner if the liability of such Limited Partner is not limited in the manner provided for in this Agreement unless the liability of such Limited Partner is not so limited as a result of or arising out of any act or omission of such Limited Partner or as a result of a change in any applicable legislation. Such indemnity shall apply only with respect to losses in excess of the Capital Contribution of the Limited Partner. Such indemnity shall be limited to the General Partner and shall under no circumstances extend to any shareholder or Affiliate of the General Partner or any of their respective assets.

4.07 Indemnity of Partnership. The General Partner shall indemnify and hold harmless the Partnership from any costs, damages, liabilities, expenses or losses suffered

or incurred by the Partnership as a result of or arising out of any act, omission or error in judgment as a result of which the General Partner is adjudged to be in contravention of its obligation to exercise the powers and discharge the duties of its office honestly, in good faith, and in what it reasonably believes to be in the best interests of the Limited Partners, including legal expenses incurred by the Partnership to defend any action, suit or proceeding based in whole or in part upon allegations indicating that the General Partner has been in contravention of section 7.03 hereof if the defence thereof is substantially unsuccessful with respect to such allegations. No such action, suit or proceeding against the Partnership shall be settled unless the settlement is consented to in writing or ratified by a Special Resolution.

4.08 Compliance with Laws. Each Limited Partner, on the request of the General Partner, will immediately execute the Certificate and any other documents considered by the General Partner to be necessary to comply with any applicable law or regulation of any jurisdiction in Canada, or elsewhere, for the continuation, operation and good standing of the Partnership.

ARTICLE 5 - UNITS AND CAPITAL CONTRIBUTION

5.01 Number of Units. The interests of the Limited Partners in the Partnership shall be divided into and represented by the Initial Unit and an unlimited number of Units. The Units shall include up to five thousand (5,000) Units designated as Class "G" Units which may only be issued to the Province. The balance of the Units shall be designated Class "A" Units and are available to all Subscribers other than the Province.

5.02 Nature of Units. Except as otherwise provided in this Agreement, the issued and outstanding Units are equal to each other with respect to all matters without any Unit having a preference or priority over any other Unit, including, without limitation, the following:

- (a) the right to one vote for each Unit held in respect of matters to be decided by the Partnership or the Limited Partners, subject to the condition that the Initial Unit shall carry no voting rights upon the admission of any Limited Partners to the Partnership in accordance with section 5.10 hereof, and a Defaulting Partner (as defined in section 13.01 hereof) shall not be entitled to vote its Units until the default is remedied;
- (b) the right to allocations of Net Income, Net Loss, Tax Income and Tax Loss in accordance with Article 6 hereof, subject to the loss of such right by a Limited Partner in the event of a default as described in section 13.01 hereof;
- (c) the right to share in the Surplus Cash in accordance with Article 6 hereof, subject to the loss of such right by a Limited Partner in the event of a default as set out in section 13.01 hereof; and
- (d) all other rights and obligations as set out in this Agreement.

5.03 Offerings of Units. The General Partner may raise capital for the Partnership by offerings of Units to potential investors in Manitoba, Ontario, Quebec and elsewhere,

including by way of the Manitoba Offering Memorandum and the Ontario Offering Memorandum. The General Partner has the sole and complete discretion to determine the terms and conditions of any such offering and may do all things in that regard, including providing for a commission or fee and the execution and performance of agreements with securities dealers or others concerning the marketing of the Units. All things done by the General Partner on behalf of the Partnership in that regard prior to the execution of this Agreement are hereby ratified and confirmed, provided that the General Partner shall at all times comply with applicable securities legislation.

5.04 Capital. The Capital shall be the aggregate amount of the Capital Accounts of the Partners. The initial Capital shall be the aggregate of the Capital Contributions of the Partners.

5.05 Capital Accounting. The General Partner shall establish and maintain on the books of the Partnership a Capital Account for each Partner. The interest of a Partner in the Partnership shall not terminate by reason of a negative balance in its Capital Account nor shall a Partner be required to make contributions or be charged with such negative balances unless otherwise specified herein. The Partnership shall not pay interest on the Capital Accounts.

5.06 Contribution of Initial Limited Partner. The Initial Limited Partner shall not be required to make any Capital Contribution other than its initial Capital Contribution of \$1.00. The Partnership shall, upon the admission of Limited Partners other than the Initial Limited Partner, redeem the Initial Unit for the sum of \$1.00. Once the Initial Limited Partner receives payment of \$1.00 in full satisfaction of its interest in the Partnership it will cease to be the Initial Limited Partner. The Initial Limited Partner may not sell, assign, transfer or otherwise dispose of or encumber the Initial Unit except to sell, assign or transfer it to the Partnership upon its redemption.

5.07 Contribution of General Partner. The General Partner may but shall not be required to make any Capital Contribution other than its initial Capital Contribution of \$1.00.

5.08 General Partner as Unitholder. If the General Partner owns Units, the General Partner shall continue to be the general partner of the Partnership but is entitled to receive allocations and distributions with respect to the Units registered in its name on the same basis as the Limited Partners are entitled with respect to the Units registered in their names.

5.09 Subscription for Units. A Person may subscribe for Units and will become a Limited Partner upon:

- (a) delivery to the Escrow Agent of an appropriate Subscription Form completed and executed in a manner acceptable to the General Partner together with such other documents as the General Partner may request;
- (b) acceptance by the General Partner of the subscription for Units of such Person;

- (c) satisfaction of all conditions set out in the applicable accepted Subscription Form;
- (d) satisfaction of all conditions of closing relating to the Offering as set out in the Manitoba Offering Memorandum or Ontario Offering Memorandum, if applicable; and
- (e) the filing by the General Partner of an appropriate declaration of change in membership in accordance with the Act.

5.10 Admission of Limited Partners. The General Partner shall be authorized, subject to the receipt of subscriptions in accordance with Section 5.09 hereof and subject to Sections 5.11, 5.12 and 5.13 hereof, to admit to the Partnership, at any time, Limited Partners in addition to the Initial Limited Partner and, subject as aforesaid, the Partners hereby consent to the admission of, and will admit, such Limited Partners without further acts of the Limited Partners. The General Partner shall amend the Certificate and the Register by showing the name of each such Limited Partner and make all necessary filings.

5.11 Minimum Subscription and Acceptance. No subscription shall be accepted for a fraction of a Unit and a Subscriber must subscribe for a minimum of twenty five (25) Units. The General Partner shall have the right in its sole and absolute discretion to refuse to accept any subscription for Units. If, for any reason, a subscription for Units is not accepted or such subscription is accepted but the Subscriber is not entered on the Register as a Limited Partner, the General Partner shall cause the Partnership to refund to the Subscriber the Subscription Price for such Units paid for by such Subscriber without interest.

5.12 Capital Contribution and Payment of Subscription. For each Unit subscribed for pursuant to the Offering, a Subscriber (other than the Province) shall pay to the Partnership the sum of \$1,000 per Unit payable upon subscription by certified cheque, bank draft or money order payable to the Escrow Agent in the full amount of \$1,000 for each Unit. The subscription proceeds payable by the Province are payable to the General Partner on behalf of the Partnership as the Partnership makes investments in Qualified Businesses. Within four (4) business days of receipt of a written request by the General Partner to do so, the Province shall pay to the General Partner, on behalf of the Partnership, an amount on account of such subscription proceeds (which remain payable by the Province) equal to the amount of the investment in a Qualified Business being made by the Partnership multiplied by the Province's proportionate interest in the Partnership based on the numbers of Units held.

5.13 Registered Holder of Units. No Unit may be subscribed for by or registered in the name of:

- (a) a person or entity who or which is not a Person;
- (b) a Person who is a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada); or

- (c) a Person who is a "non-resident" of Canada within the meaning of the Income Tax Act;

unless any such requirement is waived by the General Partner in the event of the death, dissolution or disability of a Limited Partner. Only one Person shall be recorded on the Register and on the Certificate in respect of each Unit.

5.14 Issue Expenses. The Partnership shall pay all commissions and fees payable to any sales agents in connection with any Offering and initial sales by the Partnership of Units. The General Partner shall pay all other costs incurred in connection with any Offering and initial sales by the Partnership of Units including all offering and issue costs including escrow agent fees and expenses, if any, and all legal and accounting fees.

5.15 Additional Capital Contributions. Subject to the provisions of the Act, the Limited Partners shall not be required to make or be liable for any additional Capital Contributions in excess of the Subscription Price for the Units.

5.16 Effective Date. The rights and obligations of a Limited Partner under this Agreement commence and are enforceable by and upon the Limited Partner as between the Limited Partner and the other Partners from the date upon which the subscription of such Limited Partner is accepted by the General Partner and all conditions of closing relating to the Offering, as set forth in the applicable Subscription Form have been complied with and, in the case of a Substituted Limited Partner, upon the transfer of the Unit(s) acquired by the Substituted Limited Partner being approved by the General Partner.

5.17 Unit Certificate. Upon the acceptance by the General Partner of a subscription for Units and all conditions precedent to the sale of such Units as set forth in the applicable Subscription Form being satisfied, the General Partner shall cause the Subscriber to be entered on the Register and on the Certificate as a Limited Partner and shall, unless such Subscriber directs otherwise, deliver to each such Subscriber a Unit Certificate specifying the number of Units held by such Subscriber. Every Unit Certificate shall be signed manually by at least one officer or director of the General Partner.

5.18 Registrar and Transfer Agent. The General Partner or such other Person as the General Partner may appoint from time to time shall:

- (a) maintain a head office in Manitoba and a registered office in each of Manitoba and Ontario for the Partnership;
- (b) maintain a Register at the head office to record the names and addresses of the Partners, the number of Units held by each Limited Partner and particulars of registration and assignment of Units;
- (c) maintain such other records as may be required by law;

- (d) make on behalf of the Partnership all recordings or filings with any governmental authority that are required to be made by the Partnership; and
- (e) keep at the head office:
 - (i) a list of the full name and last known resident address of each Partner, or in the case of a Partner that is a corporation or trust, an address of the corporation or trust, as the case may be, and particulars indicating whether the Partner is a general partner or a Limited Partner;
 - (ii) a copy of the Certificate; and
 - (iii) a copy of the Initial Partnership Agreement and this Agreement.

The General Partner shall be authorized to make such reasonable rules and regulations as it may, from time to time, consider necessary or desirable in connection with the Register, including the form and content of the Register, the times when the Register may be closed, establishment of record dates, the documentation required to record assignment of Units and other matters.

5.19 Transfer of Units. Subject to Section 5.21 hereof and to compliance with all applicable resale restrictions, including those set forth in the Manitoba Offering Memorandum and the Ontario Offering Memorandum, if approved by the General Partner (such approval not to be unreasonably withheld), whole Units may be transferred or assigned by a Limited Partner or its agent duly authorized in writing if the following requirements are complied with:

- (a) the proposed transferee has signed and delivered to the General Partner a declaration in form acceptable to the General Partner that such Person:
 - (i) is not a "non-Canadian" within the meaning of the *Investment Canada Act (Canada)*;
 - (ii) is not a "non-resident" of Canada within the meaning of the *Income Tax Act*;
 - (iii) has the capacity and competence to enter into and be bound by this Agreement; and
 - (iv) has agreed in writing to be bound by the terms of this Agreement and to assume the obligations of a Limited Partner under this Agreement;
- (b) the Limited Partner who proposes to transfer Unit(s):
 - (i) is in good standing and not in default of its obligations under this Agreement, unless any such requirement is waived by the General Partner in the event of the death, dissolution or disability of a Limited Partner;

- (ii) has delivered or caused to be delivered to the General Partner an Assignment and Transfer Form, completed and executed in a manner acceptable to the General Partner;
 - (iii) has delivered or caused to be delivered to the General Partner the Unit Certificate(s) representing the transferred Units, duly endorsed for transfer if the General Partner does not then have possession of the Unit Certificate(s); and
 - (iv) has delivered such releases for income tax purposes, if any, as may from time to time be required by the General Partner; and
- (c) if either the transferor or the transferee is a Person other than an individual, such certified copies of resolutions, extracts of by-laws, articles or other documents or certificates, assurances and other documents as the General Partner may reasonably require are delivered to the General Partner;

and provided that the transfer will not, in the opinion of the General Partner, result in the termination of the Partnership or the creation of a lien, charge or other encumbrance upon the assets and undertakings of the Partnership or any portion thereof. The transferee will not become a Partner until accepted as such by the General Partner. Where the transferee is entitled to become a Limited Partner pursuant to the provisions hereof, the General Partner shall be authorized to admit the Substituted Limited Partner to the Partnership as a Limited Partner and the Partners hereby consent to the admission of, and will admit, the Substituted Limited Partner to the Partnership as a Limited Partner without any further acts of the Limited Partners. The General Partner will record the transfer and will amend the Register and the Certificate by showing the name of the Substituted Limited Partner as a Limited Partner and make all necessary filings as required by the Act. A new Unit Certificate for the Unit so transferred shall be issued to the Substituted Limited Partner. In case of a transfer of less than all Units represented by any Unit Certificate, a new Unit Certificate for the balance of Units retained by the transferor shall be issued to the transferor.

5.20 Restrictions on Transfer. No transfer of a Unit or Units that would result in a Limited Partner or a group of Limited Partners being unable to make the representations set forth in Section 3.02 hereof may be made or will be recognized, accepted or entered in the Register nor will an amendment to the Certificate be made in respect of such transfers.

5.21 Liability on Transfer. Upon the transfer of a Unit being recorded on the Register and the Substituted Limited Partner being registered therein as a Limited Partner, the transferor of the Unit shall be relieved of any further liability in respect of the Unit transferred which arises out of any matter occurring after the date of recording of such transfer.

5.22 Successors in Interest of Limited Partners. Where a Person becomes entitled to a Unit on the incapacity, death, insolvency or bankruptcy of a Limited Partner, or otherwise by operation of law, in addition to any requirements of Sections 5.19 and 5.20 hereof as may be applicable, such entitlement will not be recognized or entered in the

Register and no amendment to the Certificate will be made in respect of such entitlement until such Person:

- (a) has produced evidence satisfactory to the General Partner of such entitlement;
- (b) has agreed in writing to be bound by the terms of this Agreement and to assume the obligations of a Limited Partner under this Agreement in respect of the Unit being transmitted or assigned to such person;
- (c) has delivered such other evidence, approvals and consents in respect of such entitlement as the General Partner may require and as may be required by law or by this Agreement; and
- (d) has confirmed in writing the representations set forth in Section 3.02 hereof.

5.23 Lost Unit Certificates. Where a Limited Partner claims that a Unit Certificate representing a Unit recorded in the name of such Limited Partner has been defaced, lost, destroyed or wrongly taken, the General Partner shall cause a new Unit Certificate to be issued in substitution for such Unit Certificate if such Limited Partner files with the General Partner a form of proof of loss and an indemnity bond in a form and in an amount satisfactory to the General Partner to indemnify and hold harmless the General Partner and the Partnership from any costs, damages, liabilities or expenses that they may suffer or incur as a result of or arising out of issuing such new Unit Certificate, and satisfies such other reasonable requirements as are imposed by the General Partner.

5.24 Amendment of Certificate. Forthwith upon receipt of any communication from any registered holder of a Unit requiring the filing of an amendment to the Certificate, including a change of address of a Partner or a transfer of Units, the General Partner shall, subject to the other provisions of this Agreement, promptly prepare, file and cause to be recorded the proper amendment to the Certificate at the proper offices in all applicable jurisdictions to reflect changes in the membership of the Partnership and transfers as herein provided.

5.25 Notice of Change to General Partner. No name or address of a Limited Partner shall be changed on the Register except pursuant to a notice in writing received by the General Partner in form satisfactory to the General Partner.

5.26 Inspection of Register and Partnership Records. Any Limited Partner, or an agent of a Limited Partner duly authorized in writing, shall have the right to inspect and take extracts from the Register or any books and records of the Partnership during normal business hours. The General Partner shall be authorized to make reasonable rules and regulations in regard to, among other things, the times when the Register may be closed.

ARTICLE 6 - ALLOCATION AND DISTRIBUTIONS

6.01 Allocation of Income and Loss. Allocations of Net Income, Net Loss, Tax Income and Tax Loss and distributions of Surplus Cash for any Fiscal Year will be allocated,

in accordance with section 6.09 hereof, as at the end of such period to Persons who are Partners as follows:

- (a) 0.01% to the General Partner; and
- (b) 99.99% to the Limited Partners

6.02 Determination of Tax Income or Tax Loss. For the purposes of determining the Tax Income or Tax Loss in respect of any Fiscal Year:

- (a) income will be deferred for the maximum period of time and recognized in the minimum amount permissible at law;
- (b) any deduction available will be taken at the earliest time and in the maximum amount permitted by the Income Tax Act, any analogous fiscal legislation in Canada, or any province thereof respectively and any other applicable law; and
- (c) the maximum rate of capital cost allowance will be claimed.

6.03 Distribution of Surplus Cash. Within 60 days of the end of each quarter of each Fiscal Year, the General Partner shall distribute to Partners Surplus Cash in respect of such Fiscal Year in accordance with section 6.09 hereof. In addition to distributions made from profits earned by the Partnership in the ordinary course of business of the Partnership, the General Partner may, in appropriate circumstances, make distributions of cash of the Partnership to the Partners from net insurance proceeds, proceeds from the sale of any Partnership asset or interest therein and from any other source whatever, whether of a capital or income nature.

6.04 Return of Capital. A Partner is only entitled to demand a return of such Partner's Capital Contribution upon the dissolution, winding-up or liquidation of the Partnership in accordance with Article 11 hereof.

6.05 Further Distributions. Subject to Sections 6.03, 6.09 and 11.05, all distributions of Surplus Cash to Partners shall be in the sole discretion of the General Partner.

6.06 Allocations to Limited Partners. The amount of Net Income, Net Loss, Tax Income and Tax Loss to be allocated to the Limited Partners will be allocated among those Persons who were shown on the Register as Limited Partners at the end of the applicable Fiscal Year in accordance with the provisions of this Agreement.

6.07 Effect of Transfer. If, during a Fiscal Year, a Partner transfers a Unit, thereafter the Partner is not entitled to and the General Partner will not distribute to such Partner any share of the Surplus Cash available for distribution in respect of the Unit transferred and will not allocate any share of the Net Income or Net Loss or the Tax Income or Tax Loss to the Partner as at the date of transfer, but will make such allocation and any subsequent distribution to the registered holder of the Unit as at the end of the applicable

Fiscal Year of the Partnership, provided such registered holder is otherwise entitled to such allocation and distribution in accordance with the terms hereof.

6.08 Auditor's Adjustments. If the Auditor determines that the share of a Partner in connection with the distribution or allocation of the Net Income or Net Loss, Tax Income or Tax Loss, or Surplus Cash differs from such Partner's share as determined by the General Partner, the determination of the Auditor shall be deemed to be correct and binding upon the Partnership and the General Partner shall cause the necessary adjustments to be made by payment, recovery or reallocation to or from the Partner, as the case may be, and in this regard may set off against any future payments any debt owing by the Partner to the Partnership.

