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**CANADIAN VENTURE CAPITAL INDUSTRY SHATTERS ALL RECORDS
WITH A 132% INCREASE TO \$6.3 BILLION IN CAPITAL INVESTED**

High technology industry accounted for 89% of total invested in 2000

TORONTO: The spirit of entrepreneurialism is alive and well in Canada based on 2000 figures released today by the Canadian Venture Capital Association (CVCA) in its annual survey of 132 venture capital investment groups who together invested capital of \$6.3 billion in 2000 -- an increase of more than 132% over 1999 levels.

"These results surpassed even the most bullish predictions for growth in 2000 and clearly reflect the increasing maturity of the industry. More and more private venture managers, foreign investors and large institutions are recognizing that Canada produces an ever-increasing number of world leading technologies and companies" said John Eckert, President of the CVCA.

"The results were particularly encouraging as our large neighbor to the south witnessed a 30% drop in capital invested in the last quarter of 2000, while Canada experienced an increase of 50%". Mr. Eckert continued, "Growth in Canada relative to the U.S. remained strong for several reasons but a key factor was that Canadian entrepreneurs and investors had not focused nearly as much on the dot.com sector. In 2000, internet related deals in the U.S. attracted 47% of capital while in Canada, we diversified our investment across several sectors including communications (22%), computer-related investments (16%) with the internet accounting for only 19%."

Entering the new century, venture capital firms raised in excess of \$4 billion new capital, up by 72% from 1999. A total of 1,441 deals were completed (up by 46% from 1999) and 79% of these were larger deals of over \$5 million. The average financing for the industry as a whole rose from \$2.75 million in 1999 to \$4.4 million in 2000.

Notwithstanding the recent difficult public market conditions, Mr. Eckert believes the Canadian venture industry is well positioned to continue to serve Canada's expanding entrepreneurial sector. "Particularly encouraging was the dramatic increase in capital going to early stage transactions, up to 45% from 35% of total investment in 1999. The long-term impact is that many of these companies will go on to achieve larger follow-on expansion financings and ultimately, become large public companies with the ability to compete on a global scale."

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Mary Macdonald, President of Macdonald & Associates Ltd. who conducted the survey on behalf of the CVCA, agreed that 2000 was a remarkable year, particularly in Q4, and suggested evidence of diversifying deal activity, new strategic partnerships and syndications as well as growth in the quality of professional management, especially in technology deals.

"The Canadian VC industry is not only getting bigger, it is also becoming more knowledgeable, more specialized and more sophisticated. As a result, venture capitalists in this country are able to make an

important contribution to the growth and success of Canadian technology companies," Macdonald said.

The number of deals in the technology sector contributed to 78% of total deals in 2000 (up from 68% in 1999) and the amount of capital invested in technology firms increased significantly to \$5.6 billion (from \$2.2 in 1999).

Within the technology sector, the communications and internet-related sectors were the prime beneficiaries of the industry's growth. A total of 149 deals were done with communications firms, up from 71 the year before. These deals attracted \$1.4 billion, an increase of 280% from 1999.

OTHER SURVEY FINDINGS:

DISBURSEMENTS BY SECTOR (Cdn \$mill)

	2000	1999
Biotechnology	684 (11%)	316 (12%)
Medical/Health Related	446 (7%)	159 (6%)
Communications	1,365 (22%)	359 (13%)
Computer Related	1,037 (16%)	982 (36%)
Internet Related	1,222 (19%)	n/a *
Electronics	555 (9%)	262 (10%)
Other Technology	338 (5%)	90 (3%)
TOTAL TECHNOLOGY	5,647 (89%)	2,168 (80%)
Consumer-related	237 (4%)	126 (5%)
Manufacturing	201 (3%)	147 (5%)
Misc.	234 (4%)	279 (10%)
Total Traditional	672 (11%)	552 (20%)
TOTAL	6,319 (100%)	2,720 (100%)

* Internet related figures were included in the Computer related figures in 1999

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INVESTMENT BY REGION (Cdn. \$mill)

British Columbia	446 (7%)
Alberta	211 (3%)
Saskatchewan	13 (0)
Manitoba	32 (1%)
Ontario	2970 (47%)
Quebec	1335 (21%)
Atlantic Canada	75 (1%)
Foreign Countries	1,237 (20%)
Total:	6,319 (100%)

INVESTMENT BY STAGE (Cdn \$mill)

Early Stage	2,841 (45%)
Acquisition/Buyout	191 (3%)
Expansion	3,081 (49%)
Turnaround	78 (1%)
Other	128 (2%)
Total	6,319 (100%)

Canadian Venture Capital Association (CVCA)

The CVCA represents the venture capital industry in Canada and promotes the development and advancement of Canadian businesses through the use of venture capital. The CVCA fosters professional development, networking, communication, research and education within and outside the venture capital industry and represents the industry in tax and regulatory matters.

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