



BC Advantage Funds

Investing in the future of B.C.

Introduction to Advantage

Spring 2009

2006 CVCA "Deal of the Year" Award Winner

This document is neither an offer to sell securities nor a solicitation of an offer to buy securities. The securities of our VCC funds are sold only by prospectus and through registered investment advisors. Investors should consult with their own investment advisors and obtain a copy of our applicable prospectus before making a decision to invest in one of our VCC funds.

An investment in one of our VCC funds is speculative and high risk. This material includes reports of past performance. There is no guarantee that past performance will be indicative of future performance. The Company assumes no obligation to update the information in this document.

There is no market for our securities and liquidity may depend upon our ability to redeem our shares after the required hold period which is five years following the date we have invested our investors' funds. There is no guarantee that we will be able to redeem our shares if, as and when requested to by an investor. Investors should consider this investment a long-term investment.

An investment in our securities includes a tax credit in prescribed circumstances. Investors should review our prospectus for a full discussion on the tax aspects of an investment in our securities.



Who Are We

- We are a venture capital corporation that invests in BC life science, technology and clean tech companies
- As a VCC, we offer two tax-assisted funds which provide BC investors:
 - a 30% refundable tax credit on investments of up to \$200k per year; and
 - the ability to redeem their shares at their net asset value five years after we invest their funds into eligible small businesses
- We have raised over \$85M since inception, and the BC gov't has provided us with a \$20M tax credit allocation for 2008: \$13M for the Advantage Venture Fund (BCA100) and \$7M for the Advantage Growth Fund (BCA800)

Our Core Team



Dr. Don Rix, Chairman

Founder and Chairman, MDS Metro Laboratory Services which was sold to OMERS for \$1.4B in 2007. Order of Canada



David Raffa, COO and Partner

Former Chairman of ActiveState Corporation. Co-founder of Amorfix Life Sciences. Mergers and Acquisitions specialist



Frank Holler, CEO and Partner

Co-Founder and past CEO of ID Biomedical (sold to GSK for \$1.6B in 2005) and Xenon Pharmaceuticals; Co-Founder of Angiotech



Tanner Philp, CFO and Partner

Director, officer or advisor with experience in M&A and financing; 2007 BC CA Early Achievement Award



Jim Heppell, President and Partner

Co-founder and Fund Manager of the Advantage Life Sciences Fund I, the best performing retail fund in Canada over five years



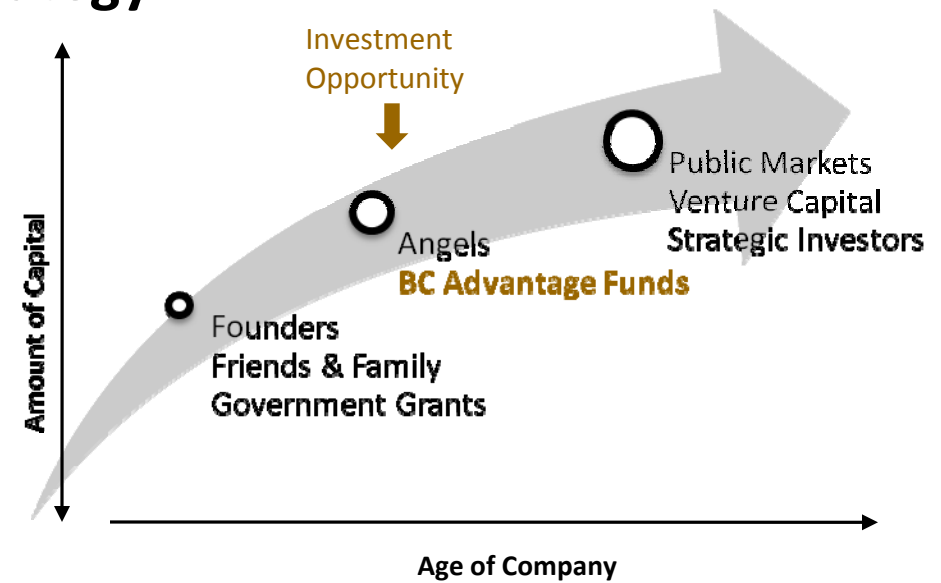
Ray Matthews, VP Sales & Marketing and Partner