6.09 Allocations and Distributions. The Net Income, Net Loss, Tax Income, Tax Loss or Surplus Cash allocated or distributed, as the case may be, to the Limited Partners shall in each case be allocated or distributed, as the case may be, among the Limited Partners as follows in the following priority:

- (a) allocations or distributions shall first be made to holders of Class "A" Units, proportionately based on the numbers of Class "A" Units held, in each case up to an amount equal to the respective Capital Contributions of the respective holders of Class "A" Units;
- (b) once all holders of Class "A" Units have been allocated or distributed, as the case may be, amounts equal to their respective Capital Contributions, the holder of Class "G" Units shall be entitled to allocations or distributions, as the case may be, in the aggregate, equal to fifty percent (50%) of the Capital Contribution of such holder at such time;
- (c) once the holder of Class "G" Units has been allocated or distributed, as the case may be, amounts equal to its entitlement under subsection 6.09(b) hereof, each holder of a Class "A" Unit shall be entitled to allocations or distributions, as the case may be, of amounts equal to an effective ten percent (10%) compounded annual return on the Capital Contribution of such holder;
- (d) once the holders of Class "A" Units have been allocated or distributed, as the case may be, amounts in the aggregate equal to their entitlement under subsection 6.09(c) hereof, the holder of Class "G" Units shall be entitled to further allocations or distributions, as the case may be, in the aggregate equal to fifty percent (50%) of its Capital Contribution;
- (e) once the holder of Class "G" Units has been allocated or distributed, as the case may be, amounts equal to its entitlement under subsection 6.09(d) hereof, the holder of Class "G" Units shall be entitled to allocations or distributions, as the case may be, equal to an effective ten percent (10%) compounded annual return on its Capital Contribution, calculated from the date of the respective contributions to the date that the other Limited Partners

received the effective ten percent (10%) compounded annual return referred to in subsection 6.09(c) hereof; and

- (f) once the holders of Class "G" Units has been allocated or distributed, as the case may be, amounts equal to its entitlement under subsection 6.09(e) hereof, further allocations or distributions, as the case may be, shall be made to all Limited Partners on a pro rata basis, in accordance with the number of Units, regardless of class, held by the Limited Partners.

ARTICLE 7 - MANAGEMENT OF THE PARTNERSHIP

7.01 General Powers and Duties of the General Partner. The General Partner has the full and exclusive right, power and authority to manage, control, administer and operate the business and affairs and to make decisions regarding the undertaking and business of the Partnership. Any action taken by the General Partner on behalf of the Partnership shall be deemed to be the act of the Partnership and shall bind the Partnership. No person dealing with the Partnership shall be required to enquire into or verify the authority of the General Partner to bind the Partnership and shall be entitled to rely conclusively upon the power and authority of the General Partner as set out in this Agreement.

7.02 Specific Powers and Duties of the General Partner. The General Partner has all of the rights, powers and obligations that may be possessed by a general partner under the Act and is authorized and required to manage, control, administer and operate the business and affairs of the Partnership and to represent the Partnership and, without limitation, the General Partner is authorized to:

- (a) invest the capital of the Partnership, with a view to achieving long-term capital appreciation and returns, in Qualified Businesses after having undertaken whatever process of research or review that the General Partner deems appropriate and having received the advice of the investment advisory committee contemplated in section 7.04 hereof;
- (b) dispose of any investments of the Partnership at such times and in such manner as the General Partner may determine after having received the advice of the investment advisory committee contemplated in section 7.04 hereof;
- (c) undertake and complete on behalf of the Partnership all such other transactions and acts contemplated by or referred to in one or both of the Manitoba Offering Memorandum and the Ontario Offering Memorandum;
- (d) provide overall management, financial and business planning as required in the operation of the business of the Partnership;
- (e) negotiate, enter into and execute any agreements by or on behalf of the Partnership pertaining to the operation of the business of the Partnership;

- (f) execute and carry out all agreements which require execution by or on behalf of the Partnership involving matters or transactions which are within the usual course of the business of the Partnership;
- (g) provide and maintain or cause to be provided and maintained adequate and proper books of account and records reflecting the activities of the Partnership in accordance with Article 8 hereof;
- (h) prepare and forward or cause to be prepared and forwarded to each Limited Partner the reports and financial statements provided for in Article 8 hereof and all reports and financial statements which may be required under applicable tax and securities legislation (subject to any available exemptions regarding financial reporting by partnerships);
- (i) prepare and mail or cause to be prepared and mailed all notices for any meetings of the Partnership which meetings shall be called and held by the General Partner in accordance with the provisions of Article 14 hereof;
- (j) borrow money as may be required for the business of the Partnership in such amounts as the General Partner may reasonably determine to be necessary for the purpose of earning income from the investments of the Partnership and, from time to time, withdraw, make, execute and issue negotiable and non-negotiable instruments as evidence of indebtedness and to secure the payment of money so borrowed, provided, however, in any case, the General Partner shall not be authorized to borrow funds which exceed, in the aggregate, the amount of the greater of \$50,000 or 0.5% of the Capital at such time without the prior approval of the Limited Partners by Special Resolution except as otherwise specifically authorized herein or contemplated in the Manitoba Offering Memorandum or the Ontario Offering Memorandum;
- (k) place registered title to the property and assets of the Partnership in the name of the General Partner or its nominee or a trustee for the purpose of financing or other convenience for the benefit of the Partnership;
- (l) incur all reasonable expenses;
- (m) retain or engage (or dismiss from engagement) personnel, agents, representatives or professionals upon such terms, at such places and for such compensation as the General Partner may determine necessary or advisable in the carrying on of the business of the Partnership, including, without limitation, retaining any independent contractors, trustees or agents to carry out any of its duties and obligations under this Agreement;
- (n) open accounts at one or more financial institutions for the Partnership in the name of the Partnership, designating and changing, from time to time, the signatories to the accounts, and execute loan and credit agreements on behalf of the Partnership;

- (o) generally to do the things and to take the steps in connection with the assets and undertaking of the Partnership which would be customarily carried out by Persons carrying on a business of the same nature as that of the Partnership;
- (p) do all things and take all steps necessary to develop the business of the Partnership;
- (q) enter into agreements and attend to all matters relating to the sale and distribution of Units or the subscription therefor;
- (r) invest funds not immediately required for the operation of the Partnership;
- (s) execute, acknowledge and deliver all deeds, documents and instruments necessary to effect the foregoing and the purposes of this Agreement;
- (t) prosecute, defend, settle or compromise actions at law at the expense of the Partnership and satisfy any judgment, decree, decision, order or settlement affecting the Partnership;
- (u) retain advisors, experts or consultants to assist in the exercise of its powers and the performance of its duties hereunder;
- (v) file returns required by any government or like authorities;
- (w) appoint the Auditor in accordance with the provisions of Section 8.02 hereof;
- (x) purchase such liability and other insurance as may be available at a commercially reasonable cost to fully protect the Partners and the property and assets of the Partnership;
- (y) render an account of its administration from time to time as requested by the Limited Partners; and
- (z) carry out any Ordinary Resolution or Special Resolution.

7.03

Duties of General Partner. The General Partner covenants that it shall:

- (a) exercise the powers and discharge the duties of its office hereunder honestly, in good faith, and in what it reasonably believes to be the best interests of the Limited Partners and the Partnership and that it will exercise the care, diligence and skill that a reasonably prudent person would exercise in similar circumstances; and
- (b) promptly execute, record and file the Certificate, any declaration, declaration of change form or any amendment to any of the foregoing and any other instrument required to form, qualify, continue and keep in good standing the Partnership as a limited partnership, or otherwise to comply with all laws, including those of Manitoba, Ontario and Quebec or of any other jurisdiction

in which the Partnership may carry on business or own or have property in order to maintain the limited liability of the Limited Partners and to comply with the applicable laws of such jurisdiction, including the filing of any document as may be necessary to amend the Certificate or like instrument to reflect the transfer of a Unit.

7.04 Investment Advisory Committee. All proposed acquisitions and divestitures of investments in Qualified Businesses shall be reviewed by an investment advisory committee consisting of individuals with a mix of business, science and technology related skills, as well as senior executives and scientists from strategic allies of the Partnership in the science and technology sectors and the investment industry. The investment advisory committee shall be comprised of the following individuals:

- (a) one individual nominated by the Province from time to time at its option;
- (b) if the Province holds at least 5,000 Class "G" Units, one additional individual nominated by the Province from time to time at its option;
- (c) one individual nominated from time to time by each holder of Class "A" Units holding at least 1,000 Class "A" Units wishing to nominate a member of the investment advisory committee; and
- (d) such additional individuals appointed from time to time by the General Partner, provided that the aggregate number of members appointed by Limited Partners other than Crocus Investment Fund and other than the General Partner in its capacity as a Limited Partner must be greater than one-half of the total number of members.

The investment advisory committee shall provide its advice on such proposed acquisitions and divestitures to the General Partner without in any way derogating from the General Partner's power and authority hereunder. The procedure for the calling and holding of meetings of the committee shall be as determined by the General Partner from time to time.

7.05 Confidentiality of Information. The General Partner will maintain the confidentiality of trade secrets, financial and other information and data which it may obtain through or on behalf of the Partnership, the disclosure of which may adversely affect the interest of the Partnership, except to the extent that disclosure is required by law or is in the best interests of the Partnership and the General Partner will utilize the information and data only for the business of the Partnership.

7.06 Commingling of Funds. The funds and assets of the Partnership shall not be commingled with the funds or assets of any other Person, project or entity (including those of the General Partner).

7.07 Transactions Involving Affiliates. The validity of a transaction, agreement or payment involving the Partnership and an Affiliate is not affected by reason of the relationship between the General Partner and the Affiliate or by reason of the approval or lack thereof of the transaction, agreement or payment by the directors of the General

Partner, all of who may be involved personally or as officers or directors of or otherwise interested in or related to the Affiliate.

7.08 Engagement of Affiliates. The General Partner may engage or retain Affiliates on behalf of the Partnership to provide goods or services to the Partnership and may, in its discretion, engage other Persons interested in or companies owned by, associated with or affiliated with the General Partner, to render on behalf of the General Partner part or all of such generalized and specialized management functions or administrative services as are reasonably required to accomplish the business of the Partnership.

7.09 Delegation by General Partner. The General Partner may delegate any of the rights and powers which it possesses and such delegatee may perform the General Partner's duties and incur expenses on behalf of the Partnership. However, no such delegation shall relieve the General Partner from its duties or responsibilities hereunder.

7.10 Borrowing From Affiliates. The Partnership may borrow from the General Partner or Affiliates provided that the rate of interest and any other expenses relative to such borrowings correspond to that which the General Partner pays in relation to borrowings from its principal lenders, but shall never exceed that which the Partnership could obtain from recognized financial establishments with respect to similar borrowings.

7.11 Safekeeping of Assets. The General Partner is responsible for the safekeeping and use of all funds and assets of the Partnership whether or not in its immediate possession or control and will not employ or permit another to employ the funds or assets of the Partnership except for the exclusive benefit of the Partnership.

7.12 Payments. The General Partner will pay the Partnership's costs or expenses as and when they become due, out of the funds of the Partnership on hand or borrowed for the purpose.

7.13 Costs of General Partner. The General Partner is responsible for, and shall not be entitled to reimbursement by the Partnership for any, costs and expenses that are incurred by the General Partner in rendering the administrative, management and other services required to be rendered hereunder in the ordinary course of business. The Partnership shall be responsible for all other costs incurred by the General Partner on behalf of the Partnership.

7.14 Limitation of Liability of General Partner. The General Partner shall not be liable to a Limited Partner for:

- (a) any act, omission or error in judgment other than any act, omission or error in judgment resulting from or arising out of which General Partner is adjudged to be in contravention of Section 7.03 hereof; or
- (b) the return of any Capital Contribution made by a Limited Partner to the Partnership.

Notwithstanding any other provision of this Agreement, neither the General Partner nor its officers, directors, shareholders, employees or agents are liable, responsible for, or accountable in damages or otherwise to the Partnership or a Limited Partner for any action taken or failure to act on behalf of the Partnership within the scope of the authority conferred on the General Partner by this Agreement or by law unless the act or omission was performed or omitted fraudulently or in bad faith or constituted wanton or willful misconduct by the General Partner, its directors, shareholders, officers, employees or agents, as the case may be.

7.15 Indemnification of General Partner. The Partnership shall indemnify the General Partner, and its officers, directors, shareholders, employees or agents from and against any losses, expenses and damages incurred or suffered by all or any of them by reason of the acts, omissions or alleged acts or omissions arising out of the activities of the General Partner on behalf of the Partnership or in furtherance of the interest of the Partnership but only if the acts, omissions or the alleged acts or omissions on which the actual or threatened action, proceeding or claim are based were performed in good faith and were not performed or omitted fraudulently or in bad faith or as a result of wanton or willful misconduct by any of the General Partner, its officers, directors, shareholders, employees or agents, as the case may be.

7.16 Restrictions upon the General Partner. The General Partner shall not:

- (a) cause the Partnership to dispose of all or substantially all the assets of the Partnership unless the disposition is approved by a Special Resolution;
- (b) cause the Partnership to guarantee the obligations or liabilities of or make loans to the General Partner or its Affiliates; or
- (c) borrow any funds other than for the purposes of earning income from the Partnership business or borrow funds exceeding, in the aggregate, the Capital at any time or borrow, in the aggregate, any amount exceeding the greater of \$50,000 and 0.5% of Partnership Capital at such time, unless such borrowing is approved by Special Resolution or was contemplated by the Manitoba Offering Memorandum or the Ontario Offering Memorandum.

7.17 Granting of Security. Granting of security for advances made to the Partnership is not a disposition for the purposes of Section 7.16 hereof.

7.18 Management Fee. The General Partner shall be entitled to an annual management fee (payable quarterly, not in advance) in each year, equal to:

- (a) during the period from the date hereof to and including December 31, 2007, 3% of the aggregate amount that has been invested by the Partnership in Qualified Businesses (calculated as at the end of each quarter for the immediately succeeding quarter), subject to a minimum annual management fee during the period from the date hereof to and including March 31, 2001 equal to the lesser of \$400,000 and 2% of all subscription proceeds paid or payable to the Partnership on or before December 31, 1999; and

- (b) after December 31, 2007 (if the Partnership continues thereafter), such management fee as is approved by Special Resolution.

In addition, once all Limited Partners have received distributions of Surplus Cash equal to their respective Capital Contribution, plus an effective 10% annual compounded return on the original amount of each Limited Partner's Capital Contribution, the General Partner shall be entitled to additional management fees in each Fiscal Year equal to 20% of all Surplus Cash calculated before deducting such additional management fees.

ARTICLE 8 - RECORDS AND REPORTING

8.01 Books of Account. The General Partner will keep and maintain, at its principal place of business, or cause to be kept and maintained, complete and accurate books of account and records of the business of the Partnership. The Limited Partnership books and records shall be prepared in accordance with generally accepted accounting principles, consistently applied. The books of account and records shall be open to reasonable inspection and examination by Limited Partners or their authorized representatives during reasonable business hours.

8.02 Appointment of Auditor. The Auditor for the Partnership shall be PricewaterhouseCoopers, or such other firm of chartered accountants as may be approved by the Limited Partners by Ordinary Resolution. The term and remuneration of the Auditor shall be as the General Partner may determine.

8.03 Annual Financial Information. The General Partner will send or cause to be sent to each Limited Partner, within 90 days of the end of each Fiscal Year, an annual report containing annual audited financial statements in compliance with applicable legislation and such other statements and reports as may be considered appropriate in the opinion of the Auditor.

8.04 Interim Financial Information. The General Partner will send or cause to be sent to each Limited Partner, within 60 days of the date to which they are produced, interim unaudited financial statements in compliance with any applicable legislation.

8.05 Income Tax Information. The General Partner will send or cause to be sent to each Limited Partner, within 90 days of the end of each Fiscal Year, all information necessary for the Limited Partners to report the income tax consequences of the investment in Units in the Limited Partner's annual Canadian income tax returns. Each Limited Partner shall be solely responsible for filing all income tax returns required to be filed by the Limited Partner.

ARTICLE 9 - RESOLUTIONS

9.01 Powers Exercisable by Special Resolution. In addition to all of the powers conferred upon them by this Agreement, the Limited Partners may by Special Resolution:

- (a) remove the General Partner as general partner of the Partnership in the event of a default by the General Partner of any material covenant under this Agreement which is not remedied within 60 days of written notice;
- (b) remove the General Partner as general partner of the Partnership for any other reason;
- (c) elect a new general partner in anticipation of the removal, retirement, insolvency, bankruptcy or dissolution of the General Partner to be effective upon the removal, retirement, insolvency, bankruptcy or dissolution of the General Partner or successor General Partner;
- (d) waive any default on the part of the General Partner on such terms as they may determine;
- (e) continue the Partnership in the event that the Partnership is terminated by operation of law;
- (f) agree to the dissolution and winding-up of the Partnership;
- (g) agree to any compromise or arrangement by the Partnership with any creditor, class of creditors or with the holders of any shares or securities of the General Partner;
- (h) require the General Partner, on behalf of the Partnership, to enforce any obligation or covenant of any Limited Partner, or Substituted Limited Partner, arising under this Agreement;
- (i) change the Fiscal Year of the Partnership;
- (j) amend, modify, alter or repeal any Special Resolution previously passed by the Partners;
- (k) authorize the sale of Units in addition to those contemplated by Section 5.03 hereof;
- (l) approve any borrowing by the General Partner not authorized herein;
- (m) approve or disapprove the sale or exchange in a single transaction or a series of related transactions of all or substantially all of the business and assets of the Partnership;

- (n) extend the termination date of the Partnership beyond December 31, 2007; and
- (o) approve management fees payable to the General Partner in respect of the period after December 31, 2007.

The powers in this Section 9.01 shall be several and cumulative and not dependent on each other and each power conferred in each subsection of this Section 9.01 shall be construed as complete in itself and not in reference to any other power and the exercise of any one or more of such powers or any combination thereof from time to time, shall not be deemed to exhaust the rights of the Partners to exercise such power or powers or combination of powers thereafter.

9.02 Written Resolutions. Notwithstanding any other provision hereof, no Ordinary Resolution or Special Resolution made by written resolution as contemplated by the definitions of "Ordinary Resolution" and "Special Resolution" shall be effective unless and until notice thereof has been provided to all Limited Partners, which notice contains the full text of such written resolutions.

ARTICLE 10 - CHANGE, RESIGNATION OR REMOVAL OF GENERAL PARTNER

10.01 Resignation. The General Partner may not resign as such except as provided in Section 10.03 hereof.

10.02 Disposition of General Partner's Interest. The General Partner may only sell, transfer, assign or otherwise dispose of all or any of its interest as the general partner in the Partnership if such disposition is approved by Special Resolution. No Person shall be entitled to be recorded on the Register or Certificate or recognized as the holder of any interest in the General Partner's interest in the Partnership without the approval hereby required and until all filing and recording required by law has been made.

10.03 Bankruptcy or Dissolution. The General Partner, by agreeing to be bound by this Agreement, shall be deemed to resign as the general partner of the Partnership upon the bankruptcy, insolvency, dissolution (except dissolution as a consequence of merger, amalgamation, consolidation or other corporate reorganization), liquidation or winding-up of the General Partner (or the commencement of any act or proceeding in connection therewith which is not contested in good faith by the General Partner) or the appointment of a trustee, receiver or receiver-manager of the affairs of the General Partner, but such resignation shall not be effective and the General Partner shall not cease to be the General Partner until the earlier of:

- (a) the admission of a new general partner to the Partnership and the filing of a Certificate or amendment thereto under the Act; or
- (b) one hundred and eighty (180) days after the occurrence of such event or appointment, in each case, as the case may be.

10.04 Removal of General Partner. The General Partner may be removed as the general partner by Special Resolution in accordance with subsection 9.01(a) and (b) hereof. Removal of the General Partner shall be effective upon all monies and fees owing to the General Partner (including those owing under Section 10.10 hereof) being paid in full and a new general partner being appointed. Any new general partner so appointed shall thereby acquire the General Partner's interest in the Partnership and shall assume the responsibilities and rights of the General Partner as general partner of the Partnership.

10.05 No Additional General Partners. The Partnership shall not have more than one general partner at any time.

10.06 Transfer of Management. On the admission of a new general partner to the Partnership in accordance with this Agreement, the General Partner will do all things and take all steps necessary to immediately and effectively transfer the administration, management, control and operation of the business of the Partnership and the books, records and accounts of the Partnership to the new general partner, including the execution and delivery of all deeds, certificates, declarations and other documents whatsoever which may be necessary to effect such change and to convey all the assets of the Partnership to the new general partner. All costs of such transfer shall be for the account of the Partnership.

10.07 New General Partner. In the event of a change of the general partner of the Partnership, the new general partner will be admitted and shall become a party to this Agreement by signing a counterpart hereto and agreeing to be bound by all of the provisions hereof and shall from that time forward for all purposes and in all ways assume the obligations, powers, duties and liabilities of the General Partner hereunder and shall be subject to the terms of this Agreement.

