



GrowthWorks Canadian Fund Ltd. Provides Update on Legal Proceedings Involving its Former Manager and CCAA Proceedings

Toronto, Ontario – May 25, 2018 – GrowthWorks Canadian Fund Ltd. (the “Fund”) today provided an update on the legal proceedings (the “Former Manager Litigation”) commenced by the former manager of the Fund, GrowthWorks WV Management Ltd. (the “Former Manager”), against the Fund in March 2014. The Fund also provided an update on the Fund’s proceedings (the “CCAA Proceedings”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “CCAA”).

Former Manager Litigation

In the Former Manager Litigation, GrowthWorks WV Management Ltd. alleged that, on September 30, 2013, the Fund wrongfully terminated the management agreement (the “Management Agreement”) between the Fund and the Former Manager. In its claim, the Former Manager sought to recover from the Fund damages of approximately \$11.5 million, together with certain other amounts allegedly resulting from the termination of the Management Agreement. The Fund denied the Former Manager’s claims and counter-claimed against the Former Manager on the basis that the Former Manager had breached its obligations under the Management Agreement, including the Former Manager’s obligation to exercise the powers and authorities granted to it under the Management Agreement and discharge its duties under the Management Agreement honestly, in good faith and in the best interests of the Fund and, in connection with those obligations, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances (the “Standard of Care”).

A trial of the Former Manager Litigation was held in the Ontario Superior Court of Justice (the “Court”) in July 2017. On May 18, 2018, the Court released its judgment in the matter.

In its judgment, the Court found that the Former Manager had breached its contractual Standard of Care and that such breach constituted a “material breach” of the Management Agreement by the Former Manager. As a result, the Court held that the Fund had properly terminated the Management Agreement in September 2013 and therefore dismissed the Former Manager’s claim for damages, except to the extent of its claim for certain unpaid management, administration, financing and capital retention fees accrued to the date of termination and its claim for certain expenses the Former Manager maintains it incurred following the termination of the Management Agreement. The Court also concluded that the Former Manager was not entitled to its claim for payment of accrued “IPA Dividends”.

The Court denied the Fund’s counter-claim for damages arising as a result of the Former Manager’s breach of the Standard of Care on the basis that the Fund’s claim was statute barred under applicable limitations legislation. However, the Court awarded to the Fund damages in respect of certain other claims made by the Fund in relation to the Former Manager’s other breaches of its obligations under the Management Agreement.

The total amounts awarded by the Court to each party and any award as to legal costs incurred by the parties in connection with the Former Manager Litigation remain subject to final determination by the Court in the absence of an agreement between the parties.

Each of the Fund and the Former Manager has the right to seek leave to appeal the Court's judgment. A party seeking to appeal the judgment must bring a motion for leave to appeal before the Ontario Court of Appeal no later than June 8, 2018. If leave to appeal is granted, the Court's judgment will be stayed until the final disposition of all appeals. An appeal by the Former Manager of the Court's judgment with respect to the Fund's termination of the Management Agreement could, if successful, have a material adverse effect on the Fund's liquidity and its ability to fully satisfy claims of the Fund's creditors or any distribution to the Fund's shareholders. The outcome of any such appeal cannot be predicted with any certainty.

The Fund's Board of Directors has reviewed the Court's judgment in the Former Manager Litigation and, after receiving advice from the Fund's legal advisors and taking into consideration the Fund's efforts to pursue an orderly disposition of its remaining venture assets, the anticipated costs of any such appeal and certain other factors, has determined that the Fund will not seek leave to appeal the judgment.

CCAA Proceedings

In October 2013, the Court ordered an initial stay of proceedings pursuant to the CCAA, which has stayed certain claims and the exercise of contractual rights against the Fund. The "Stay Period" has subsequently been continued and extended since that initial order and will currently expire on June 30, 2018. The Fund intends to apply to the Court for a further extension of the "Stay Period" beyond June 30, 2018 in order to continue the existing stay of proceedings.

The Fund intends to continue to pursue an orderly disposition of its remaining venture assets with a view to satisfying its payment obligations to the Fund's creditors, following which the Fund's Board of Directors expects to consider alternatives reasonably available to the Fund at that time, including a distribution to the Fund's shareholders of any remaining assets of the Fund. The Board of Directors of the Fund currently anticipates winding-up the Fund within the next 18 to 24 months. The timing of any such transaction will be affected by a variety of factors, including but not limited to, any appeal commenced in relation to the Former Manager Litigation and the timing associated with the orderly disposition of the Fund's remaining venture assets.

Forward-Looking Information

This press release contains forward looking statements, including statements with respect to the Fund's proceedings under the CCAA. These forward-looking statements reflect the Fund's current views and are based on certain assumptions, including, but not limited to, assumptions as to future operating conditions and courses of action, general economic and market conditions and other factors the Fund believes are appropriate. Such forward looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those contained in these statements, including, but not limited to, the risk that dispositions of the Fund's portfolio investments, together with the Fund's cash resources, will not yield proceeds sufficient to satisfy in full claims of the Fund's creditors or any distribution to the Fund's shareholders; the fact that the litigation proceedings involving claims by the Former Manager have involved, and claims by other third parties against the Fund may involve, substantial expense and, in either case, could require the Fund to pay substantial damages if those claims (including any appeal commenced in connection with the Former Manager Litigation) are successful, thereby reducing or depleting entirely the Fund's liquidity and capital resources; the risk that any such appeal or other claim may delay or otherwise adversely affect the Fund's

ability to wind up; and those risks and uncertainties disclosed in the Fund's regulatory filings posted on SEDAR at www.sedar.com. These risks and uncertainties may cause actual results, events or developments to be materially different from those expressed or implied by such forward-looking statements. Unless required by law, the Fund does not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or results or other factors.

Contact Information

FTI Consulting Canada Inc., the Court Appointed Monitor of GrowthWorks Canadian Fund Ltd., has established the following website containing information concerning the CCAA proceedings: <http://cfcanda.fticonsulting.com/gcfl/>

You may also contact the Monitor at:

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