Co-Founder of Advantage Life Science Fund I, Leads our Fundraising and Investor Relations efforts

What Distinguishes Us

Step 1 – Birth: Our Investing Strategy

- We utilize our networks to identify and invest in strong technology, life science and clean technology companies located in BC
- We build out the management teams from our network, and the involvement of our Mentors
- We leverage our investments through syndication with other VCs, strong angels and non-dilutive financing
- We work hard to build our companies to a stage where they can attract larger pools of capital



What Distinguishes Us

Step 2 – Growth: The Mentor Model

- Successful investing in growing companies requires more than just financial capital – it requires human capital. We provide this by applying our “*Mentor Model*”
- Our Mentor pool is made up of over 70 successful entrepreneurs that:
 - Help us source high quality investments
 - Provide additional due diligence expertise, and
 - Serve as directors, officers, advisors and co-investors in our portfolio companies

What Distinguishes Us

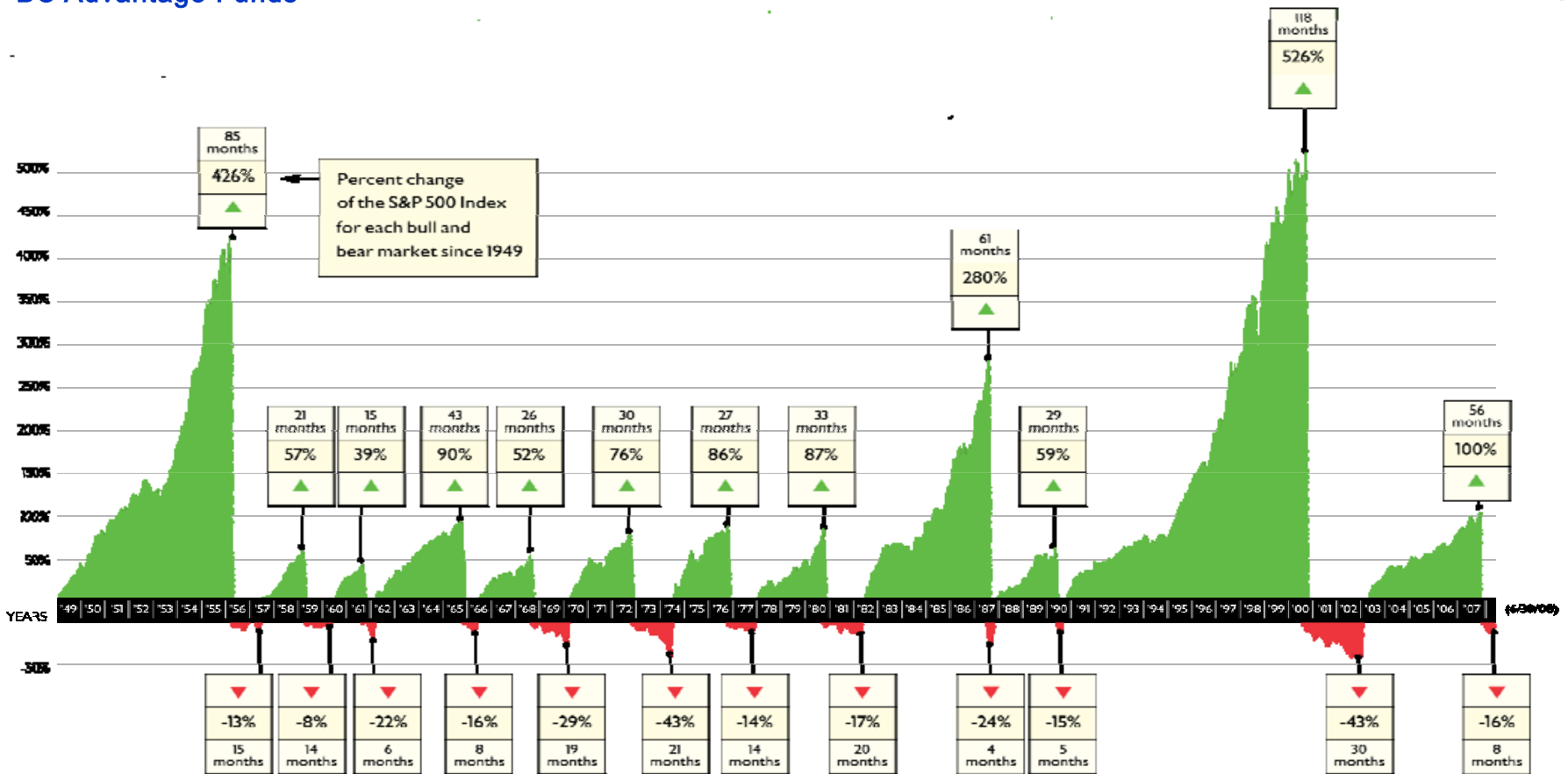
Step 3 – Graduation: Our Expertise in Achieving Exits