10.08 Continuity of Partnership. In the event of the bankruptcy, insolvency, dissolution, liquidation, winding-up or resignation of the General Partner, the Limited Partners shall by Ordinary Resolution appoint a new general partner and the business of the Partnership shall be continued by the successor general partner.

10.09 Release. Upon a removal or deemed resignation of the General Partner, the Partnership and the Limited Partners shall release and hold harmless the General Partner from all actions, claims, costs, demands, losses, damages and expenses suffered or incurred by the General Partner as a result of or arising out of events, other than any willful act or omission by the General Partner, which occur in relation to the Partnership after the effective time of such removal or resignation.

10.10 Payment on Termination. If the General Partner is terminated as the general partner of the Partnership pursuant to subsection 9.01(a) or (b) hereof, the General Partner shall be paid the aggregate of the following amounts:

- (a) all accrued and unpaid management fees hereunder to the effective date of termination; and
- (b) if the termination in pursuant to subsection 9.01(b) hereof, the aggregate of the following amounts:

- (i) if the termination is:
 - A. on or before the second anniversary date of the date of this Agreement, an amount equal to 12 months of management fees payable hereunder (calculated based on the aggregate amount invested in Qualified Businesses at the effective date of termination); and
 - B. after the second anniversary date of the date of this Agreement, an amount equal to 6 months of management fees payable hereunder (calculated based on the aggregate amount invested in Qualified Businesses at the effective date of termination); and
- (ii) based on the investments in Qualified Businesses at the effective date of termination, an amount equal to the then present value of all Surplus Cash that would have been payable to the General Partner as additional fees under Section 7.18 for the balance of the term of the Partnership and on the liquidation of the Partnership at the end of such term, as determined by Peter Miller of KPMG, or if Peter Miller is unable or unwilling to determine such value, as determined by:
 - A. a chartered business valuator agreed to by the General Partner and by the Limited Partners by Special Resolution: or
 - B. if an agreement as to the chartered business valuator is not reached within sixty (60) days of the Special Resolution terminating the General Partner, a chartered business valuator of a major Canadian accounting firm chosen by arbitration in accordance with *The Arbitration Act* (Manitoba).

All costs of such valuation shall be borne and paid by the Partnership.

ARTICLE 11 - DISSOLUTION OF PARTNERSHIP

- 11.01 Events Giving Rise to Dissolution.** The Partnership shall be dissolved:
- (a) if the Limited Partners do not appoint a new general partner upon the occurrence of the bankruptcy, dissolution or winding-up (except dissolution as a consequence of merger, amalgamation, consolidation or other corporate reorganization) of the General Partner or the occurrence of an event which would permit a trustee or receiver to acquire control of the affairs of the General Partner during the term of this Agreement;
 - (b) as soon as practicable after the passage of a Special Resolution approving the dissolution and winding-up of the Partnership;

- (c) upon a declaration by the General Partner of the dissolution of the Partnership following two consecutive Fiscal Years of insolvency of the Partnership;
- (d) at the end of the Fiscal Year in which the business of the Partnership is sold and all of its property and assets distributed;
- (e) upon the General Partner's written request and the consent to such request by means of a Special Resolution;
- (f) upon the conduct of the Partnership's business becoming impossible or illegal;
- (g) on December 31, 2007, or such later date as may be determined by Special Resolution.

11.02 Events Not Causing Dissolution. The Partnership shall not be dissolved or terminated by the death, incompetence, bankruptcy, insolvency, dissolution, liquidation, winding-up or receivership of, or the admission or withdrawal of any Limited Partner or upon the transfer of any Unit.

11.03 Receiver. On the dissolution of the Partnership the General Partner shall act as the receiver (the "Receiver") of the Partnership, and will commence to wind up the affairs of the Partnership and to liquidate its assets. If the General Partner has become a bankrupt or shall be unable or unwilling to act as the Receiver, the Partners by Special Resolution may appoint another Person to act as the Receiver. The Receiver shall be paid its reasonable fees and disbursements incurred in carrying out its duties as such.

11.04 Liquidation of Assets. The Receiver shall prepare or cause to be prepared a statement of financial position of the Partnership which shall be reported upon by the Auditor and a copy of which shall be forwarded to each Person who was shown on the Register as a Partner at the date of dissolution. The Receiver shall wind up the affairs of the Partnership and all property of the Partnership shall be liquidated in a timely and orderly manner. The Receiver shall have all powers and authority of the General Partner under this Agreement. The Receiver shall have full right and unlimited discretion to determine the time, manner and terms of any sale or sales of Partnership assets pursuant to such liquidation, having regard to the activity and condition of the relevant market and general financial and economic conditions.

11.05 Distribution of Proceeds of Liquidation. Following the payment of all debts and liabilities of the Partnership and all expenses of liquidation and subject to the right of the Receiver to set up such cash reserves as it may deem necessary for any contingent or unforeseen liabilities or obligations of the Partnership, the proceeds of liquidation and the other funds of the Partnership shall be deemed to be Surplus Cash and shall be distributed to the Partners as such.

11.06 Statement of Distribution. Within a reasonable time following the completion of the liquidation of the Partnership the Receiver shall supply to each of the Limited Partners a statement, reviewed by the Auditor, setting out the assets and liabilities of the Partnership as of the date of complete liquidation and the distribution of its assets.

11.07 Cash Distribution. No Partner shall have the right to demand or receive property other than cash upon dissolution and termination of the Partnership, but nothing herein shall prohibit a return of Capital in a form other than cash.

11.08 Allocations to Limited Partners. The Partners will continue to share the Net Income, Net Loss, Tax Income, Tax Loss and Surplus Cash during the period of liquidation in the manner set out in Articles 5 and 6 hereof.

11.09 Termination of Partnership. The Partnership shall terminate when all of its assets have been sold and the net proceeds therefrom, after payment of or due provisions for the payment of all debts, liabilities and obligations of the Partnership to creditors, have been distributed as provided in this Article. The General Partner shall have the authority to execute and record any Certificate as well as any other documents required to effect the dissolution or termination of the Partnership.

ARTICLE 12 - AMENDMENTS

12.01 Special Resolution. Except as otherwise set out in this Article, this Agreement may only be amended by Special Resolution approving the amendment.

12.02 Amendment by General Partner. The General Partner may, without prior notice to or consent from any Partner, amend this Agreement:

- (a) for the purpose of reflecting the admission of additional Limited Partners or Substituted Limited Partners;
- (b) to add covenants, restrictions or provisions which, in the reasonable written opinion of counsel to the Partnership, are for the protection of the Limited Partners;
- (c) to cure any ambiguity or to correct or supplement any provisions contained herein which, in the reasonable written opinion of counsel to the Partnership, may be defective or inconsistent with any other provision hereof if, in the reasonable opinion of such counsel, such amendment does not and will not in any way materially adversely affect the interests of any Limited Partner; and
- (d) to make such other provisions in regard to matters or questions arising under this Agreement which, in the reasonable opinion of counsel to the Partnership, do not and will not materially adversely affect the interests of any Limited Partner;

provided that all Partners are notified of full details of any amendment to this Agreement under this Section within thirty (30) days after the effective date of such amendment.

12.03 Limitations on Amendment. This Agreement may not be amended at any time if the effect of the amendment is to:

- (a) reduce the fees payable to the General Partner hereunder;
- (b) reduce or increase a share of a Partner in the Net Income, Net Loss, Tax Income, Tax Loss or Surplus Cash;
- (c) increase the liability of a Limited Partner;
- (d) allow a Limited Partner to exercise control of or take active part in the business of the Partnership;
- (e) change the Partnership from a limited partnership to a general partnership;
- (f) change the right of a Limited Partner to vote at any meeting; or
- (g) amend this Article;

unless all Partners at that time agree to the amendment and their agreement is witnessed by their signatures following the amendment which has been put in writing.

12.04 Entire Agreement. Any amendment to this Agreement that has been made in accordance with this Agreement shall together with the other terms and conditions of this Agreement constitute the entire agreement between the parties.

ARTICLE 13 - DEFAULT BY LIMITED PARTNER

13.01 Remedy in the Event of Default. A Limited Partner or any Person (the "Defaulting Partner") who is in default of any term of this Agreement or is in breach of any representation, warranty or covenant in this Agreement or a Subscription Form or Assignment and Transfer Form executed by such Limited Partner, unless other arrangements satisfactory to the General Partner are made, shall be deemed to be in default under this Agreement and the General Partner, on behalf of the Partnership, shall accordingly be entitled, without further authorization and at the option of the General Partner, to sell, as the duly authorized agent of the Defaulting Partner, the Units of the Defaulting Partner on such terms as it deems reasonable and may itself become the purchaser of such Units. Any proceeds realized from such sale shall be applied first in payment of all costs in connection with the sale, and the balance, if any, shall be paid to the Defaulting Partner. It is understood and agreed that the sale proceeding so described shall not extinguish any other right of action against a Defaulting Partner by the Partnership or by the General Partner or other Partners in respect of amounts owing to them or otherwise.

13.02 Authority to Transfer Units. The General Partner is hereby irrevocably authorized, as the duly appointed attorney and agent of the Defaulting Partner (which power, to the extent necessary, is hereby coupled with an interest), to cause to be transferred and vested in the name of any purchaser under Section 13.01 hereof, all right and title of the Defaulting Partner in such Defaulting Partner's Unit(s) and, for that purpose, is hereby authorized to execute an assignment of such Unit(s) or other appropriate instrument which

shall be sufficient to vest title and ownership in and to the Unit(s) in such purchaser. In that event, the Unit Certificate then held by the Defaulting Partner who is in unremedied default shall be considered of no further force or effect and shall no longer constitute evidence of ownership.

13.03 Legal Proceedings. In addition to and not in lieu of the remedies set out in Section 13.01 hereof, the General Partner, on behalf of the Partnership or any Partner may bring appropriate legal proceedings against the Defaulting Partner from time to time. All expenses incurred in respect thereof shall be for the account of the Partnership.

ARTICLE 14 - PARTNERSHIP MEETINGS

14.01 Partnership Meeting. The General Partner shall cause an annual meeting of the Partners to be held in each calendar year, commencing in 2000, within six months after the end of each Fiscal Year. Meetings shall be held in Winnipeg, Manitoba, or at such other place in Manitoba as the General Partner may determine, on a day and at a time and place designated in the notice of the meeting. The meeting shall consider such business as may be contained in the notice calling the meeting and such other business as Partners are entitled to vote or act upon as provided in Section 5.02 hereof. A special meeting of the Partners may be called at any time by the General Partner and shall be called at any time by the General Partner upon written request signed by Limited Partners holding in the aggregate not less than one-third of the outstanding Units. Any such written request shall specify the purpose or purposes for which such meeting is to be called. If the General Partner fails to call a meeting upon such request of Limited Partners within a period of 5 days after the giving of such request, the requesting Limited Partners may call such meeting and the notice calling such meeting shall be signed by such requesting Limited Partners or by any Person as such requesting Limited Partners may specify in writing. Any meeting called by such requesting Limited Partners shall be conducted in accordance with the provisions of this Agreement. The expenses incurred in calling and holding such meetings shall be for the account of the Partnership.

14.02 Notice of Meetings. Notice of any Partners' meeting shall be given to each Partner at such Partner's address shown in the Register, to the General Partner and the Auditor. Any such notice shall be mailed by prepaid post at least 7 days and not more than 21 days prior to the meeting and shall state the time when and the place where such meeting is to be held. The notice shall specify, in general terms the nature of all business to be transacted thereat. It shall not be necessary to include in the notices the text of any resolution to be considered. No notice shall be required for adjourned meetings. Any Partner may, in writing, waive notice of any meeting.

14.03 Quorum. A quorum for a meeting of Partners shall consist of Partners present in person or represented by proxyholder and owning or representing not less than 50% of all issued and outstanding Units. A solicitation of proxies will not require an information circular unless the laws to which the Partnership may become subject require a proxy information circular. If such a quorum is not present on the date for which the meeting is called within one-half hour after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held not later than 7 days thereafter at which adjourned meeting Partners present in person or represented by proxyholder shall constitute a quorum. Any

business may be transacted at the adjourned meeting which might properly have been transacted at the original meeting.

14.04 Voting and Conflict. Subject to Section 5.02 hereof and except as otherwise provided herein, at all meetings of Partners, each Partner, other than the General Partner (who will only be entitled to vote in its capacity as a Limited Partner), shall be entitled to cast one vote for each Unit owned upon each matter presented for vote. Only Partners of record not in default or a Person appointed by such Partner by proxy shall be entitled to vote. Every question submitted to a meeting shall be decided by a show of hands unless a poll is demanded, in which case a poll shall be taken. The chairman of the meeting shall not have a deciding vote. Except in respect of matters acquiring approval by Special Resolution, no resolution of the Partnership will be validly adopted unless approved by an Ordinary Resolution. The chairman of the meeting shall not have a casting vote. At any meeting of the Partners on a matter voted upon:

- (a) for which no poll is required or requested, a declaration made by the chairman of the meeting as to the voting on any particular resolution shall be conclusive evidence thereof; and
- (b) for which a poll is required or requested, the result of the poll shall be deemed to be the decision of the meeting on the question or resolution in respect of which the poll was taken.

14.05 Record Dates. The General Partner may from time to time cause the Register to be closed for a period of time not exceeding 21 days for the purpose of determining the holders of Units. Any Partner who was a Partner at the time so fixed shall be treated as a Partner even though such Partner has since that record date disposed of its Units, and no Partner becoming such after that date shall be entitled to vote at a meeting or any adjournment thereof or to receive any distribution or to be treated as a Partner of record for purposes of any other action.

14.06 Proxies. Any Limited Partner entitled to vote at a meeting may vote by proxy if the proxy has been received by the General Partner or the chairman of the meeting for verification prior to the meeting.

14.07 Validity of Proxies. A proxy purporting to be executed by or on behalf of a Limited Partner will be considered to be valid unless challenged at the time of or prior to its exercise and the Person challenging will have the burden of proving to the satisfaction of the chairman of the meeting that the proxy is invalid and any decision of the chairman concerning the validity of a proxy will be final.

14.08 Form of Proxy. Subject to applicable securities legislation every proxy will be substantially in the form which follows or such other form as may be approved by the General Partner or as may be satisfactory to the chairman of the meeting at which it is sought to be exercised:

- (iv) that where a false statement was that of an expert, the director had no reasonable grounds to believe that the expert who made the statement in the Offering Memorandum or amended Offering Memorandum or whose report or valuation was produced or fairly summarized therein was not competent to make such statement, valuation or report; or
- (v) that, with respect to every false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, it was a correct and fair representation of the statement or copy of or extract from the document;

but no action to enforce these rights of action for damages against signatories of certificates in an Offering Memorandum or amended Offering Memorandum or their directors may be commenced by a purchaser after the expiration of the later of one year from the date of receipt or deemed receipt of the Offering Memorandum or amended Offering Memorandum by the purchaser or the agent of the purchaser or the date of the contract for the purchase of the security.

Issuer:

MANITOBA SCIENCE AND TECHNOLOGY
FUND LIMITED PARTNERSHIP, by its
General Partner,

SCITECH MANAGEMENT INC.

Per: _____

Title: _____

Principal Selling Agent:

WELLINGTON WEST CAPITAL INC.

Per: _____
Kevin Hooke, Vice-President,
Corporate Finance

Directors of the General Partner of the Issuer:

Janice Y. Lederman

James Umlah

Directors of the Principal Selling Agent:

Charles Spiring

Janice Y. Lederman

Kevin Hooke

SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY FORM (ONTARIO)

TO: SCITECH MANAGEMENT INC. (the "General Partner")

AND TO: MANITOBA SCIENCE AND TECHNOLOGY FUND LIMITED PARTNERSHIP (the "Partnership")

DATE: June 15, 1999

Interpretation

Terms, the first letters of which are capitalized and which are not otherwise specifically defined herein, shall have the meanings attributed to them respectively in the Offering Memorandum (as defined below). This "Agreement" means this Subscription Agreement and Power of Attorney Form.

Subscription

The undersigned (the "**Subscriber**") hereby irrevocably subscribes for 250 Units (the "**Purchased Units**") of the Partnership at a price of \$1,000 per Unit for aggregate Subscription Proceeds of \$250,000 (the Minimum Subscription is \$150,000 for 150 Units) as described in the Ontario Offering Memorandum of the Partnership dated June 7, 1999 (the "**Offering Memorandum**"), receipt of which is hereby acknowledged by the Subscriber, on the terms and conditions set forth in the Offering Memorandum, the Partnership Agreement and this Agreement.

Payment

The Subscriber tenders herewith, in full payment of the aggregate amount of the Subscription Proceeds, a certified cheque, bank draft or money order payable to the Escrow Agent in the aggregate amount of \$1,000 for each Unit subscribed for hereunder to be held by the Escrow Agent in accordance with the Escrow Agreement.

Conditions

The Subscriber acknowledges that participation in the Partnership is subject to acceptance of this Agreement by the General Partner, to full payment of the Subscription Proceeds, and to certain other conditions set forth in the Offering Memorandum and the Partnership Agreement including the satisfaction of the Conditions Precedent to Closing as set forth in the Offering Memorandum. The Subscriber acknowledges that the Subscriber will become a party to the Partnership Agreement upon acceptance of this Agreement by the General Partner, in accordance with the Partnership Agreement, and will become a Limited Partner upon being recorded in the Register maintained by the General Partner. **The Subscriber agrees that this Subscription is given for valuable consideration and may not be revoked or withdrawn except in the limited circumstances contemplated herein.**

Escrow

This Agreement and the Subscription Proceeds tendered herewith shall be held by the Escrow Agent and released to the General Partner on behalf of the Partnership upon satisfaction of all Conditions Precedent to Closing on or before the Closing Date and upon acceptance of this Agreement by the General Partner on behalf of the Partnership. The Subscription Proceeds shall be returned to the Subscriber, without interest or deduction, at the address indicated below if any of the Conditions Precedent to Closing are not satisfied on or before the Closing Date or if this Agreement is not accepted.

Exempt Trade

The purchase and sale of the Purchased Units is conditional upon such purchase and sale being exempt from the prospectus requirements of applicable securities legislation, rules, regulations and policy statements (collectively, "**Securities Laws**").

