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FOR IMMEDIATE RELEASE

VENTURE CAPITAL INVESTMENT IN Q1 2010: SLOWER DECLINE

TORONTO: Activity in Canada's venture capital market continued to fall in the first quarter of 2010, suggested continuance of the slower pace of 2009, according to the industry's statistical report released today by the CVCA-Canada's Venture Capital & Private Equity Association and research partner Thomson Reuters.

A total of \$276 million was invested across the country, which approximates the \$279 million invested at the same time last year. Both periods reflected the lowest level of first-quarter deal activity since 1996.

As it did throughout last year, Québec-based VC activity led the Canadian market in the first three months of 2010, accounting for 37% of all disbursements, or \$101 million invested in 42 companies. However, as compared to one year ago, when \$153 million was invested, activity in Québec dropped 34%.

Venture investments in IT moved in a different direction in Q1 than VC trends in either life sciences or clean tech. IT continued to account for the largest share of all disbursements, or 37%, despite the fact that its \$103 million invested in 42 companies fell 37% from \$164 million one year ago. Instead, deal-making in cleantech and life sciences drove much of Q1 2010 activity.

In part due to the Enerkem financing, activity in energy and environmental-technology sectors rose year over year, with 7 companies securing \$75 million in the first quarter, which reflects a major advance over the previous \$11 million. As a consequence, the share of total VC activity assumed by cleantech was a superior 27% this time around.

"While the rate of decline in Canada's venture industry seems to have declined, it is still very concerning," said Gregory Smith, President of the CVCA and Managing Partner, Brookfield Financial. "and it is good to see increased investment in sectors such as cleantech, that can provide sustainability for Canada."

The CVCA has proposed a 5 point commercialization support program to help address challenges affecting Canada's venture industry including a program that would see investment in Canadian venture capital funds as part of the offset agreements that are negotiated with major government contractors.

CVCA

The CVCA - Canada's Venture Capital & Private Equity Association, was founded in 1974 and is the association that represents Canada's venture capital and private equity industry. Its over 1800 members are firms and organizations which manage the majority of Canada's pools of capital

designated to be committed to venture capital and private equity investments. The CVCA fosters professional development, networking, communication, research and education within the venture capital and private equity sector and represents the industry in public policy matters.

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To arrange an interview with Gregory Smith, President of the CVCA and Managing Partner, Brookfield Financial, contact Lauren Linton, Director of Marketing, 416 487-4299 llinton@cvca.ca .

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