- We actively manage the investment exits to fully maximize the returns

	Total Investment	Exit Proceeds	Internal Rate of Return* (at 30/09/07)	Multiple of Invested Capital
Xillix Technologies	\$ 150,794	\$449,071	342.5%	2.98x
Aspreva Pharmaceuticals	\$225,000	\$5,269,705	227.7%	23.42x
Parasun Technologies	\$500,000	\$2,335,947	67.4%	4.67x
Brightside Technologies	\$325,000	\$928,550	51.7%	2.80x

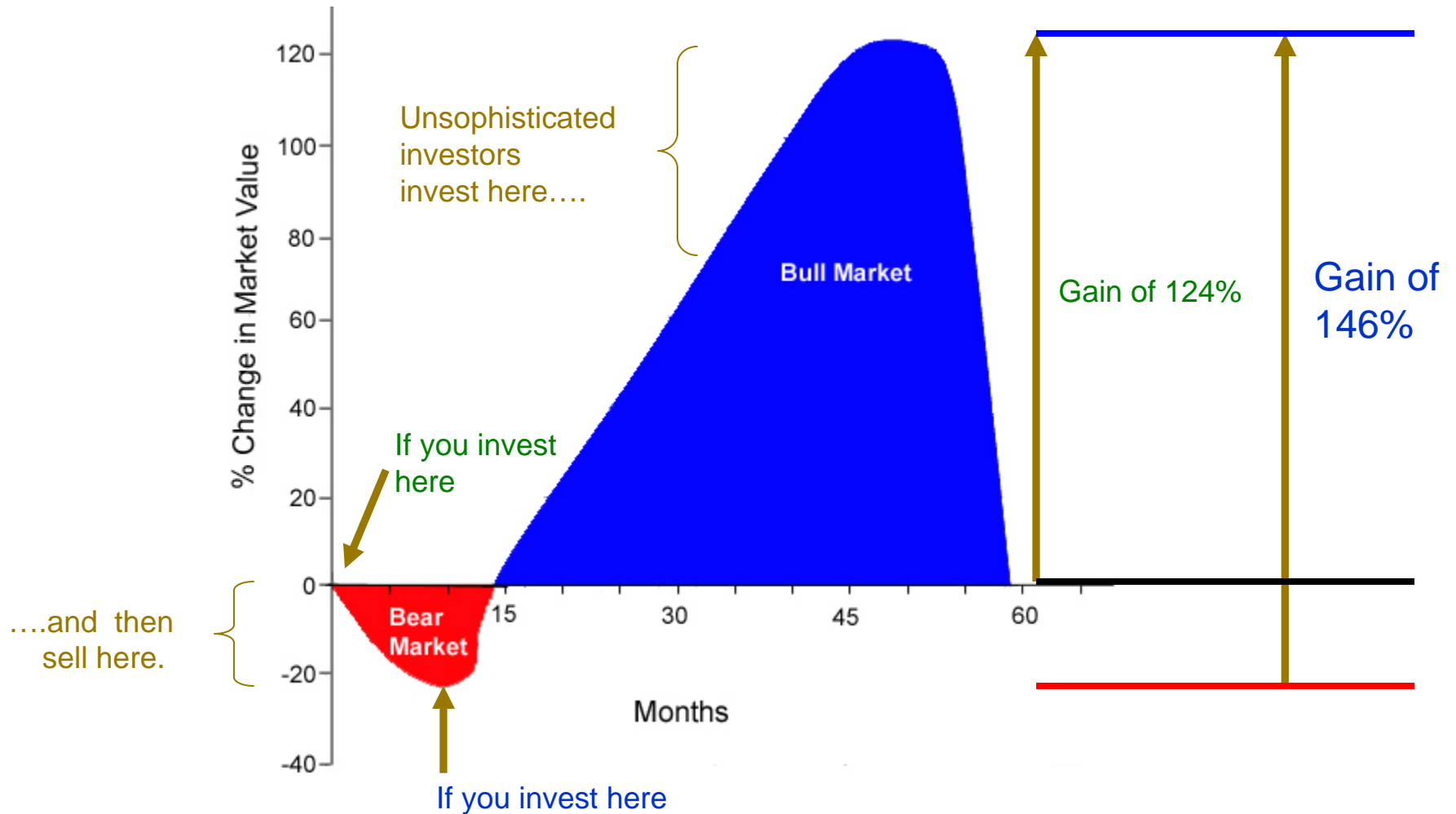
* For particulars on IRR or other data in this slide, please contact our CFO, Tanner Philp, at tphilp@lionscapital.com