Representations, Warranties and Acknowledgments

The Subscriber represents, warrants, declares, certifies, acknowledges and agrees, and acknowledges that the Partnership, the General Partner and their respective counsel are relying thereon in connection with the issuance and sale of Units, that the Subscriber:

- (a) has received, reviewed and fully understands the Offering Memorandum and the Schedules attached thereto and has had the opportunity to review the Partnership Agreement and the Schedules thereto, and has utilized all information the Subscriber deems necessary for the purposes of making an informed investment decision and to verify the accuracy and completeness of the information contained therein and herein;
- (b) is aware that no prospectus has been prepared or filed by the Partnership with any securities commission or similar authority in connection with the offering and sale of the Units and that the offering and sale of the Units is subject to such offering and sale being exempt from the registration and prospectus requirements of applicable Securities Laws, and also that:
 - (i) the Partnership is relieved from certain obligations, including those respecting the filing and provision of information, that would otherwise apply under Securities Laws if a prospectus were prepared under applicable Securities Laws in connection with the offering and sale of Units; and
 - (ii) the Subscriber is restricted from using most of the civil remedies available under applicable Securities Laws;
- (c) fully understands the nature and extent of the Subscriber's liability in respect of this investment and is fully capable of bearing any loss associated with this investment

and has reviewed and fully understands all risks associated with this investment as described in the Offering Memorandum;

- (d) realizes that:
 - (i) the purchase of the Purchased Units is a long-term investment; and
 - (ii) there is no public market for the Units and the Subscriber may not be able to liquidate the Subscriber's investment in the event of an emergency, or pledge the Purchased Units as collateral security for loans;
- (e) is aware that there are restrictions on resale imposed by Securities Laws applicable to the Purchased Units and that the Subscriber has been advised to consult independent legal counsel with respect to applicable restrictions on resale of the Purchased Units and that the Subscriber is solely responsible for compliance with the restrictions on resale imposed by the Securities Laws;
- (f) is:
 - (i) a resident of Ontario;
 - (ii) not a "non-resident" of Canada within the meaning of the *Income Tax Act* (Canada)
 - (iii) not a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada);
 - (iv) purchasing the Purchased Units as principal for the Subscriber's own account and not for the benefit of any other person; and
 - (v) purchasing the Purchased Units for investment only and not with a view to resale or distribution;
- (g) was not incorporated or created solely to permit the purchase of Units without a prospectus;
- (h) has good right, full power and capacity and absolute authority to execute this Agreement and all actions and all necessary approvals of directors, shareholders, partners and members of the Subscriber or otherwise have been taken or given to authorize the Subscriber to execute and deliver and perform the Subscriber's obligations under this Agreement;
- (i) in connection with the subscription for and purchase of the Purchased Units, has not relied upon any representations nor upon any material, other than the Offering

Memorandum, which appears or purports to describe the Units or the business and affairs of the Partnership;

- (j) did not purchase the Purchased Units through, or as a result of, and the distribution of the Units is not being accompanied by, any advertisement;
- (k) is executing and delivering this Agreement for valuable consideration and that this Agreement will not be withdrawn or revoked by the Subscriber and that the acceptance of the Agreement shall be effective upon the execution of this Agreement by the General Partner on behalf of the Partnership;
- (l) acknowledges that this Agreement may be accepted by the General Partner on behalf of the Partnership in whole or in part, and that the General Partner may allot to the Subscriber less than the number of Units subscribed for hereunder;
- (m) will, if required by Securities Laws or by a policy or order of a securities commission or similar authority file or assist the Partnership or the General Partner in filing such reports, declarations or other documents with respect to this transaction as may be required;
- (n) has duly executed and delivered this Agreement and that this Agreement constitutes a legal, valid and binding obligation of the Subscriber, enforceable against the Subscriber in accordance with its terms;
- (o) acknowledges that the Partnership, the General Partner, their respective officers, directors, employees and advisors have encouraged the Subscriber to seek professional advice (including legal advice) with respect to this subscription for Units from the Subscriber's own advisors (including legal advisors) and the Subscriber has either received such advice or has independently determined not to seek such advice;
- (p) acknowledges that the Partnership cannot and no person has made any written or oral representations that:
 - (i) any person will resell or repurchase the Units;
 - (ii) any person will refund the Subscription Proceeds; or
 - (iii) as to the future price or value of the Units;
- (q) is not a "tax shelter investment" as that term is defined in the Income Tax Act;
- (r) has not financed the acquisition of the Purchased Units with a financing for which recourse is or is deemed to be limited and the Subscriber and any person with whom the Subscriber does not deal at arm's length does not expect to receive or enjoy,

directly or indirectly, any other "prescribed benefit" in respect of the Purchased Units within the meaning of the Income Tax Act.

A "prescribed benefit" includes any amount, having regard to statements or representations made in respect of the Purchased Units, that may reasonably be expected to be received or made available to the Subscriber or a person who does not deal at arm's length with the Subscriber which would have the effect of reducing the impact of any loss that the Subscriber may sustain by virtue of acquiring, holding or disposing of an interest in the Purchased Units. A prescribed benefit also includes a limited recourse amount and an amount that is deemed to be a limited recourse amount. A limited recourse amount includes:

- (i) debt interest at less than the lesser of the rate prescribed by the Income Tax Act at the time the debt is incurred or the rate prescribed at that time;
 - (ii) debt in respect of which bona fide written arrangements were not made, at the time the debt was incurred, for repayment of principal and interest within a reasonable period not exceeding 10 years;
 - (iii) debt in respect of which interest is not paid within 60 days of the end of the debtor's tax year; and
- (s) will ensure that the Subscriber's status as described above will not be modified and the Subscriber will not knowingly transfer the Subscriber's Purchased Units in whole or in part to a person who is not able to make the representations, warranties, acknowledgements, declarations, certifications and agreements contained in this Agreement, as applicable.

The Subscriber shall promptly provide evidence of the foregoing representations, warranties, certifications, declarations, acknowledgments and agreements at any time or times as the General Partner requires. The Subscriber acknowledges that the foregoing representations, warranties, certifications, declarations, acknowledgments and agreements are made with the intent that they may be relied upon in determining the Subscriber's eligibility to purchase the Purchased Units, including under applicable Securities Laws. The representations, warranties, certifications, declarations, acknowledgments and agreements contained in this Agreement shall survive the completion of the transaction provided for in this Agreement and shall continue in full force and effect.

The Subscriber shall indemnify and save harmless the Partnership, the General Partner, each other Limited Partner and each of their respective directors, officers, agents, employees or partners (the "Indemnified Parties") from and against any claims, demands, actions, causes of action, damage, loss, costs, liability or expense, including expenses and costs of lawyers, accountants and other professionals, consequential damages and statutory penalties and interest ("Claims") which may be made or brought against one or more of the Indemnified Parties and/or which one or more of

them may suffer or incur as a result of or arising out of any incorrectness in or breach of any representation, warranty, declaration, certification, acknowledgment or agreement of the Subscriber pursuant hereto. This indemnity shall survive the Closing of the offering of Units and the issue of the Purchased Units to the Subscriber.

Power of Attorney

The Subscriber hereby irrevocably nominates, constitutes and appoints the General Partner to act, with full power of substitution, as the Subscriber's true and lawful attorney and agent to act on the Subscriber's behalf, with full power and authority in the name, place and stead of the Subscriber to execute (under seal or otherwise), swear to, acknowledge, deliver, file and record as and when required any and all of the following:

- (a) the Partnership Agreement and any amendment thereto, the Certificate, declaration of change form or any amendment thereto or any other instrument required to form, qualify, continue and keep the Partnership in good standing as a limited partnership or otherwise in compliance with the laws of Manitoba in order to maintain the limited liability of the Limited Partners and to comply with all applicable laws, including those of Manitoba, Ontario and Quebec;
- (b) all certificates, instruments, documents and other papers (including, without limitation, any business certificate, name certificate, certificate of limited partnership and additional powers of attorney) and amendments thereto that may be required under the laws of Manitoba or required by an appropriate governmental body or agency which the General Partner deems appropriate or necessary, to qualify or to continue the qualification of the Partnership as a limited partnership, to carry on the object and intent of the Partnership and to conduct and give effect to the business and affairs of the Partnership as authorized pursuant to the Partnership Agreement;
- (c) any instrument required in connection with any election, determination or designation, or any registration or returns relating to the Partnership that may be made or filed under the *Income Tax Act* (Canada) or any analogous fiscal legislation in Canada, any of the Provinces of Canada or in any other jurisdiction;
- (d) all conveyances, agreements and instruments which the General Partner deems appropriate or necessary to effect and reflect the dissolution or termination of the Partnership pursuant to the terms of the Partnership Agreement, including the cancellation of any declaration;
- (e) any document as may be necessary to amend the Certificate or like instrument or which the General Partner deems appropriate to effect and reflect cancellation, repurchase or assignment of a Unit, to admit, substitute or delete Partners, to sell, exchange or dispose of assets or property of the Partnership, to borrow money and otherwise to enter into transactions in the name of or otherwise on behalf of the

Proxy

I, _____, of the City of _____, in the Province of _____, being the owner of ___ Unit(s) of MANITOBA SCIENCE AND TECHNOLOGY FUND LIMITED PARTNERSHIP hereby appoint _____ of _____, in the Province of _____, as my proxy, with full power of substitution, to vote for me and on my behalf at the meeting of Partners to be held on the _____ day of _____, 199__ (or 20__), and every adjournment thereof and every poll that may take place in consequence thereof.

DATED this ___ day of _____, 199__ (or 20__).

14.09 **Corporation.** A Limited Partner which is a Person other than an individual may appoint an officer, director or other authorized person as its representative to attend, vote and act on its behalf at a meeting of Partners by written notice acceptable to the General Partner.

14.10 **Authorized Attendance.** Any officer or director of the General Partner, the solicitor for the General Partner and the Partnership, representatives of the Auditor and any other Person authorized by the General Partner will be entitled to attend any meeting of Partners.

14.11 **Minutes.** Minutes of all resolutions and proceedings of every meeting of Partners shall be made and recorded by the General Partner. Minutes, when signed by the chairman of the meeting at which resolutions were passed or proceedings held or by the chairman at the next succeeding meeting of Partners shall be *prima facie* evidence of the matters therein stated and until the contrary is proved, every such meeting in respect of which minutes shall have been made shall be taken to have been duly held and convened and all resolutions passed or proceedings taken as referred to in the minutes shall be deemed to have been duly passed and taken in accordance with this Agreement.

14.12 **Conduct of Meetings.** The chairman of any meeting shall be an individual nominated by the General Partner unless and until a chairman is selected by Ordinary Resolution. A nominee of the General Partner may not serve as chairman if the General Partner is in default under this Agreement. Meetings shall be conducted as required by this Agreement and as determined at the meeting where procedures are not prescribed herein.

14.13 **Resolution Binding.** Any Special Resolution or Ordinary Resolution passed in accordance with this Agreement shall be binding on all Partners and their respective heirs, executors, administrators, other legal representatives, successors, and assigns, whether or not such Partner was present or represented by proxy at the meeting at which such resolution was passed and whether or not such Partner voted against such resolution.

ARTICLE 15 - MISCELLANEOUS

15.01 **Notices.** Any notice, direction or request required or permitted to be given hereunder shall be in writing and shall be given by personal service, facsimile transmission

or by registered letter, with postage thereon fully prepaid, to be addressed as follows: if to the General Partner, 303 - 275 Broadway, Winnipeg, Manitoba, R3C 4M6 (or such other place as the General Partner may from time to time designate); if to the Initial Limited Partner, 303 - 275 Broadway, Manitoba, R3C 4M6; and if to any other Limited Partner, to the address or facsimile number, as the case may be, of such Limited Partner as it appears on the Register or such other address or facsimile number as any party hereto may hereafter designate by notice to the other parties hereto. Any notice, direction or request delivered personally or by facsimile transmission shall be deemed to have been received by and given to the addressee on the date of delivery or transmission. Any notice, direction or request mailed as aforesaid shall be deemed to have been received by and given to the addressee on the third business day following the date of mailing, except in the event of a disruption of postal service, in which event notice shall be delivered personally or given by facsimile transmission.

15.02 Governing Law. This Agreement shall be governed by and construed exclusively by its terms and by the laws of Manitoba and the laws of Canada applicable therein and each Partner irrevocably attorns to the exclusive jurisdiction of the courts of Manitoba.

15.03 Severability. Each provision of this Agreement is intended to be severable. If any provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

15.04 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had all signed the same document. This Agreement may also be adopted in any Subscription Form, Transfer and Assignment Form or similar instruments signed by a Limited Partner, with the same effect as if such Limited Partner has executed a counterpart of this Agreement. All counterparts and adopting instruments shall be construed together and shall constitute one and the same agreement.

15.05 Time. Time shall be of the essence hereof.

15.06 Further Assurances. The parties hereto agree to execute and deliver such further and other documents and perform and cause to be performed such further and other act and things as may be necessary or desirable in order to give full effect to this Agreement and every part thereof.

15.07 Limited Partner not a General Partner. In the event any provision of this Agreement should have the effect of imposing upon a Limited Partner any of the obligations of the General Partner or any right to take an active part in the business of the Partnership, such provisions shall be of no force and effect and shall not be considered a part of this Agreement, but the remainder of this Agreement shall continue in effect.

15.08 Binding Effect. Subject to the restrictions on assignment and transfer herein provided for, this Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, personal representatives, successors, and assigns.


IN WITNESS WHEREOF the parties have executed this Agreement the day and year first above written.

SCITECH MANAGEMENT INC.

Per: 
Janice Y. Lederman, President

Per: 
James Umlah, Chief Executive Officer

CROCUS INVESTMENT FUND

Per: 
Janice Y. Lederman, Vice-President

Per: 
James Umlah, Vice-President

LIMITED PARTNERS, by their Attorney in-fact,
Scitech Management Inc., the General Partner

Per: 
Janice Y. Lederman, President

Per: 
James Umlah, Chief Executive Officer

SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY FORM (MANITOBA)

TO: SCITECH MANAGEMENT INC. (the "General Partner")

AND TO: MANITOBA SCIENCE AND TECHNOLOGY FUND LIMITED PARTNERSHIP (the "Partnership")

DATE: _____, 1999

Interpretation

Terms, the first letters of which are capitalized and which are not otherwise specifically defined herein, shall have the meanings attributed to them respectively in the Offering Memorandum (as defined below). This "Agreement" means this Subscription Agreement and Power of Attorney Form.

Subscription

The undersigned (the "**Subscriber**") hereby irrevocably subscribes for _____ Units (the "**Purchased Units**") of the Partnership at a price of \$1,000 per Unit for aggregate Subscription Proceeds of \$_____ (the Minimum Subscription is \$25,000 for 25 Units) as described in the Manitoba Offering Memorandum of the Partnership dated June 7, 1999 (the "**Offering Memorandum**"), receipt of which is hereby acknowledged by the Subscriber, on the terms and conditions set forth in the Offering Memorandum, the Partnership Agreement and this Agreement.

Payment

The Subscriber tenders herewith, in full payment of the aggregate amount of the Subscription Proceeds, a certified cheque, bank draft or money order payable to the Escrow Agent in the aggregate amount of \$1,000 for each Unit subscribed for hereunder to be held by the Escrow Agent in accordance with the Escrow Agreement.

Conditions

The Subscriber acknowledges that participation in the Partnership is subject to acceptance of this Agreement by the General Partner, to full payment of the Subscription Proceeds, and to certain other conditions set forth in the Offering Memorandum and the Partnership Agreement including the satisfaction of the Conditions Precedent to Closing as set forth in the Offering Memorandum. The Subscriber acknowledges that the Subscriber will become a party to the Partnership Agreement upon acceptance of this Agreement by the General Partner, in accordance with the Partnership Agreement, and will become a Limited Partner upon being recorded in the Register maintained by the General Partner. **The Subscriber agrees that this Subscription is given for valuable consideration and may not be revoked or withdrawn except in the limited circumstances contemplated herein.**

Escrow

This Agreement and the Subscription Proceeds tendered herewith shall be held by the Escrow Agent and released to the General Partner on behalf of the Partnership upon satisfaction of all Conditions Precedent to Closing on or before the Closing Date and upon acceptance of this Agreement by the General Partner on behalf of the Partnership. The Subscription Proceeds shall be returned to the Subscriber, without interest or deduction, at the address indicated below if any of the Conditions Precedent to Closing are not satisfied on or before the Closing Date or if this Agreement is not accepted.

Exempt Trade

The purchase and sale of the Purchased Units is conditional upon such purchase and sale being exempt from the prospectus requirements of applicable securities legislation, rules, regulations and policy statements (collectively, "Securities Laws").

Representations, Warranties and Acknowledgments

The Subscriber represents, warrants, declares, certifies, acknowledges and agrees, and acknowledges that the Partnership, the General Partner, the Agent and their respective counsel are relying thereon in connection with the issuance and sale of Units, that the Subscriber:

- (a) has received, reviewed and fully understands the Offering Memorandum and the Schedules attached thereto and has had the opportunity to review the Partnership Agreement and the Schedules thereto, and has utilized all information the Subscriber deems necessary for the purposes of making an informed investment decision and to verify the accuracy and completeness of the information contained therein and herein;
- (b) is aware that no prospectus has been prepared or filed by the Partnership with any securities commission or similar authority in connection with the offering and sale of the Units and that the offering and sale of the Units is made pursuant to and in accordance with Order No. 2424 of The Manitoba Securities Commission dated February 12, 1999, a copy of which is attached as a schedule to the Offering Memorandum (the "Order"), and also that:
 - (i) the Partnership is relieved from certain obligations, including those respecting the filing and provision of information, that would otherwise apply under Securities Laws if a prospectus were prepared under applicable Securities Laws in connection with the offering and sale of Units; and
 - (ii) the Subscriber is restricted from using most of the civil remedies available under applicable Securities Laws;

- (c) fully understands the nature and extent of the Subscriber's liability in respect of this investment and is fully capable of bearing any loss associated with this investment and has reviewed and fully understands all risks associated with this investment as described in the Offering Memorandum;
- (d) realizes that:
 - (i) the purchase of the Purchased Units is a long-term investment; and
 - (ii) there is no public market for the Units and the Subscriber may not be able to liquidate the Subscriber's investment in the event of an emergency, or pledge the Purchased Units as collateral security for loans;
- (e) is aware that there are restrictions on resale imposed by Securities Laws and by the Order applicable to the Purchased Units and that the Subscriber has been advised to consult independent legal counsel with respect to applicable restrictions on resale of the Purchased Units and that the Subscriber is solely responsible for compliance with the restrictions on resale imposed by the Securities Laws and the Order. In particular, the Subscriber is aware that the Purchased Units may not be sold or transferred for a period of 12 months following the date of issuance of the Purchased Units, except in certain circumstances set out in the Order;
- (f) is:
 - (i) a resident of Manitoba;
 - (ii) not a "non-resident" of Canada within the meaning of the *Income Tax Act* (Canada)
 - (iii) not a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada);
 - (iv) purchasing the Purchased Units as principal for the Subscriber's own account and not for the benefit of any other person, or is a trust company registered under Part XVI of *The Corporations Act* (Manitoba) purchasing the Purchased Units as trustee for accounts fully managed by it; and
 - (v) purchasing the Purchased Units for investment only and not with a view to resale or distribution;
- (g) was not incorporated or created solely to permit the purchase of Units in reliance upon the Order without a prospectus;
- (h) has good right, full power and capacity and absolute authority to execute this Agreement and all actions and all necessary approvals of directors, shareholders,

partners and members of the Subscriber or otherwise have been taken or given to authorize the Subscriber to execute and deliver and perform the Subscriber's obligations under this Agreement;

- (i) in connection with the subscription for and purchase of the Purchased Units, has not relied upon any representations nor upon any material, other than the Offering Memorandum, which appears or purports to describe the Units or the business and affairs of the Partnership;
- (j) did not purchase the Purchased Units through, or as a result of, and the distribution of the Units is not being accompanied by, any advertisement;
- (k) is executing and delivering this Agreement for valuable consideration and that this Agreement will not be withdrawn or revoked by the Subscriber and that the acceptance of the Agreement shall be effective upon the execution of this Agreement by the General Partner on behalf of the Partnership;
- (l) acknowledges that this Agreement may be accepted by the General Partner on behalf of the Partnership in whole or in part, and that the General Partner may allot to the Subscriber less than the number of Units subscribed for hereunder;
- (m) has duly completed and executed and hereby delivers the Investor Declaration attached hereto as Appendix 1 confirming the Subscriber's eligibility to purchase Units in accordance with the Order, and that the Subscriber will, if required by Securities Laws or by a policy or order of The Manitoba Securities Commission, file or assist the Partnership or the General Partner in filing such reports, declarations or other documents with respect to this transaction as may be required;
- (n) represents, warrants and certifies that the information contained in the Investor Declaration delivered herewith is true and correct;
- (o) has duly executed and delivered this Agreement and that this Agreement constitutes a legal, valid and binding obligation of the Subscriber, enforceable against the Subscriber in accordance with its terms;
- (p) acknowledges that the Agent, the Partnership, the General Partner, their respective officers, directors, employees and advisors have encouraged the Subscriber to seek professional advice (including legal advice) with respect to this subscription for Units from the Subscriber's own advisors (including legal advisors) and the Subscriber has either received such advice or has independently determined not to seek such advice;
- (q) acknowledges that the Partnership cannot and no person has made any written or oral representations that:

- (i) any person will resell or repurchase the Units;
 - (ii) any person will refund the Subscription Proceeds; or
 - (iii) as to the future price or value of the Units;
- (r) is not a "tax shelter investment" as that term is defined in the *Income Tax Act*;
- (s) has not financed the acquisition of the Purchased Units with a financing for which recourse is or is deemed to be limited and the Subscriber and any person with whom the Subscriber does not deal at arm's length does not expect to receive or enjoy, directly or indirectly, any other "prescribed benefit" in respect of the Purchased Units within the meaning of the *Income Tax Act*.

