



**NEWS RELEASE
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British Columbia Discovery Fund to Maximize Value for Existing Shareholders and Discontinue Share Sales

VANCOUVER, B.C. March 10, 2015

Fund Update

British Columbia Discovery Fund (VCC) Inc. (the "Fund"), a venture capital investment fund managed by Discovery Capital Management Corp. (the "Manager"), announces that it will focus on the management of existing investments, the deployment of its investment capital into new investment(s) and the realization of investments and distribution of the proceeds to shareholders. The Board of Directors of the Fund (the "Board") has determined that it is in the best interests of shareholders to maximize the value of the Fund's mature portfolio as well as the new investment(s) it will be making for the benefit of the existing shareholders without further dilution. Accordingly, the Fund has voluntarily discontinued the sale of its Class A Shares, effective immediately, and will not be renewing its continuous distribution prospectus, which lapses on April 15, 2015.

John McEwen, CEO of BC Discovery Fund comments: "The Fund currently has \$40 million in assets, with mature investments in eight companies, and over \$4.0 million that it is required to invest. Closing the sale of shares and eliminating further dilution is a typical evolution for venture funds that have achieved a mature portfolio."

In addition, the Board has considered the manner in which the Fund provides liquidity to its shareholders, including considering alternatives to its existing redemption model, and will be making a recommendation for approval by shareholders at the next annual meeting of the Fund. Going forward, the Manager intends to focus on the deployment of capital into new investments and the management and divestiture of the Fund's portfolio investments to maximize the value of realizations and returns to shareholders. The Fund will no longer be selling its shares and accordingly will transition from being an open-ended fund to a closed fund. In considering an appropriate distribution model in these circumstances, the Board considered the following:

- The likelihood that, having discontinued sales of shares, the Fund will not re-establish sales in the future.
- The need to manage cash for new investment(s) pursuant to the requirements of the SBVCA, for 'follow on' investments into existing portfolio companies and for working capital.
- The desirability of maintaining the status quo of distributions to shareholders by way of redemptions on a "first in" basis versus the potential unfairness to the "last out" investors in the event that the last investments of the Fund are less liquid and more difficult to realize.

- The fact that portfolio exits are episodic and that it is difficult to predict both the timing and value of any particular divestiture.
- The benefits of having all shareholders continuing to share in the potential upside of the full diversified portfolio of divestiture opportunities; versus the risk that, if some shareholders are fully redeemed out of the earlier exits, they may miss out on future exits at above the current carrying value.
- The increased risk to the shareholders that are last to be redeemed, as the portfolio of investments becomes less diversified and as the Fund may also be left with reduced liquidity if the best holdings happen to be realized earlier.
- The observation that some investors, or their advisors, are more proactive in requesting redemptions, to the disadvantage of others.
- The extent that a shift to a dividend distribution model would be in the best interests of the Fund in allowing all shareholders, regardless of the timing of divestment, to achieve the full liquidity available, and to also participate in later stage exits.
- The precedent that a change to a dividend distribution model from a redemption model has been proposed and adopted by other similar venture investment funds.
- The fact that shareholders will be given the opportunity to vote on such a proposal.

Based on the foregoing, the Board is recommending that the Fund adopt a dividend distribution model and that the Fund put such a proposal forward to the shareholders of the Fund to consider and vote upon. The details of such a proposal will be contained in an information circular to be prepared by the Fund and provided to shareholders prior to a meeting of the shareholders where this matter will be decided by the shareholders.

Portfolio Update

Following are summary descriptions of three portfolio companies which illustrate the maturity and diversity of the portfolio.

- **Avigilon Corporation** (public) – Avigilon's industry-leading HD network video management software, megapixel cameras, access control and video analytics products are reinventing the security market. Avigilon recently announced record 2014 year-end revenues of \$271.4 million and record adjusted EBITDA of \$54.3 million.
- **D-Wave Systems** (private) - D-Wave Systems is the first quantum computing company. Its mission is to integrate new discoveries in physics, engineering, manufacturing, and computer science into breakthrough approaches to computation to help solve some of the world's most complex challenges. It raised approximately \$62 million in 2014, which will be used to accelerate development of D-Wave's quantum hardware and software and expand the software application ecosystem.
- **Tantalus Systems** (private) - Tantalus provides a two-way, real-time data communications network platform to monitor and control electric, gas and water utilities. In 2014, Tantalus gained 17 new rural electric cooperatives and municipal utilities to its customer base of over 75 public power utilities.

About British Columbia Discovery Fund (VCC) Inc.

British Columbia Discovery Fund (VCC) Inc. was established to make venture capital investments in a portfolio of small businesses in British Columbia that qualify under the *Small Business Venture Capital Act*, focusing on all of B.C.'s top internationally recognized technology clusters: information technology (software and hardware); mobile technology (wireless and networking solutions); clean technology (alternative energy and energy-saving technology solutions); new media; and health and life sciences.

To obtain further information about the Fund, please contact a registered advisor or visit www.sedar.com or www.bcdiscoveryfund.com.

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