What the Markets Tell Us



Data is as of 6/30/08, is historical, and reflects reinvested dividends. Each bull or bear market is determined by at least four consecutive months of continuous gain or decline. Past performance does not guarantee future results. There are no guarantees that prior markets will be duplicated. The S&P 500 Index is an unmanaged index of common stock performance. It is not possible to invest directly in an index. All data prior to 12/31/59 was provided by Thomson Financial; data prior to 12/31/59 is extrapolated and unofficial.

What does this all mean?



The Time to Invest in Tech

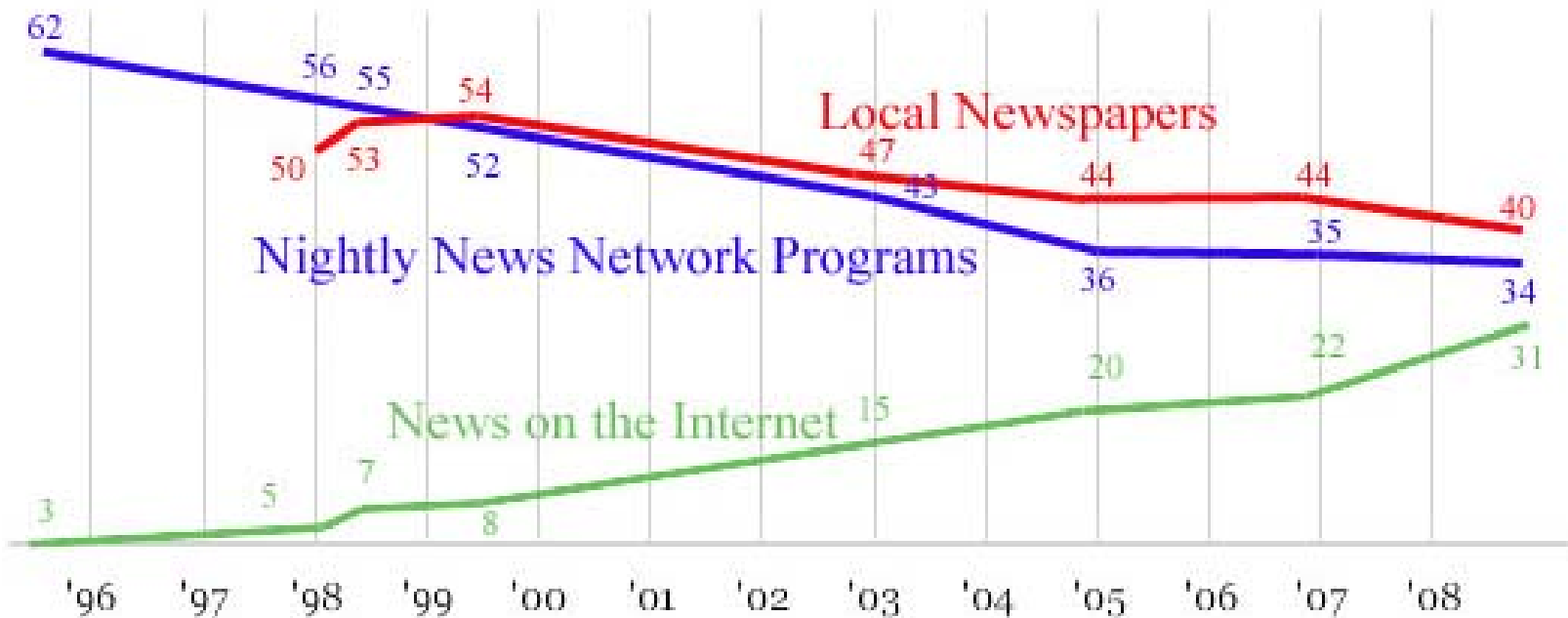
- We are seeing weakness in the commodities markets and in blue chips. It is time to consider sector rotation into Technology for diversification – and to **Take Advantage** of the investment opportunity.
- Post-Bubble, between 2002 and 2007, Internet Stocks were the #2 performing industry sector out of 75 tracked by the Wall Street Journal. (#1 was Coal)
- After the Bubble, people wondered if Technology companies were real businesses. Yes! Stocks like Google and RIM performed because the companies were and are very profitable, and are growing rapidly.