A "prescribed benefit" includes any amount, having regard to statements or representations made in respect of the Purchased Units, that may reasonably be expected to be received or made available to the Subscriber or a person who does not deal at arm's length with the Subscriber which would have the effect of reducing the impact of any loss that the Subscriber may sustain by virtue of acquiring, holding or disposing of an interest in the Purchased Units. A prescribed benefit also includes a limited recourse amount and an amount that is deemed to be a limited recourse amount. A limited recourse amount includes:

- (i) debt interest at less than the lesser of the rate prescribed by the *Income Tax Act* at the time the debt is incurred or the rate prescribed at that time;
 - (ii) debt in respect of which bona fide written arrangements were not made, at the time the debt was incurred, for repayment of principal and interest within a reasonable period not exceeding 10 years; and
 - (iii) debt in respect of which interest is not paid within 60 days of the end of the debtor's tax year.
- (t) will ensure that the Subscriber's status as described above will not be modified and the Subscriber will not knowingly transfer the Subscriber's Purchased Units in whole or in part to a person who is not able to make the representations, warranties, acknowledgements, declarations, certifications and agreements contained in this Agreement, as applicable.

The Subscriber shall promptly provide evidence of the foregoing representations, warranties, certifications, declarations, acknowledgments and agreements at any time or times as the General Partner requires. The Subscriber acknowledges that the foregoing representations, warranties, certifications, declarations, acknowledgments and agreements are made with the intent that they may be relied upon in determining the Subscriber's eligibility to purchase the Purchased Units,

including under applicable Securities Laws. The representations, warranties, certifications, declarations, acknowledgements and agreements contained in this Agreement shall survive the completion of the transaction provided for in this Agreement and shall continue in full force and effect.

The Subscriber shall indemnify and save harmless the Partnership, the General Partner, each other Limited Partner, the Agent and each of their respective directors, officers, agents, employees or partners (the "**Indemnified Parties**") from and against any claims, demands, actions, causes of action, damage, loss, costs, liability or expense, including expenses and costs of lawyers, accountants and other professionals, consequential damages and statutory penalties and interest ("**Claims**") which may be made or brought against one or more of the Indemnified Parties and/or which one or more of them may suffer or incur as a result of or arising out of any incorrectness in or breach of any representation, warranty, declaration, certification, acknowledgment or agreement of the Subscriber pursuant hereto. This indemnity shall survive the Closing of the offering of Units and the issue of the Purchased Units to the Subscriber.

Power of Attorney

The Subscriber hereby irrevocably nominates, constitutes and appoints the General Partner to act, with full power of substitution, as the Subscriber's true and lawful attorney and agent to act on the Subscriber's behalf, with full power and authority in the name, place and stead of the Subscriber to execute (under seal or otherwise), swear to, acknowledge, deliver, file and record as and when required any and all of the following:

- (a) the Partnership Agreement and any amendment thereto, the Certificate, declaration of change form or any amendment thereto or any other instrument required to form, qualify, continue and keep the Partnership in good standing as a limited partnership or otherwise in compliance with the laws of Manitoba in order to maintain the limited liability of the Limited Partners and to comply with all applicable laws, including those of Manitoba, Ontario and Quebec;
- (b) all certificates, instruments, documents and other papers (including, without limitation, any business certificate, name certificate, certificate of limited partnership and additional powers of attorney) and amendments thereto that may be required under the laws of Manitoba or required by an appropriate governmental body or agency which the General Partner deems appropriate or necessary, to qualify or to continue the qualification of the Partnership as a limited partnership, to carry on the object and intent of the Partnership and to conduct and give effect to the business and affairs of the Partnership as authorized pursuant to the Partnership Agreement;
- (c) any instrument required in connection with any election, determination or designation, or any registration or returns relating to the Partnership that may be made or filed under the *Income Tax Act* (Canada) or any analogous fiscal legislation in Canada, any of the Provinces of Canada or in any other jurisdiction;

- (d) all conveyances, agreements and instruments which the General Partner deems appropriate or necessary to effect and reflect the dissolution or termination of the Partnership pursuant to the terms of the Partnership Agreement, including the cancellation of any declaration;
- (e) any document as may be necessary to amend the Certificate or like instrument or which the General Partner deems appropriate to effect and reflect cancellation, repurchase or assignment of a Unit, to admit, substitute or delete Partners, to sell, exchange or dispose of assets or property of the Partnership, to borrow money and otherwise to enter into transactions in the name of or otherwise on behalf of the Partnership, provided that such amendments or other actions are made in accordance with the terms of the Partnership Agreement;
- (f) any instrument or document on behalf of and in the name of the Partnership that may be necessary for the purpose of:
 - (i) adding to the Partnership Agreement or any other agreement or document delivered in connection with the offering of Units by the Partnership, any further covenants, restrictions, deletions or provisions which, in the reasonable opinion of counsel to the Partnership, do not materially adversely affect the rights of any Limited Partner unless they are necessary for the protection of the Limited Partners;
 - (ii) curing any ambiguity, or to correct or supplement any provision contained in the Partnership Agreement which, in the reasonable opinion of counsel to the Partnership, may be defective or inconsistent with any other provisions contained therein, provided that such cure, correction or supplemental provision does not and will not, in the reasonable opinion of such counsel, materially adversely affect the interests of the Limited Partners;
 - (iii) making such other provisions in regard to matters or questions arising under agreements or documents contemplated in connection with the offering of Units or the business of the Partnership which, in the reasonable opinion of counsel to the Partnership, do not and will not materially adversely affect the interests of the Limited Partners;
 - (iv) carrying out fully the Partnership Agreement in accordance with its terms including without limitation, guarantees, share subscriptions, debt instruments and general security agreements; and
 - (v) any acknowledgment of service or any document evidencing receipt of lawful notices relating to matters regarding the Partnership.

This power of attorney shall be irrevocable, shall be deemed to be a power coupled with an interest and, to the extent permitted by law, is valid and binding on the estate of the Subscriber and will

survive and be exercisable during any subsequent legal incapacity of the Subscriber, will survive the death of the Subscriber, the assignment of all or any part of the Subscriber's interest in the Partnership (except where the transferee thereof has been approved by the General Partner for admission to the Partnership as a substituted Limited Partner in which case the power shall survive such transfer with respect to the interest so transferred only for the purpose of enabling the General Partner to execute, and file any instruments necessary to effect such substitution) and extends to and is binding upon the heirs, executors, administrators, and other legal representatives and the successors and assigns of the Subscriber.

This power of attorney shall continue in respect of the General Partner so long as it is the general partner of the Partnership, and shall terminate thereafter, but shall continue in respect of a new general partner as if the new general partner were the original attorney.

The power of attorney granted herein may be exercised by the General Partner executing on behalf of the Subscriber any instrument by listing all of the Limited Partners to be bound by such instrument with a single signature as attorney and agent for all of them.

Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Manitoba and the laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of Manitoba with respect to any matters arising out of this agreement.

Assignment

This Agreement is not assignable by the parties hereto.

Time

Time shall be of the essence of this Agreement.

Entire Agreement

This Agreement contains the entire agreement of the parties hereto relating to the subject matter of this Agreement and there are no representations, warranties, promises, covenants or collateral or other agreements, express or implied, related to such subject matter hereof except as stated or referred to in this Agreement.

Enurement

This Agreement enures to the benefit of and is binding upon the parties hereto and their respective heirs, executors, personal representatives, successors and permitted assigns.

Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, words importing gender include all genders and words in the singular include the plural and vice versa.

Registration

If the Subscriber is a client of the Agent, the Purchased Units will be registered in the name of First Marathon Securities Limited, unless otherwise indicated in the space below.

DATED the date set forth on the first page hereof.

If the Subscriber is an individual:

Witness

Signature of Subscriber

Name of Witness

Full Legal Name of Subscriber

Qualification to be Witness
(Must be signed in front of a Notary Public for the Province of Manitoba, a lawyer entitled to practice in the Province of Manitoba, a duly qualified medical practitioner, a justice of the peace, magistrate or provincial judge, a member of the Royal Canadian Mounted Police, a member of a municipal police force in Manitoba who exercises powers of a peace officer, a judge of a superior court of the Province of Manitoba, or an individual registered under Section 3 of *The Marriage Act* (Manitoba) to solemnize marriages)

Mailing Address

City, Province, Postal Code

Telephone Number

Agent Account No. (if applicable)

If the Subscriber is not an individual:

Name of Subscriber

By: _____
Signature of Authorized Signatory

Authorized Signatory's Name and Title

Mailing Address

City, Province, Postal Code

Telephone Number

Agent Account No. (if applicable)

ACCEPTANCE

THIS AGREEMENT ACCEPTED this _____ day of _____, 1999.

**MANITOBA SCIENCE AND
TECHNOLOGY FUND LIMITED
PARTNERSHIP, by its general
partner,**

SCITECH MANAGEMENT INC.

Per: _____

Title: _____

CONTRACTUAL RIGHTS OF ACTION

For valuable consideration, the undersigned hereby agree to the following contractual rights of action applicable to each of the undersigned as referred to below:

A person or company who purchases a security (a 'purchaser'):

- (a) will not be bound by a contract for the purchase of the security if the person or company from whom the security was purchased or his agent receives written or telegraphic notice evidencing the purchaser's intention not to be bound not later than midnight on the second business day after receipt or deemed receipt by the purchaser or his agent of the Offering Memorandum or amended Offering Memorandum; and
- (b) has the right to rescind a contract for the purchase of the security, while still the owner thereof, if the Offering Memorandum and any amended Offering Memorandum, as of the date of receipt or deemed receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right may be commenced by a purchaser after the expiration of the later of 180 days from the date of receipt or deemed receipt of the Offering Memorandum or amended Offering Memorandum by the purchaser or the agent of the purchaser, or the date of the contract for the purchase of the security.

In the event that the Offering Memorandum or amended Offering Memorandum contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made, a purchaser also has a right of action for damages against every person or company who, signed either of the certificates required in the Offering Memorandum and amended Offering Memorandum and against every director who, on the date the Offering Memorandum or amended Offering Memorandum was signed, was a director of the person or company who signed such certificates for any loss or damage that the purchaser has sustained as a result of the purchase of the security, unless it is proved:

- (i) that the Offering Memorandum or amended Offering Memorandum was delivered to prospective purchasers of the security without the director's knowledge or consent;
- (ii) that, after the delivery of the Offering Memorandum or amended Offering Memorandum to the purchaser and before the purchase of the security by the purchaser, on becoming aware of any false statement in the Offering Memorandum or amended Offering Memorandum, the director withdrew his consent to the delivery of the Offering Memorandum or amended Offering Memorandum to prospective purchasers and gave reasonable public notice of such withdrawal and of the reason therefor;
- (iii) that, with respect to every false statement, the director has reasonable grounds to believe and did believe that the statement was true;

Partnership, provided that such amendments or other actions are made in accordance with the terms of the Partnership Agreement;

- (f) any instrument or document on behalf of and in the name of the Partnership that may be necessary for the purpose of:
 - (i) adding to the Partnership Agreement or any other agreement or document delivered in connection with the offering of Units by the Partnership, any further covenants, restrictions, deletions or provisions which, in the reasonable opinion of counsel to the Partnership, do not materially adversely affect the rights of any Limited Partner unless they are necessary for the protection of the Limited Partners;
 - (ii) curing any ambiguity, or to correct or supplement any provision contained in the Partnership Agreement which, in the reasonable opinion of counsel to the Partnership, may be defective or inconsistent with any other provisions contained therein, provided that such cure, correction or supplemental provision does not and will not, in the reasonable opinion of such counsel, materially adversely affect the interests of the Limited Partners;
 - (iii) making such other provisions in regard to matters or questions arising under agreements or documents contemplated in connection with the offering of Units or the business of the Partnership which, in the reasonable opinion of counsel to the Partnership, do not and will not materially adversely affect the interests of the Limited Partners;
 - (iv) carrying out fully the Partnership Agreement in accordance with its terms including without limitation, guarantees, share subscriptions, debt instruments and general security agreements; and
 - (v) any acknowledgment of service or any document evidencing receipt of lawful notices relating to matters regarding the Partnership.

This power of attorney shall be irrevocable, shall be deemed to be a power coupled with an interest and, to the extent permitted by law, is valid and binding on the estate of the Subscriber and will survive and be exercisable during any subsequent legal incapacity of the Subscriber, will survive the death of the Subscriber, the assignment of all or any part of the Subscriber's interest in the Partnership (except where the transferee thereof has been approved by the General Partner for admission to the Partnership as a substituted Limited Partner in which case the power shall survive such transfer with respect to the interest so transferred only for the purpose of enabling the General Partner to execute, and file any instruments necessary to effect such substitution) and extends to and is binding upon the heirs, executors, administrators, and other legal representatives and the successors and assigns of the Subscriber.

This power of attorney shall continue in respect of the General Partner so long as it is the general partner of the Partnership, and shall terminate thereafter, but shall continue in respect of a new general partner as if the new general partner were the original attorney.

The power of attorney granted herein may be exercised by the General Partner executing on behalf of the Subscriber any instrument by listing all of the Limited Partners to be bound by such instrument with a single signature as attorney and agent for all of them.

Contractual Rights of Action

In the event that the Offering Memorandum contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statement therein not misleading in light of the circumstances in which it was made (herein called a "Misrepresentation") and it was a Misrepresentation on the date of investment, the Subscriber shall have, subject as hereinafter in this paragraph provided, a right, exercisable on written notice given no more than 180 days subsequent to the date of investment on which payment was made for the Units, either of action for damages or alternatively of rescission against the Partnership (while still the owner of any of the securities offered pursuant to the Offering Memorandum) provided that:

- (a) the Partnership will not be held liable under this paragraph if the Subscriber purchased the securities with knowledge of the Misrepresentation;
- (b) in an action for damages, the Partnership is not liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon;
- (c) in no case will the amount recoverable under this paragraph exceed the price at which the securities were sold to the Subscriber; and
- (d) the right herein conferred will be deemed to be in addition to any other right or remedy available to the subscriber at law.

Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Manitoba and the laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of Manitoba with respect to any matters arising out of this agreement.

Assignment

This Agreement is not assignable by the parties hereto.

Time

Time shall be of the essence of this Agreement.

Entire Agreement

This Agreement contains the entire agreement of the parties hereto relating to the subject matter of this Agreement and there are no representations, warranties, promises, covenants or collateral or other agreements, express or implied, related to such subject matter hereof except as stated or referred to in this Agreement.

Enurement

This Agreement enures to the benefit of and is binding upon the parties hereto and their respective heirs, executors, personal representatives, successors and permitted assigns.

Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, words importing gender include all genders and words in the singular include the plural and vice versa.

DATED the date set forth on the first page hereof.

If the Subscriber is an individual:

Witness

Signature of Subscriber

Name of Witness

Full Legal Name of Subscriber

Qualification to be Witness
(Must be signed in front of a Notary Public for the Province of Manitoba, a lawyer entitled to practice in the Province of Manitoba, a duly qualified medical practitioner, a justice of the peace, magistrate or provincial judge, a member of the Royal Canadian Mounted Police, a member of a municipal police force in Manitoba who exercises powers of a peace officer, a judge of a superior court of the Province of Manitoba, or an individual registered under Section 3 of *The Marriage Act* (Manitoba) to solemnize marriages)

Mailing Address

City, Province, Postal Code

Telephone Number

If the Subscriber is not an individual:

Name of Subscriber

By: _____
Signature of Authorized Signatory

Authorized Signatory's Name and Title

Mailing Address

City, Province, Postal Code

Telephone Number

ACCEPTANCE

THIS AGREEMENT ACCEPTED this _____ day of _____, 1999.

**MANITOBA SCIENCE AND
TECHNOLOGY FUND LIMITED
PARTNERSHIP, by its general
partner,**

SCITECH MANAGEMENT INC.

Per: _____

Title: _____

SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY FORM (QUEBEC)

TO: SCITECH MANAGEMENT INC. (the "General Partner")

AND TO: MANITOBA SCIENCE AND TECHNOLOGY FUND LIMITED PARTNERSHIP (the "Partnership")

DATE: _____, 1999

Subscription

The undersigned (the "**Subscriber**") hereby irrevocably subscribes for 1,000 Units (the "**Purchased Units**") of the Partnership at a price of \$1,000 per Unit for aggregate subscription proceeds of \$1,000,000 (the "**Subscription Proceeds**") on the terms and conditions set forth in this Agreement.

Payment

The Subscriber tenders herewith, in full payment of the aggregate amount of the Subscription Proceeds, a certified cheque, bank draft or money order payable to the Fillmore Riley (the "**Escrow Agent**") in the aggregate amount of \$1,000 for each Unit subscribed for hereunder to be held by the Escrow Agent in accordance with the Escrow Agreement between the Escrow Agent and the Partnership.

Conditions

The Subscriber acknowledges that participation in the Partnership is subject to acceptance of this Agreement by the General Partner, to full payment of the Subscription Proceeds, and to certain other conditions. The Subscriber acknowledges that the Subscriber will become a party to the amended and restated limited partnership agreement of the Partnership (the "**Partnership Agreement**") upon acceptance of this Agreement by the General Partner, in accordance with the Partnership Agreement, and will become a limited partner of the Partnership upon being recorded in the Partnership register maintained by the General Partner. **The Subscriber agrees that this Subscription is given for valuable consideration and may not be revoked or withdrawn except in the limited circumstances contemplated herein.**

Escrow

This Agreement and the Subscription Proceeds tendered herewith shall be held by the Escrow Agent and released to the General Partner on behalf of the Partnership upon satisfaction of all "**Conditions**" (as defined in the Escrow Agreement) on or before June 15, 1999 (the "**Closing Date**") and upon acceptance of this Agreement by the General Partner on behalf of the Partnership. The Subscription Proceeds shall be returned to the Subscriber, without interest or deduction, at the address indicated below if any of the Conditions are not satisfied on or before the Closing Date or if this Agreement is not accepted.

Exempt Trade

The purchase and sale of the Purchased Units is conditional upon such purchase and sale being exempt from the prospectus requirements of applicable securities legislation, rules, regulations and policy statements (collectively, "Securities Laws").

Representations, Warranties and Acknowledgments

The Subscriber represents, warrants, declares, certifies, acknowledges and agrees, and acknowledges that the Partnership, the General Partner and their respective counsel are relying thereon in connection with the issuance and sale of Units, that the Subscriber:

- (a) has utilized all information the Subscriber deems necessary for the purposes of making an informed investment decision and to verify the accuracy and completeness of the information contained therein and herein;
- (b) is aware that no prospectus has been prepared or filed by the Partnership with any securities commission or similar authority in connection with the offering and sale of the Units and that the offering and sale of the Units is subject to such offering and sale being exempt from the registration and prospectus requirements of applicable Securities Laws, and also that:
 - (i) the Partnership is relieved from certain obligations, including those respecting the filing and provision of information, that would otherwise apply under Securities Laws if a prospectus were prepared under applicable Securities Laws in connection with the offering and sale of Units; and
 - (ii) the Subscriber is restricted from using most of the civil remedies available under applicable Securities Laws;
- (c) fully understands the nature and extent of the Subscriber's liability in respect of this investment and is fully capable of bearing any loss associated with this investment and has reviewed and fully understands all risks associated with this investment;
- (d) realizes that:
 - (i) the purchase of the Purchased Units is a long-term investment; and
 - (ii) there is no public market for the Units and the Subscriber may not be able to liquidate the Subscriber's investment in the event of an emergency, or pledge the Purchased Units as collateral security for loans;
- (e) is aware that there are restrictions on resale imposed by Securities Laws applicable to the Purchased Units and that the Subscriber has been advised to consult

independent legal counsel with respect to applicable restrictions on resale of the Purchased Units and that the Subscriber is solely responsible for compliance with the restrictions on resale imposed by the Securities Laws;

- (f) is:
 - (i) a resident of Quebec;
 - (ii) not a "non-resident" of Canada within the meaning of the *Income Tax Act* (Canada)
 - (iii) not a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada);
 - (iv) purchasing the Purchased Units as principal for the Subscriber's own account and not for the benefit of any other person; and
 - (v) purchasing the Purchased Units for investment only and not with a view to resale or distribution;
- (g) was not incorporated or created solely to permit the purchase of Units without a prospectus;
- (h) has good right, full power and capacity and absolute authority to execute this Agreement and all actions and all necessary approvals of directors, shareholders, partners and members of the Subscriber or otherwise have been taken or given to authorize the Subscriber to execute and deliver and perform the Subscriber's obligations under this Agreement;
- (i) in connection with the subscription for and purchase of the Purchased Units, has not relied upon any representations nor upon any material which appears or purports to describe the Units or the business and affairs of the Partnership;
- (j) did not purchase the Purchased Units through, or as a result of, and the distribution of the Units is not being accompanied by, any advertisement;
- (k) is executing and delivering this Agreement for valuable consideration and that this Agreement will not be withdrawn or revoked by the Subscriber and that the acceptance of the Agreement shall be effective upon the execution of this Agreement by the General Partner on behalf of the Partnership;
- (l) acknowledges that this Agreement may be accepted by the General Partner on behalf of the Partnership in whole or in part, and that the General Partner may allot to the Subscriber less than the number of Units subscribed for hereunder;

- (m) will, if required by Securities Laws or by a policy or order of any securities commission or similar authority file or assist the Partnership or the General Partner in filing such reports, declarations or other documents with respect to this transaction as may be required;
- (n) has duly executed and delivered this Agreement and that this Agreement constitutes a legal, valid and binding obligation of the Subscriber, enforceable against the Subscriber in accordance with its terms;
- (o) acknowledges that the Partnership, the General Partner, their respective officers, directors, employees and advisors have encouraged the Subscriber to seek professional advice (including legal advice) with respect to this subscription for Units from the Subscriber's own advisors (including legal advisors) and the Subscriber has either received such advice or has independently determined not to seek such advice;
- (p) acknowledges that the Partnership cannot and no person has made any written or oral representations that:
 - (i) any person will resell or repurchase the Units;
 - (ii) any person will refund the Subscription Proceeds; or
 - (iii) as to the future price or value of the Units;
- (q) is not a "tax shelter investment" as that term is defined in the *Income Tax Act* (Canada);
- (r) has not financed the acquisition of the Purchased Units with a financing for which recourse is or is deemed to be limited and the Subscriber and any person with whom the Subscriber does not deal at arm's length does not expect to receive or enjoy, directly or indirectly, any other "prescribed benefit" in respect of the Purchased Units within the meaning of the *Income Tax Act* (Canada).

A "prescribed benefit" includes any amount, having regard to statements or representations made in respect of the Purchased Units, that may reasonably be expected to be received or made available to the Subscriber or a person who does not deal at arm's length with the Subscriber which would have the effect of reducing the impact of any loss that the Subscriber may sustain by virtue of acquiring, holding or disposing of an interest in the Purchased Units. A prescribed benefit also includes a limited recourse amount and an amount that is deemed to be a limited recourse amount. A limited recourse amount includes:

- (i) debt interest at less than the lesser of the rate prescribed by the *Income Tax Act (Canada)* at the time the debt is incurred or the rate prescribed at that time;
 - (ii) debt in respect of which bona fide written arrangements were not made, at the time the debt was incurred, for repayment of principal and interest within a reasonable period not exceeding 10 years; and
 - (iii) debt in respect of which interest is not paid within 60 days of the end of the debtor's tax year.
- (s) will ensure that the Subscriber's status as described above will not be modified and the Subscriber will not knowingly transfer the Subscriber's Purchased Units in whole or in part to a person who is not able to make the representations, warranties, acknowledgements, declarations, certifications and agreements contained in this Agreement, as applicable;

The Subscriber shall promptly provide evidence of the foregoing representations, warranties, certifications, declarations, acknowledgments and agreements at any time or times as the General Partner requires. The Subscriber acknowledges that the foregoing representations, warranties, certifications, declarations, acknowledgments and agreements are made with the intent that they may be relied upon in determining the Subscriber's eligibility to purchase the Purchased Units, including under applicable Securities Laws. The representations, warranties, certifications, declarations, acknowledgments and agreements contained in this Agreement shall survive the completion of the transaction provided for in this Agreement and shall continue in full force and effect.

The Subscriber shall indemnify and save harmless the Partnership, the General Partner, each other Limited Partner and each of their respective directors, officers, agents, employees or partners (the "**Indemnified Parties**") from and against any claims, demands, actions, causes of action, damage, loss, costs, liability or expense, including expenses and costs of lawyers, accountants and other professionals, consequential damages and statutory penalties and interest ("**Claims**") which may be made or brought against one or more of the Indemnified Parties and/or which one or more of them may suffer or incur as a result of or arising out of any incorrectness in or breach of any representation, warranty, declaration, certification, acknowledgment or agreement of the Subscriber pursuant hereto. This indemnity shall survive the closing of the offering of Units and the issue of the Purchased Units to the Subscriber.

Power of Attorney

The Subscriber hereby irrevocably nominates, constitutes and appoints the General Partner to act, with full power of substitution, as the Subscriber's true and lawful attorney and agent to act on the Subscriber's behalf, with full power and authority in the name, place and stead of the Subscriber to execute (under seal or otherwise), swear to, acknowledge, deliver, file and record as and when required any and all of the following:

- (a) the Partnership Agreement and any amendment thereto, the certificate of the Partnership, declaration of change form or any amendment thereto or any other instrument required to form, qualify, continue and keep the Partnership in good standing as a limited partnership or otherwise in compliance with the laws of Manitoba in order to maintain the limited liability of the Limited Partners and to comply with all applicable laws, including those of Manitoba, Ontario and Quebec;
- (b) all certificates, instruments, documents and other papers (including, without limitation, any business certificate, name certificate, certificate of limited partnership and additional powers of attorney) and amendments thereto that may be required under the laws of Manitoba or required by an appropriate governmental body or agency which the General Partner deems appropriate or necessary, to qualify or to continue the qualification of the Partnership as a limited partnership, to carry on the object and intent of the Partnership and to conduct and give effect to the business and affairs of the Partnership as authorized pursuant to the Partnership Agreement;
- (c) any instrument required in connection with any election, determination or designation, or any registration or returns relating to the Partnership that may be made or filed under the *Income Tax Act (Canada)* or any analogous fiscal legislation in Canada, any of the Provinces of Canada or in any other jurisdiction;
- (d) all conveyances, agreements and instruments which the General Partner deems appropriate or necessary to effect and reflect the dissolution or termination of the Partnership pursuant to the terms of the Partnership Agreement, including the cancellation of any declaration;
- (e) any document as may be necessary to amend the Certificate or like instrument or which the General Partner deems appropriate to effect and reflect cancellation, repurchase or assignment of a Unit, to admit, substitute or delete partners, to sell, exchange or dispose of assets or property of the Partnership, to borrow money and otherwise to enter into transactions in the name of or otherwise on behalf of the Partnership, provided that such amendments or other actions are made in accordance with the terms of the Partnership Agreement;
- (f) any instrument or document on behalf of and in the name of the Partnership that may be necessary for the purpose of:
 - (i) adding to the Partnership Agreement or any other agreement or document delivered in connection with the offering of Units by the Partnership, any further covenants, restrictions, deletions or provisions which, in the reasonable opinion of counsel to the Partnership, do not materially adversely affect the rights of any Limited Partner unless they are necessary for the protection of the Limited Partners;

- (ii) curing any ambiguity, or to correct or supplement any provision contained in the Partnership Agreement which, in the reasonable opinion of counsel to the Partnership, may be defective or inconsistent with any other provisions contained therein, provided that such cure, correction or supplemental provision does not and will not, in the reasonable opinion of such counsel, materially adversely affect the interests of the Limited Partners;
- (iii) making such other provisions in regard to matters or questions arising under agreements or documents contemplated in connection with the offering of Units or the business of the Partnership which, in the reasonable opinion of counsel to the Partnership, do not and will not materially adversely affect the interests of the Limited Partners;
- (iv) carrying out fully the Partnership Agreement in accordance with its terms including without limitation, guarantees, share subscriptions, debt instruments and general security agreements; and
- (v) any acknowledgment of service or any document evidencing receipt of lawful notices relating to matters regarding the Partnership.

This power of attorney shall be irrevocable, shall be deemed to be a power coupled with an interest and, to the extent permitted by law, is valid and binding on the estate of the Subscriber and will survive and be exercisable during any subsequent legal incapacity of the Subscriber, will survive the death of the Subscriber, the assignment of all or any part of the Subscriber's interest in the Partnership (except where the transferee thereof has been approved by the General Partner for admission to the Partnership as a substituted Limited Partner in which case the power shall survive such transfer with respect to the interest so transferred only for the purpose of enabling the General Partner to execute, and file any instruments necessary to effect such substitution) and extends to and is binding upon the heirs, executors, administrators, and other legal representatives and the successors and assigns of the Subscriber.

This power of attorney shall continue in respect of the General Partner so long as it is the general partner of the Partnership, and shall terminate thereafter, but shall continue in respect of a new general partner as if the new general partner were the original attorney.

The power of attorney granted herein may be exercised by the General Partner executing on behalf of the Subscriber any instrument by listing all of the Limited Partners to be bound by such instrument with a single signature as attorney and agent for all of them.

Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Manitoba and the laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of Manitoba with respect to any matters arising out of this agreement.

Assignment

This Agreement is not assignable by the parties hereto.

Time

Time shall be of the essence of this Agreement.

Entire Agreement

This Agreement contains the entire agreement of the parties hereto relating to the subject matter of this Agreement and there are no representations, warranties, promises, covenants or collateral or other agreements, express or implied, related to such subject matter hereof except as stated or referred to in this Agreement.

Enurement

This Agreement enures to the benefit of and is binding upon the parties hereto and their respective heirs, executors, personal representatives, successors and permitted assigns.

Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, words importing gender include all genders and words in the singular include the plural and vice versa.

DATED the date set forth on the first page hereof.

Name of Subscriber

By: _____
Signature of Authorized Signatory

Authorized Signatory's Name and Title

Mailing Address

City, Province, Postal Code

Telephone Number

ACCEPTANCE

THIS AGREEMENT ACCEPTED this _____ day of _____, 1999.

**MANITOBA SCIENCE AND
TECHNOLOGY FUND LIMITED
PARTNERSHIP, by its general
partner,**

SCITECH MANAGEMENT INC.

Per: _____

Title: _____

**MANITOBA DEVELOPMENT CORPORATION AS AGENT FOR
AND ON BEHALF OF THE GOVERNMENT OF MANITOBA**

SUBSCRIPTION AGREEMENT

TO: SCITECH MANAGEMENT INC. (the "General Partner")

AND TO: MANITOBA SCIENCE AND TECHNOLOGY FUND LIMITED PARTNERSHIP

June 15, 1999

Subscription

Subject to the terms and conditions set forth in this Agreement, the Government of Manitoba by its agent, Manitoba Development Corporation, ("MDC") hereby irrevocably subscribes for such number of Class G Units of the Partnership (the "Purchased Units"), to a maximum of 5,000 Class G Units, as will result in MDC acquiring Class G Units with an aggregate subscription price equal to 25% of all subscription proceeds raised pursuant to the offering of units (the "Units") of the Partnership in Manitoba, Ontario and Quebec (including subscription proceeds payable hereunder) net of all fees payable to all sales agents in connection with the sale of Units, as described in a certain Offering Memorandum dated June 7, 1999 prepared by the Partnership with respect to the offering of Units for sale in Manitoba (the "Offering Memorandum"). The price per Class G Unit is \$1,000 making MDC's aggregate maximum subscription \$5,000,000.

Payment

The subscription proceeds payable by MDC are payable to the Partnership as the Partnership makes investments in Qualified Businesses. Notwithstanding the foregoing, the Class G Units subscribed for by MDC shall be issued to MDC on the closing of the offering of Units in Manitoba, Ontario and Quebec being made by the Partnership. Within four business days of the receipt by MDC of a written request by the General Partner to do so, MDC will pay to the General Partner, on behalf of the Partnership, an amount on account of its subscription proceeds equal to the amount of the investment in a Qualified Business being made by the Partnership multiplied by MDC's proportionate interest in the Partnership based on the numbers of Units held.

Prospectus Exemptions

The sale of the Purchased Units is conditional upon such sale being exempt from the prospectus requirements of applicable securities legislation, rules, regulations and policy statements (collectively, "Securities Laws").

Representations, Warranties and Acknowledgements

1. MDC represents, warrants and acknowledges that:

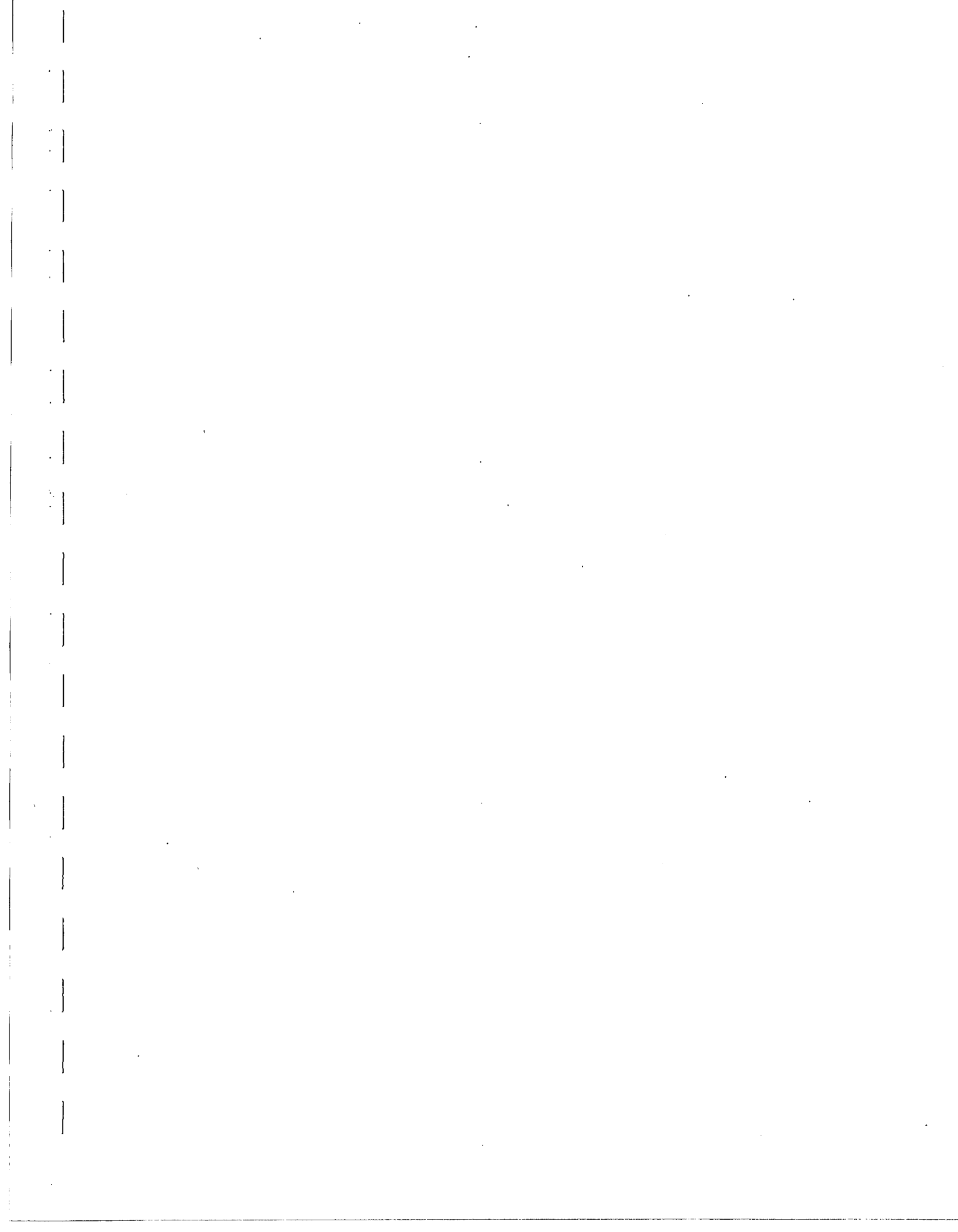
- (a) it has had the opportunity to ask and have answered any and all questions which it wished with respect to the business and affairs of the Partnership, the Purchased Units and the subscription and power of attorney hereby made and executed;
- (b) it is aware that no prospectus has been prepared or filed by the Partnership with any securities commission or similar authority in connection with the offering of the Units and that the offering and sale of the Units is made pursuant to and in accordance with Order No. 2424 of The Manitoba Securities Commission dated February 12, 1999, a copy of which is attached hereto as Appendix 1 (the "Order"), and also that:
 - (i) the Partnership is relieved from certain obligations, including those respecting the filing and provision of information, that would otherwise apply if a prospectus were provided under applicable Securities Laws in connection with the offering and sale of Units; and
 - (ii) it is restricted from using most of the civil remedies available under applicable Securities Laws;
- (c) it is solely responsible for compliance with restrictions on resale imposed by Securities Laws and by the Order;
- (d) it is purchasing the Units for investment only and not with a view to resale or distribution;
- (e) if required by applicable Securities Laws, it will file or assist the General Partner or the Partnership in filing, and hereby agrees that the General Partner or the Partnership may file such reports, undertakings and other documents with respect to the transaction provided for in this agreement as may be required by any securities commission or other regulatory authority. Without limitation, MDC will, as required by the Order, complete, execute and deliver to the General Partner an Investor Declaration in the form attached hereto as Appendix 2;
- (f) this agreement has been duly authorized, executed and delivered by, and constitutes a legal, valid and binding agreement of, the Government of Manitoba through its agent, MDC;
- (g) in connection with the subscription for and purchase of the Purchased Units, it has not relied upon any material which appears or purports to describe the Purchased Units or the business and affairs of the Partnership, with the exception of a letter of intent between the Government of Manitoba and Crocus Investment Fund dated November 4, 1997, the Proposal to the Province of Manitoba for the Manitoba Science and Technology Fund dated August 5, 1997, a letter from Crocus Investment Fund to Mr. John Meldrum dated January 25, 1999, the Offering Memorandum and draft #4 of the amended and restated limited partnership agreement in respect of the Partnership to be entered into as contemplated in the Offering Memorandum.

The representations, warranties and acknowledgements contained in this agreement shall survive the completion of the transaction provided for in this agreement and shall continue in full force and effect.

Conditions

MDC's subscription herein is expressly conditional on the following:

1. **Manager.** The General Partner, a wholly owned subsidiary of Crocus Investment Fund, shall have a separate investment advisory committee as hereinafter described. Acquisitions and divestitures of investments will be reviewed by this investment advisory committee which will advise the General Partner on investment decisions.
2. **Minimum Proceeds.** The Partnership will raise a minimum of \$10,000,000 and a maximum of \$30,000,000 (including the subscription proceeds payable by MDC hereunder) as a pool of capital to provide risk capital primarily in the range of \$50,000 to \$1,000,000 per investment to small and medium sized companies in the science and technology sectors of the Manitoba economy.
3. **Closing.** The first closing of the offering of Units shall be on or before June 15, 1999 and the final closing of the offering of Units, if necessary, shall be on or before June 15, 1999.
4. **Term.** The Partnership shall have a term expiring on or before December 31, 2007 (subject to extension of the term only by the limited partners by special resolution) with no new investments permitted after December 31, 2004 nor additional investments in Qualified Businesses in which the Partnership has already invested after December 31, 2006.
5. **Other Commitments.** The Partnership will provide to MDC, on or before the first closing, evidence of commitments to purchase Units from the following groups (the "Private Investors") in minimum amounts substantially as follows:
 - (a) Dr. Albert Friesen and associates – \$750,000;
 - (b) Crocus Investment Fund – at least \$2,500,000, to a maximum of 25% of the aggregate capital raised; and
 - (c) Retail or Institutional Investors (including any of the above) – the balance which, with MDC's subscription, achieves the minimum of \$10,000,000.
6. **Status Reports.** The General Partner will provide the Province of Manitoba with monthly status reports on Unit sales activities.
7. **Distributions.** Unless otherwise agreed between MDC and the Partnership, no investments will be made by the Partnership after the term set out above in Section 4 and all excess cash and distribution proceeds will be disbursed as outlined below, commencing no later than December 31, 2006:
 - (a) Private Investors - all principal;



- (b) MDC - 50% of its principal;
- (c) Private Investors – effective 10% compounded annual rate of return;
- (d) MDC - balance of its principal plus an effective 10% compounded annual rate of return; and
- (e) 80% of the balance to be divided pro rata among all investors based on original investments, and 20% of the balance is to be distributed to the General Partner as a performance fee (the "Performance Fee").

8. **Management Fees.** Management fees will be payable quarterly, not in advance in an aggregate annual amount equal to 3% of the Invested Capital at the end of the previous quarter, subject to a minimum annual management fee during the period from the first closing to and including March 31, 2001 equal to the lesser of \$400,000 and 2% of the aggregate subscription proceeds raised by the Partnership in connection with the offering of Units in Manitoba, Ontario and Quebec on or before December 31, 1999. Management fees payable after December 31, 2007 must be approved by Special Resolution of the Limited Partners.

9. **Size of Investments.**

- (a) The Partnership shall invest a minimum of 50% of the Invested Capital in Small Business Investments as provided in this section. This requirement shall be met on each second anniversary of the Partnership commencing on the second anniversary of the first closing of the offering of Units. If the Partnership fails to meet this requirement, it shall pay to MDC an amount equal to 1% of the deficiency monthly until the default is remedied. Any such payments shall be in addition to MDC's distribution rights pursuant to Section 7 of this agreement; and
- (b) "Small Business Investment" means an investment by the Partnership in a Qualified Business that operates for *bona fide* business purposes, in respect of which investment the aggregate of all advances from the date of the first advance and within 6 months thereafter is \$1,000,000 or less. When the Partnership has made a Small Business Investment, any additional investments in excess of the aggregate of \$1,000,000 made by the Partnership in that Qualified Business do not qualify as an investment in a Small Business Investment for the purposes of subsection (a). For the purposes of this definition, Qualified Businesses that immediately prior to the initial investment in that Qualified Business by the Partnership are related persons or are controlled by related persons or are associated corporations as determined by the provisions of the *Income Tax Act* (Canada) shall be deemed to be one and the same Qualified Business. In determining whether Qualified Businesses are related persons:
 - (i) a partnership is deemed to be a corporation with 100 shares of one class of its capital stock issued and outstanding, and each member of the partnership is deemed to own that proportion of the 100 shares that the fair market value

of the member's interest in the partnership is of the fair market value of all the interests in the partnership; and

- (ii) a person who has a right under a contract, in equity or otherwise, immediately or in the future and absolutely or contingently to acquire a share or a partnership interest shall, unless the right is not exercisable until the death, bankruptcy or permanent disability of an individual, be deemed to be in the same position in relation to the corporation or to the partnership as if the share or partnership interest were owned by that person.

10. **Investment Advisory Committee.** An investment advisory committee shall be established and shall review and advise the General Partner with respect to all investments. The committee shall consist of individuals with a mix of business, science and technology related skills and shall be appointed as follows:

- (a) 1 member appointed by MDC;
- (b) if 5,000 Class G Units are issued to MDC, 1 additional member appointed by MDC at its option;
- (c) 1 member appointed by each of the other Limited Partners which holds at least 1,000 Units at its option; and
- (d) other members appointed by the General Partner, provided that the number of members appointed by the General Partner including any member appointed by the Crocus Investment Fund under subsection (c), shall always be less than the aggregate number of members actually appointed under subsections (a), (b) and (c).

11. **Unsecured and Ineligible.**

- (a) Subject to subsection (b), all investments made by the Partnership will be unsecured and made only in Qualified Businesses.
- (b) Excess funds available in the Partnership and determined by the General Partner from time to time not to be required immediately or in the foreseeable future for investment in Qualified Businesses, distribution under Section 7 of this agreement or general operations of the Partnership may be placed in temporary investments in marketable securities in accordance with investment policies approved by the investment advisory committee.

12. **Quarterly Statements.** The General Partner will provide MDC within 60 days of the end of each quarter, quarterly statements, including a record of jobs created and maintained, by virtue of Partnership activity, and audited annual reports. Annual reports shall be audited by PricewaterhouseCoopers, or another independent firm of chartered accountants approved by the Limited Partners.

13. **Equal Treatment.** Except as set out in this Subscription Agreement, MDC will be treated equally with all other investors.

14. Other Government Participation. No other government, including without limitation, federal, provincial or municipal and no other agency thereof qualifies as an investor in the Partnership.

15. Limited Partnership Agreement. The General Partner shall enter into an amended and restated limited partnership agreement in respect of the Partnership between the General Partner, the Initial Limited Partner and the limited partners, on terms and conditions consistent with the provisions of this Subscription Agreement and substantially consistent with the Offering Memorandum.

16. Definitions. In this agreement, capitalized terms not otherwise specifically defined shall have the meanings attributed to them respectively in the Offering Memorandum.

17. Termination of General Partner. The Limited Partners may terminate the General Partner as general partner of the Partnership at any time by Special Resolution. If:

- (a) the reason for the termination of the General Partner is default of the General Partner under the terms of the Partnership Agreement which has not been remedied within the time permitted by such agreement, the Partnership shall pay to the General Partner all accrued and unpaid management fees; and
- (b) the reason for the termination of the General Partner is any other reason, the Partnership shall pay to the General Partner the following:
 - (i) all accrued and unpaid management fees;
 - (ii) if the termination is:
 - A. within 24 months of the first closing of the offering of Units, an amount equal to 12 months of management fees; or
 - B. more than 24 months after the first closing of the offering of Units, an amount equal to 6 months of management fees.

Management fees shall be calculated in accordance with paragraph 8 hereof based on the Invested Capital as at the effective date of termination; and

- (iii) an amount equal to the accrued Performance Fee based on the fair market value of the Partnership's investment portfolio as determined by Peter Miller of KPMG, or if Peter Miller is unable or unwilling to determine such value, as determined by:
 - A. a chartered business valuator agreed to by the General Partner and the Limited Partners by Special Resolution; or
 - B. if an agreement as to the chartered business valuator is not reached within sixty (60) days of the Special Resolution terminating the

General Partner, a chartered business valuator of a major Canadian accounting firm chosen by arbitration in accordance with *The Arbitration Act (Manitoba)*.

All costs of such valuation shall be borne and paid by the Partnership.

Power of Attorney

MDC and the Government of Manitoba hereby irrevocably nominate, constitute and appoint the General Partner to act, with full power of substitution, as their true and lawful attorney and agent, with full power and authority in the name, place and stead of MDC and the Government of Manitoba to execute, swear to, acknowledge, deliver, file and record any and all of the following:

- (a) the Partnership Agreement and any amendment thereto (provided that such amendments are made in accordance with the terms of the Partnership Agreement), the Certificate of Limited Partnership, declaration of change form or any amendment thereto or any other instrument required to form, qualify, continue and keep the Partnership in good standing as a limited partnership or otherwise in compliance with the laws of the Province of Manitoba in order to maintain the limited liability of the Limited Partners and to comply with all applicable laws, including those of the Provinces of Manitoba, Ontario and Quebec;
- (b) all certificates, instruments, documents and other papers (including, without limitation, any business certificate, name certificate, certificate of limited partnership and additional powers of attorney) and amendments thereto that may be required under the laws of the Province of Manitoba or required by an appropriate governmental body or agency which the General Partner deems appropriate or necessary, to qualify or to continue the qualification of the Partnership as a limited partnership, to carry on the object and intent of the Partnership and to conduct and give effect to the business and affairs of the Partnership as authorized pursuant to the Partnership Agreement;
- (c) any instrument required in connection with any election, determination or designation, or any registration or returns relating to the Partnership that may be made or filed under the *Income Tax Act (Canada)* or any analogous fiscal legislation in Canada, any of the Provinces of Canada or in any other jurisdiction;
- (d) all conveyances, agreements and instruments which the General Partner deems appropriate or necessary to effect and reflect the dissolution or termination of the Partnership pursuant to the terms of the Partnership Agreement, including the cancellation of any declaration;
- (e) any document as may be necessary to amend the Certificate of Limited Partnership or like instrument or which the General Partner deems appropriate to effect and reflect cancellation, repurchase or assignment of a Unit, to admit, substitute or delete Partners, to sell, exchange or dispose of assets or property of the Partnership, to borrow money and otherwise to enter into transactions in the name of or otherwise

on behalf of the Partnership, provided that such amendments or other actions are made in accordance with the terms of the Partnership Agreement;

- (f) any instrument or document on behalf of and in the name of the Partnership that may be necessary for the purpose of:
- (i) adding to the Partnership Agreement (in accordance with the terms of the Partnership Agreement) or any other agreement or document delivered in connection with the offering of Units by the Partnership, any further covenants, restrictions, deletions or provisions which, in the reasonable opinion of counsel to the Partnership, do not materially adversely affect the rights of any Limited Partner unless they are necessary for the protection of the Limited Partners;
 - (ii) curing any ambiguity, or to correct or supplement any provision contained in the Limited Partnership Agreement which, in the reasonable opinion of counsel to the Partnership, may be defective or inconsistent with any other provisions contained therein, provided that such cure, correction or supplemental provision does not and will not, in the reasonable opinion of such counsel, materially adversely affect the interests of the Limited Partners;
 - (iii) making such other provisions in regard to matters or questions arising under agreements or documents contemplated in connection with the offering of Units or the business of the Partnership which, in the reasonable opinion of counsel to the Partnership, do not and will not materially adversely affect the interests of the Limited Partners;
 - (iv) carrying out fully the Partnership Agreement in accordance with its terms including without limitation, guarantees, share subscriptions, debt instruments and general security agreements; and
 - (v) any acknowledgment of service or any document evidencing receipt of lawful notices relating to matters regarding the Partnership,

but the foregoing grant of authority shall not include the authority to transfer the interest of the undersigned in its Units, or to execute any proxy on behalf of the undersigned or to vote in respect of or to execute on behalf of the undersigned any Ordinary Resolution or any Special Resolution.

This power of attorney shall be irrevocable, shall be deemed to be a power coupled with an interest and, to the extent permitted by law, is valid and binding on MDC and the Government of Manitoba and will survive the assignment of all or any part of the Limited Partner's interest in the Partnership (except where the transferee thereof has been approved by the General Partner for admission to the Partnership as a substituted Limited Partner in which case the power shall survive such transfer with respect to the interest so transferred only for the purpose of enabling the General Partner to execute, and file any instruments necessary to effect such substitution) and extends to and is binding upon the successors and assigns of MDC and the Government of Manitoba.

This power of attorney shall continue in respect of the General Partner so long as it is the general partner of the Partnership, and shall terminate thereafter, but shall continue in respect of a new general partner as if the new general partner were the original attorney.

The power of attorney granted herein may be exercised by the General Partner executing on behalf of the undersigned any instrument by listing all of the Limited Partners to be bound by such instrument with a single signature as attorney and agent for all of them.

Governing Law

This agreement shall be governed by the laws of the Province of Manitoba and the laws of Canada applicable therein. The parties irrevocably attorn to the jurisdiction of the courts of the Province of Manitoba with respect to any matters arising out of this agreement.

Assignment

This agreement is not assignable by the parties.

Time

Time shall be of the essence of this agreement.

Entire Agreement

This agreement contains the entire agreement of the parties relating to the subject matter of this agreement and there are no representations, covenants or other agreements related to such subject matter except as stated or referred to in this agreement.

Interpretation

For all purposes of this agreement, except as otherwise expressly provided or unless the context otherwise requires, words importing gender include the masculine, feminine and neuter gender and words in the singular include the plural and vice versa.

DATED at the City of Winnipeg, in the Province of Manitoba, this _____ day of June, 1999.

**THE GOVERNMENT OF MANITOBA, AS
REPRESENTED BY THE MINISTER OF
INDUSTRY, TRADE AND TOURISM, by its
agent,**

**MANITOBA DEVELOPMENT
CORPORATION**

Per: _____

Title: _____

Per: _____

Title: _____

ACCEPTANCE

The foregoing subscription is accepted this _____ day of _____, 1999.

**MANITOBA SCIENCE AND
TECHNOLOGY FUND LIMITED
PARTNERSHIP, by its general partner,**

SCITECH MANAGEMENT INC.

Per: _____

Title: _____

CONTRACTUAL RIGHTS OF ACTION

For valuable consideration, the undersigned hereby agree to the following contractual rights of action applicable to each of the undersigned as referred to below:

A person or company who purchases a security (a 'purchaser'):

- (a) will not be bound by a contract for the purchase of the security if the person or company from whom the security was purchased or his agent receives written or telegraphic notice evidencing the purchaser's intention not to be bound not later than midnight on the second business day after receipt or deemed receipt by the purchaser or his agent of the Offering Memorandum or amended Offering Memorandum; and**
- (b) has the right to rescind a contract for the purchase of the security, while still the owner thereof, if the Offering Memorandum and any amended Offering Memorandum, as of the date of receipt or deemed receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right may be commenced by a purchaser after the expiration of the later of 180 days from the date of receipt or deemed receipt of the Offering Memorandum or amended Offering Memorandum by the purchaser or the agent of the purchaser, or the date of the contract for the purchase of the security.**

In the event that the Offering Memorandum or amended Offering Memorandum contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made, a purchaser also has a right of action for damages against every person or company who, signed either of the certificates required in the Offering Memorandum and amended Offering Memorandum and against every director who, on the date the Offering Memorandum or amended Offering Memorandum was signed, was a director of the person or company who signed such certificates for any loss or damage that the purchaser has sustained as a result of the purchase of the security, unless it is proved:

- (i) that the Offering Memorandum or amended Offering Memorandum was delivered to prospective purchasers of the security without the director's knowledge or consent;**
- (ii) that, after the delivery of the Offering Memorandum or amended Offering Memorandum to the purchaser and before the purchase of the security by the purchaser, on becoming aware of any false statement in the Offering Memorandum or amended Offering Memorandum, the director withdrew his consent to the delivery of the Offering Memorandum or amended Offering Memorandum to prospective purchasers and gave reasonable public notice of such withdrawal and of the reason therefor;**

- (iii) that, with respect to every false statement, the director has reasonable grounds to believe and did believe that the statement was true;
- (iv) that where a false statement was that of an expert, the director had no reasonable grounds to believe that the expert who made the statement in the Offering Memorandum or amended Offering Memorandum or whose report or valuation was produced or fairly summarized therein was not competent to make such statement, valuation or report; or
- (v) that, with respect to every false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, it was a correct and fair representation of the statement or copy of or extract from the document;

but no action to enforce these rights of action for damages against signatories of certificates in an Offering Memorandum or amended Offering Memorandum or their directors may be commenced by a purchaser after the expiration of the later of one year from the date of receipt or deemed receipt of the Offering Memorandum or amended Offering Memorandum by the purchaser or the agent of the purchaser or the date of the contract for the purchase of the security.

Issuer:

MANITOBA SCIENCE AND TECHNOLOGY WELLINGTON WEST CAPITAL INC.
FUND LIMITED PARTNERSHIP, by its
General Partner,
SCITECH MANAGEMENT INC.

Principal Selling Agents:

Per: _____
Kevin Hooke, Vice-President,
Corporate Finance

Per: _____
Title: _____

Directors of the General Partner of the Issuer:

Janice Y. Lederman

James Umlah

Directors of the Agent, Wellington West Capital Inc.:

Charles Spiring

Janice Y. Lederman

Kevin Hooke

Promoter:

CROCUS INVESTMENT FUND

Per: _____
Janice Y. Lederman, Vice-President

Per: _____
James Umlah, Vice-President

Directors of the Promoter:

Janice Y. Lederman, on behalf of, and as
duly authorized attorney for, each of the
directors of Crocus Investment Fund who
are directors on the date the Offering
Memorandum was signed

ASSIGNMENT AND TRANSFER FORM

MANITOBA SCIENCE AND TECHNOLOGY FUND LIMITED PARTNERSHIP

Terms, the first letters of which are capitalized and which are not otherwise specifically defined herein, shall have the meanings attributed to them respectively in the Partnership Agreement governing Manitoba Science and Technology Fund Limited Partnership.

Subject to acceptance of the assignment by SCITECH MANAGEMENT INC. (the "General Partner") on behalf of MANITOBA SCIENCE AND TECHNOLOGY FUND LIMITED PARTNERSHIP (the "Partnership"), the undersigned (the "Transferor"), a limited partner of the Partnership, hereby transfers, assigns and sells to:

(Name of Transferee)

(Mailing Address of Transferee)

(City, Province, Postal Code)

(Telephone Number)

(the "Transferee") all of the Transferor's right, title and interest in and to _____ Unit(s) in the Partnership and assigns to the Transferee all of the interest of the Transferor in the Partnership that is represented thereby. The Transferor agrees to execute and deliver to the General Partner such documents, certificates, assurances and other instruments as the General Partner may require to effect a valid transfer and assignment of the Units and which are necessary or advisable, in the opinion of the General Partner, to preserve the status of the Partnership as a limited partnership. The Transferor agrees that the power of attorney previously granted by the Transferor to the General Partner shall continue in full force and effect, and shall be irrevocable, until all declarations or certificates, and all amendments thereto and all other instruments required to effect this transfer and assignment and to preserve the status of the Partnership as a limited partnership have been furnished to the General Partner and have been recorded or filed as and where required.

DATED _____

Witness

(Name of Limited Partner - Print)

(Signature of Limited Partner or Authorized Signatory)

(Title, if signed by Authorized Signatory)

(Address)

Subject to the acceptance of this transfer and assignment by the General Partner, the Transferee accepts the above transfer and assignment and agrees to be bound as a party to the limited partnership agreement (the "Partnership Agreement") as amended and restated and dated June 15, 1999 between Scitech Management Inc., Crocus Investment Fund (as the Initial Limited Partner), and those parties referred to as Limited Partners therein, as amended, and as a Limited Partner in the Partnership by the terms of the Partnership Agreement as from time to time amended and in effect as if the Transferee had executed the Partnership Agreement, and hereby ratifies, for all legal purposes, execution of the Partnership Agreement on the Transferee's behalf and all actions taken on the Transferee's behalf pursuant thereto. The Transferee further agrees to:

- (a) assume the obligations of the Transferor to the Partnership and to the other partners under the Partnership Agreement;**
- (b) pay to the General Partner, on behalf of the Partnership, all costs and expenses incurred in connection with this transfer and assignment; and**
- (c) execute and deliver any and all documentation that may be required by law, by the Partnership Agreement or by the General Partner in connection with the purchase and any subsequent resale of Units.**

The Transferee acknowledges receipt of a true copy of the Partnership Agreement. The Transferee hereby irrevocably nominates, constitutes and appoints the General Partner, and its successors and assigns, to act, with full power of substitution as the Transferee's true and lawful attorney and agent to act on the Transferee's behalf, with full power and authority in the name, place and stead of the Transferee to execute (under seal or otherwise), swear to, acknowledge, deliver, file and record as and when required any and all of the following:

- (a) the Partnership Agreement and any amendment thereto made in accordance with the Partnership Agreement, the Certificate, declaration of change form or any amendment thereto or any other instrument required to form, qualify, continue and keep the Partnership in good standing as a limited partnership or otherwise in compliance with the laws of Manitoba in order to maintain the limited liability of the Limited Partners and to comply with all applicable laws including those of Manitoba, Ontario and Quebec;**
- (b) all certificates, instruments, documents and other papers (including, without limitation, any business certificate, name certificate, certificate of limited partnership and additional powers of attorney) and amendments thereto that may be required under the laws of Manitoba or required by an appropriate governmental body or agency which the General Partner deems appropriate or necessary, to qualify or to continue the qualification of the Partnership as a limited partnership, to carry on the object and intent of the Partnership and to conduct and give effect to the business and affairs of the Partnership as authorized pursuant to the Partnership Agreement;**

- (c) any instrument required in connection with any election, determination or designation, or any registration or returns relating to the Partnership that may be made or filed under the *Income Tax Act* (Canada) or any analogous fiscal legislation in Canada, any of the Provinces of Canada or in any other jurisdiction;
- (d) all conveyances, agreements and instruments which the General Partner deems appropriate or necessary to effect and reflect the dissolution or termination of the Partnership pursuant to the terms of the Partnership Agreement, including the cancellation of any declaration;
- (e) any document as may be necessary to amend the Certificate or like instrument or which the General Partner deems appropriate to effect and reflect cancellation, repurchase or assignment of a Unit, to admit, substitute or delete Partners, to sell, exchange or dispose of assets or property of the Partnership, to borrow money and otherwise to enter into transactions in the name of or otherwise on behalf of the Partnership, provided that such amendments or other actions are made in accordance with the terms of the Partnership Agreement;
- (f) any instrument or document on behalf of and in the name of the Partnership that may be necessary for the purpose of:
 - (i) adding to the Partnership Agreement (in accordance with the provisions of the Partnership Agreement) or any other agreement or document delivered in connection with the offering of Units by the Partnership, any further covenants, restrictions, deletions or provisions which, in the reasonable opinion of counsel to the Partnership, do not materially adversely affect the rights of any Limited Partner unless they are necessary for the protection of the Limited Partners;
 - (ii) curing any ambiguity, or to correct or supplement any provision contained in the Partnership Agreement which, in the reasonable opinion of counsel to the Partnership, may be defective or inconsistent with any other provisions contained therein, provided that such cure, correction or supplemental provision does not and will not, in the reasonable opinion of such counsel, materially adversely affect the interests of the Limited Partners;
 - (iii) making such other provisions in regard to matters or questions arising under agreements or documents contemplated in connection with the offering of Units or the business of the Partnership which, in the reasonable opinion of counsel to the Partnership, do not and will not materially adversely affect the interests of the Limited Partners;

- (iv) carrying out fully the Partnership Agreement in accordance with its terms including without limitation, guarantees, share subscriptions, debt instruments and general security agreements; and
- (v) any acknowledgment of service or any document evidencing receipt of lawful notices relating to matters regarding the Partnership.

This power of attorney shall be irrevocable, shall be deemed to be a power coupled with an interest and, to the extent permitted by law, is valid and binding on the estate of the Transferee and will survive and be exercisable during any subsequent legal incapacity of the Transferee, will survive the death of the Transferee, the assignment of all or any part of the Transferee's interest in the Partnership (except where the transferee thereof has been approved by the General Partner for admission to the Partnership as a substituted Transferee's in which case the power shall survive such transfer with respect to the interest so transferred only for the purpose of enabling the General Partner to execute, and file any instruments necessary to effect such substitution) and extends to and is binding upon the heirs, executors, administrators, and other legal representatives and the successors and assigns of the Transferee.

This power of attorney shall continue in respect of the General Partner so long as it is the general partner of the Partnership, and shall terminate thereafter, but shall continue in respect of a new general partner as if the new general partner were the original attorney.

The power of attorney granted herein may be exercised by the General Partner executing on behalf of the undersigned any instrument by listing all of the Limited Partners to be bound by such instrument with a single signature as attorney and agent for all of them.

The Transferee agrees to be bound by any representation or action made or taken by the General Partner pursuant to this power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm the action of the General Partner taken in good faith under and within this power of attorney.

The Transferee hereby represents and warrants to the Partnership and all partners that:

- (a) The undersigned is not and shall continue to not be a "non-resident" within the meaning of the *Income Tax Act* (Canada);
- (b) The undersigned is not and shall not become a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada);
- (c) The undersigned has the legal capacity and competence to execute this Assignment and Transfer of Units and to take all actions required pursuant hereto;
- (d) the undersigned is not a "tax shelter investment" as that term is defined in the *Income Tax Act* (Canada);

- (e) the undersigned has not financed the acquisition of Units with a financing for which recourse is or is deemed to be limited and the undersigned and any person with whom the undersigned does not deal at arm's length does not expect to receive or enjoy, directly or indirectly, any other "prescribed benefit" in respect of the Units acquired by the undersigned within the meaning of the *Income Tax Act* (Canada).

A "prescribed benefit" includes any amount, having regard to statements or representations made in respect of the Units, that may reasonably be expected to be received or made available to the undersigned or a person who does not deal at arm's length with the undersigned which would have the effect of reducing the impact of any loss that the undersigned may sustain by virtue of acquiring, holding or disposing of an interest in the Units. A prescribed benefit also includes a limited recourse amount and an amount that is deemed to be a limited recourse amount. A limited recourse amount includes:

- (i) debt interest at less than the lesser of the rate prescribed by the *Income Tax Act* (Canada) at the time the debt is incurred or the rate prescribed at that time;
 - (ii) debt in respect of which bona fide written arrangements were not made, at the time the debt was incurred, for repayment of principal and interest within a reasonable period not exceeding 10 years; and
 - (iii) debt in respect of which interest is not paid within 60 days of the end of the debtor's tax year.
- (f) The undersigned shall ensure that its status referred to in (a) and (b) above shall not be modified and it shall not knowingly transfer Units in whole or in part to a person who is not able to make these representations and warranties.

The undersigned shall indemnify and save harmless the Partnership, the General Partner, each other Limited Partner and each of their respective directors, officers, agents, employees or partners (the "**Indemnified Parties**") from and against any claims, demands, actions, causes of action, damage, loss, costs, liability or expense, including expenses and costs of lawyers, accountants and other professionals, consequential damages and statutory penalties and interest ("**Claims**") which may be made or brought against one or more of the Indemnified Parties and/or which one or more of them may suffer or incur as a result of or arising out of any incorrectness in or breach of any representation, warranty, declaration, certification, acknowledgment or agreement of the undersigned pursuant hereto. This indemnity shall survive the transfer of Units of the undersigned.

DATED _____

Witness

(Name of Transferee - Please Print)

Name of Witness

(Signature of Transferee or Authorized Signatory)

Qualification to be Witness
(If the Transferee is an individual, the witness must be a Notary Public for the Province of Manitoba, a lawyer entitled to practise in Manitoba, a duly qualified medical practitioner, a justice of the peace, magistrate or provincial judge, a member of a municipal police force in Manitoba who exercises powers of a peace officer, a judge of a superior court of the Province of Manitoba, or an individual registered or qualified to be registered under Section 3 of *The Marriage Act* (Manitoba) to solemnize marriages.)

(Title, if signed by Authorized Signatory)

(Mailing Address)

(City, Province, Postal Code)

(Telephone Number)

NOTES:

1. No transfer of less than _____ Units and no transfer of a fraction of a Unit.
2. An assignment of a Unit may have income tax implications to the Transferor and the Transferee.

ACCEPTED as of the day and date of the assignment executed by the Transferor.

SCITECH MANAGEMENT INC. as General Partner of Manitoba Science and Technology Fund Limited Partnership

Per: _____

Title: _____

UNIT CERTIFICATE
MANITOBA SCIENCE AND TECHNOLOGY FUND LIMITED PARTNERSHIP
(a limited partnership formed under the laws of the Province of Manitoba)

THIS IS TO CERTIFY

that

is the registered owner of _____ Class _____ Units in

MANITOBA SCIENCE AND TECHNOLOGY FUND LIMITED PARTNERSHIP

This Certificate and the Units represented hereby are held subject to the terms, conditions and restrictions contained in the Partnership Agreement (as amended from time to time) dated June 15, 1999 between Crocus Investment Fund, as the Initial Limited Partner, Scitech Management Inc., the General Partner, and each person defined as a Limited Partner therein.

The Units represented by this Certificate are, if purchased pursuant to and in reliance upon Order Number 2424 of The Manitoba Securities Commission dated February 12, 1999, in accordance with such Order subject to a hold period of 12 months from the date of issuance of the Units and may not be traded during such hold period except as set forth in that Order.

DATED _____

MANITOBA SCIENCE AND TECHNOLOGY FUND LIMITED PARTNERSHIP, by its General Partner, Scitech Management Inc.

Per: _____

Per: _____



\$40.00

2005

ANNUAL RETURN OF INFORMATION
RAPPORT ANNUEL DE RENSEIGNEMENTS

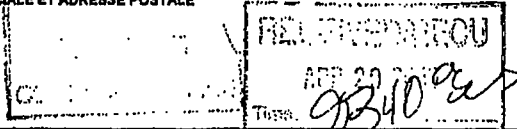
Payable to Minister of Finance of Manitoba by: 2005/02/28
Payable au ministre des Finances du Manitoba par:

3736807

A 1. BUSINESS NUMBER NUMÉRO D'ENTREPRISE 870185568MC0001	2. JURISDICTION RESSORT MANITOBA	3. DATE OF INCORPORATION OR AMALGAMATION DATE DE CONSTITUTION EN CORPORATION OU DE FUSION JANUARY 13, 1998	4. LAST ANNUAL RETURN DERNIER RAPPORT ANNUEL 2004
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5. CORPORATION NAME & MAILING ADDRESS / DÉNOMINATION SOCIALE ET ADRESSE POSTALE

SCITECH MANAGEMENT INC.
ATTN: 404228-1/PJD
FILLMORE RILEY LLP
1700 - 360 MAIN STREET
WINNIPEG, MB R3C 3Z3



THE FOLLOWING INFORMATION IS ACCURATE FOR THE CORPORATION AS OF THE LAST DAY OF ITS ANNIVERSARY MONTH IN THE YEAR FOR WHICH THIS ANNUAL RETURN IS FILED (SEE INSTRUCTION SHEET).

LES RENSEIGNEMENTS CI-DESSUS REFLÈTENT FIDÈLEMENT LA SITUATION DE LA CORPORATION EN DATE DU DERNIER JOUR OU MOIS D'ANNIVERSAIRE DE L'ANNÉE AU COURS DE LAQUELLE LE RAPPORT ANNUEL A ÉTÉ DÉPÔTÉ (VOIR LA FEUILLE D'INSTRUCTIONS).

B 1. MAIN TYPE OF BUSINESS (MAKE CHANGES IF NECESSARY) / ACTIVITÉ PRINCIPALE (PRIÈRE DE MODIFIER, SI NÉCESSAIRE)
MANAGEMENT AND BUSINESS CONSULTANTS

2. REGISTERED OFFICE ADDRESS (IF CHANGED, INDICATE THE DATE OF CHANGE (DAY, MONTH, YEAR) AND THE NEW ADDRESS) / ADRESSE DU BUREAU ENREGISTRÉ (EN CAS DE CHANGEMENT, PRIÈRE D'INDIQUER LA DATE DU CHANGEMENT (JOUR, MOIS, ANNÉE) ET LA NOUVELLE ADRESSE)
1700 - 360 MAIN STREET
WINNIPEG, MB R3C 3Z3

3. DIRECTORS IF CHANGED, DATES MUST BE SHOWN (E.G. APPOINTED FEB. 1, 1990 OR CEASED DECEMBER 4, 1990) / ADMINISTRATEURS LA DATE DES CHANGEMENTS SURVENUS EN COURS D'ANNÉE DOIT ÊTRE INDICUÉE (P. EX. FONCTION DÉBUT 1ER FÉVR. 1990 OU FIN 4 DÉC. 1990)

FULL NAME / NOM AU COMPLET	RESIDENCE ADDRESS / ADRESSE RÉSIDENIELLE	DATE OF CHANGE / DATE DES CHANGEMENTS
KELVIN MALONEY	5TH FLOOR - 211 BANNATYNE AVENUE, WINNIPEG, MANITOBA R3B 3P2	

4. OFFICERS / DIRIGEANTS

FULL NAME / NOM AU COMPLET	RESIDENCE ADDRESS / ADRESSE RÉSIDENIELLE	OFFICE HELD / POSTE
KELVIN MALONEY	5TH FLOOR - 211 BANNATYNE AVENUE, WINNIPEG, MANITOBA R3B 3P2	PRESIDENT
KELVIN MALONEY	5TH FLOOR - 211 BANNATYNE AVENUE, WINNIPEG, MANITOBA R3B 3P2	SECRETARY - TREASURER
KELVIN MALONEY	5TH FLOOR - 211 BANNATYNE AVENUE, WINNIPEG, MANITOBA R3B 3P2	CHIEF EXECUTIVE OFFICER

ONLY SHARE CORPORATIONS COMPLETE SECTION C / SEULES LES SOCIÉTÉS PAR ACTION REMPLISSENT LA SECTION C.

C 1. SHARES ARE DISTRIBUTED TO THE PUBLIC / LES ACTIONS FONT L'OBJET D'UN PLACEMENT AUPRÈS DU PUBLIC.
 SHARES ARE NOT DISTRIBUTED TO THE PUBLIC / LES ACTIONS NE FONT PAS L'OBJET D'UN PLACEMENT AUPRÈS DU PUBLIC.

2. THE FOLLOWING HOLD 10% OR MORE OF ISSUED VOTING SHARES / ACTIONNAIRES DÉTENANT 10% OU PLUS DES ACTIONS EN CIRCULATION ASSORTIES DU DROIT DE VOTE

FULL NAME / NOM AU COMPLET	NO & CLASS OF SHARES / CATÉGORIE ET NOMBRE D'ACTIONS	FULL NAME / NOM AU COMPLET	NO & CLASS OF SHARES / CATÉGORIE ET NOMBRE D'ACTIONS
CROCUS INVESTMENT FUND	100 COMMON		

Rct# 81240363944 F# 3736807
L# 1 Annual Return SHARE
AM 1 @ 40.00
May 18, 2005 02:38 PM

D ATTORNEY FOR SERVICE / PROCURATION
FULL NAME AND ADDRESS OF INDIVIDUAL APPOINTED IN MANITOBA / NOM ET ADRESSE AU COMPLET DE LA PERSONNE NOMMÉE AU MANITOBA
NOT APPLICABLE

E THE ABOVE INFORMATION IS CORRECT / LES RENSEIGNEMENTS FIGURANT CI-DESSUS SONT EXACTS.
CONTACT PERSON & PHONE NO. (8:30-4:30)
PERSONNE-RESSOURCE ET N° DE TÉLÉPHONE (8 h 30 - 16 h 30)

April 27/05 DATE
Kebli Maloney SIGNATURE
President OFFICE HELD / POSTE

THIS FORM WILL BE REJECTED IF ALL APPLICABLE QUESTIONS ARE NOT ANSWERED
LE DÉFAUT DE FOURNIR DES RÉPONSES COMPLÈTES À TOUTES LES QUESTIONS
APPLICABLE ENTRAÎNERA LE REJET DE CETTE FORMULE.

THIS COURT DOTH ORDER that any person (and his or her heirs and legal representatives) who is appointed by the Receiver to act as a director or officer of a body corporate of which the Receiver has the right to designate or appoint such representative pursuant to para. 3(q) of the Order of Mr. Justice Scurfield dated June 28, 2005, shall be indemnified against all costs, charges, and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by her or him in respect of any civil, criminal, or administrative action or proceeding to which she or he is made a party by reason of being or having been a director or officer of said body corporate, save and except for gross negligence or willful misconduct. ("the Indemnity")

THIS COURT DOTH ORDER THAT for greater certainty, the Indemnity shall be included as a liability of the Receiver set forth in paragraph 17 of the Order of Mr. Justice Scurfield dated June 28, 2005, and shall be included in the charge and have the priority described in the said paragraph of the said Order

THIS COURT DOTH ORDER THAT the liability of any director or officer appointed by the Receiver in accordance with the paragraphs immediately preceding which that officer or director may incur as a result of his or her appointment or as a result of the performance of his or her duties thereunder, excluding gross negligence or wilful misconduct, shall be limited in the aggregate to the net realized value of the Property and furthermore the said officer or director shall cease to have any liability whatsoever upon distribution of the Property or any proceeds thereof under the administration of the Receiver in accordance with any Order of this Court. The net realized value of the Property shall be the cash proceeds actually received by the Receiver from the operation and disposition of the Property or part thereof after deducting all costs and expenses properly incurred in connection therewith, including the reasonable remuneration and expenses of the Receiver, and the fees and disbursements of its counsel, and after deduction of any amounts distributed, paid or payable by the Receiver

**THE QUEEN'S BENCH
Winnipeg Centre**

BETWEEN:

THE MANITOBA SECURITIES COMMISSION,

Applicant,

– and –

CROCUS INVESTMENT FUND,

Respondent,

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

IDENTIFIED COPY

RECEIVING ORDER

HILL ABRA DEWAR
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R.A. Dewar

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

**THE QUEEN'S BENCH
Winnipeg Centre**

THE HONOURABLE)
)
MR. JUSTICE SCURFIELD)

Tuesday, the 28 of June, 2005

BETWEEN:

THE MANITOBA SECURITIES COMMISSION,

Applicant,

- and -

CROCUS INVESTMENT FUND,

Respondent,

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

ORDER

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

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

SERVICE

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

APPOINTMENT

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

RECEIVER'S POWERS

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

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

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

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

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

(k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

(l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$100,000;

(m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Respondent;

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

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

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

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

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

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

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

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE RESPONDENT OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

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

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

RECEIVER TO HOLD FUNDS

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

EMPLOYEES

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

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

LIMITATION ON THE RECEIVER'S LIABILITY

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

RECEIVER'S ACCOUNTS

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

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

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

FUNDING OF THE RECEIVERSHIP

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

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

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

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

SERVICE

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

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

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

GENERAL

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

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

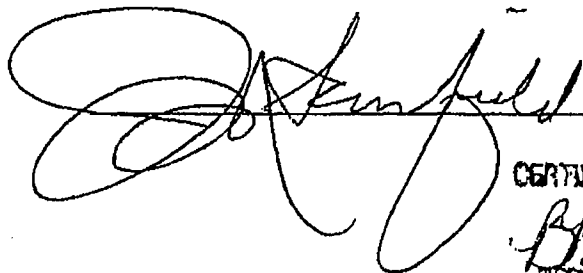
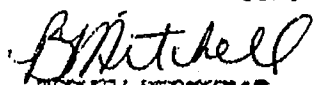
29. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals,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

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

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

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

SIGNED this 20th day of June, 2005, at 1:50 p.m.


CERTIFIED A TRUE COPY

DEPUTY REGISTRAR

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

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

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

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

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

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

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

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

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

DATED the _____ day of _____, 2005.

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

Per: _____

Name:

Title:

SCHEDULE "B"

NOTICE

in respect of

CROCUS INVESTMENT FUND (the "Respondent")

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

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

**THE QUEEN'S BENCH
Winnipeg Centre**

BETWEEN:

THE MANITOBA SECURITIES COMMISSION,

Applicant,

- and -

CROCUS INVESTMENT FUND,

Respondent,

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

ORDER

**HILL ABRA DEWAR
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2670 - 360 Main Street
Winnipeg, Manitoba
R3C 3Z3**

R.A. Dewar

**Telephone: (204) 943-6740
Fax: (204) 943-3934
File No. D5157 RAD**


make themselves available hereafter on a short notice basis for the matter to be determined.

1. THIS COURT ORDERS THAT the appointment of Deloitte & Touche Inc. as Receiver and Manager of Crocus Investment Fund on the terms and conditions set forth in the Order of Mr. Justice Scurfield pronounced June 28, 2005 excepting paragraph 32 thereof, be and is hereby continued, until further order of the court.

2. THIS COURT ORDERS that notwithstanding the current indefinite term of the Receiver's appointment, the Receiver be and the same is at liberty to hire or otherwise make contractual employment arrangements for a period up to three months in duration.

3. THIS COURT ORDERS that the Receiver be at liberty to continue to consider and prepare a report setting forth, to the extent possible, its proposal for achieving value for Class A shareholders of Crocus Investment Fund.

SIGNED: July 14, 2005.



J.

APPROVED AS TO FORM:
MANITOBA SECURITIES COMMISSION

Per: 

Mr. Chris Besko

PITBLADO LLP

Per: 

Mr. D. G. Ward
Solicitors for Manitoba Federation of Labour