Google – A Technology Success Story

- September 1998** Company founded, seeded with a \$100,000 investment
- June 1999** Sequoia and Kleiner Perkins lead \$25M in Series A investment at pre-money valuation of \$100M
- August 2004** Company goes public with a pre-IPO valuation of \$23.1B. Stock opens on NASDAQ at \$85 a share and closes at \$100
- January 2005** Stock passes \$200
- November 2005** Stock passes \$400
- November 2007** Stock closes at all time high of \$741, giving the Company a valuation of \$232B

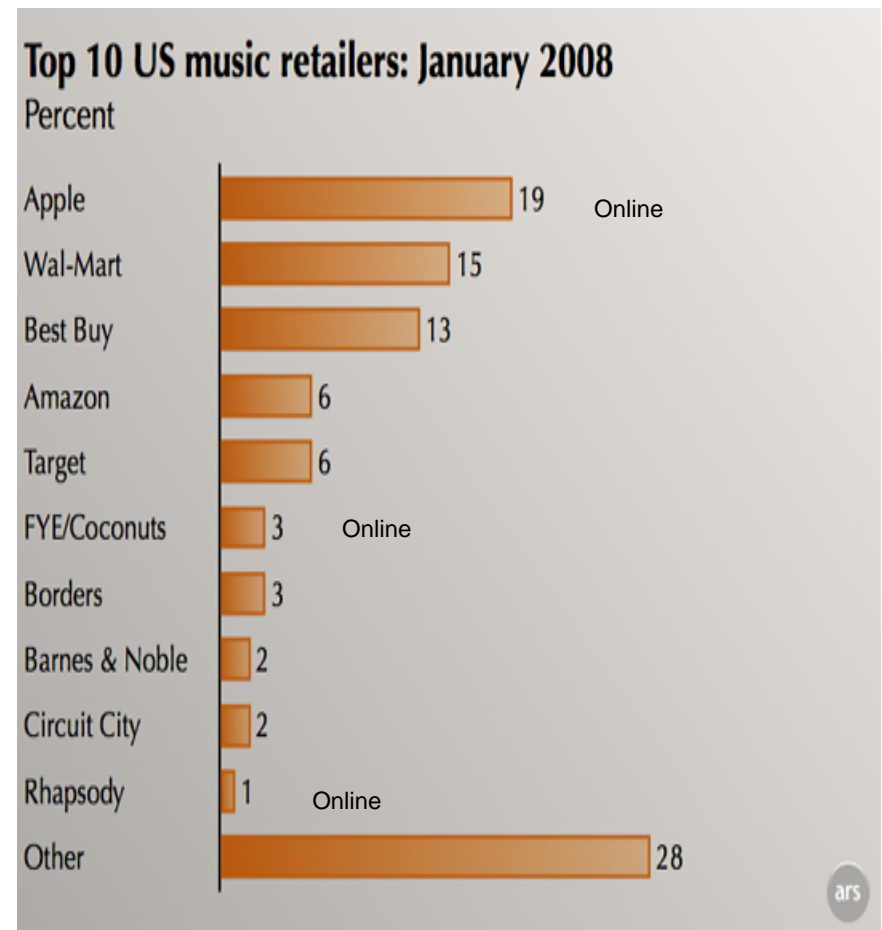
The Tech Wave Hits the News Business

The percentage of people that get their daily news through various media sources:



The Tech Wave Hits the Music Business

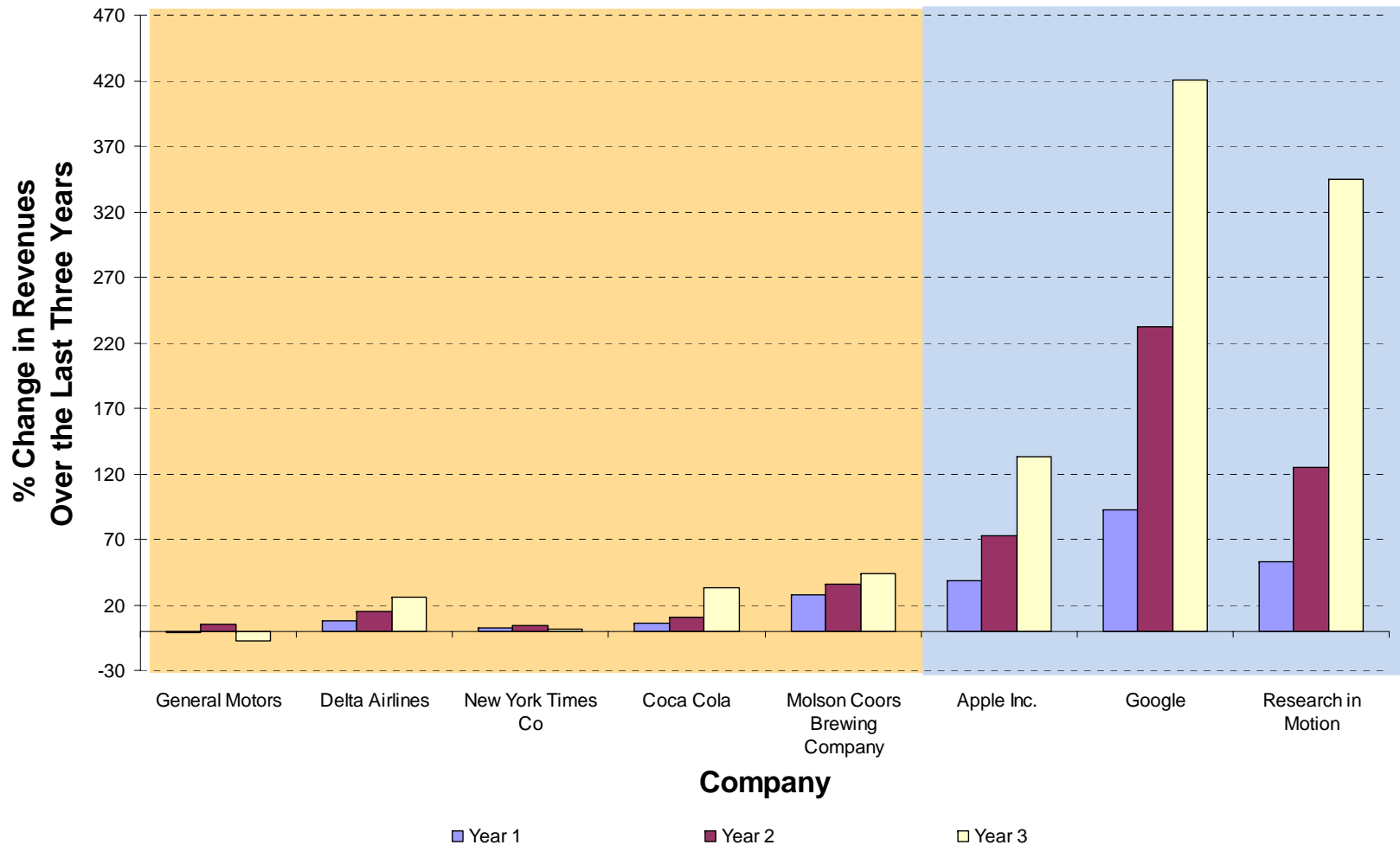
- Launched in 2001, iTunes quickly propelled Apple to the top music retailer position by the beginning of 2008.
- With over 50 million customers, iTunes has sold over four billion songs and features the world's largest music catalog of over six million songs.
- Forrester Research predicts digital music downloads will grow at a CAGR of 23% over the next five years, reaching \$4.8B in revenue by 2012 *and overtaking CD sales.*



The Tech Sector is Growing Fast

Traditional Industries

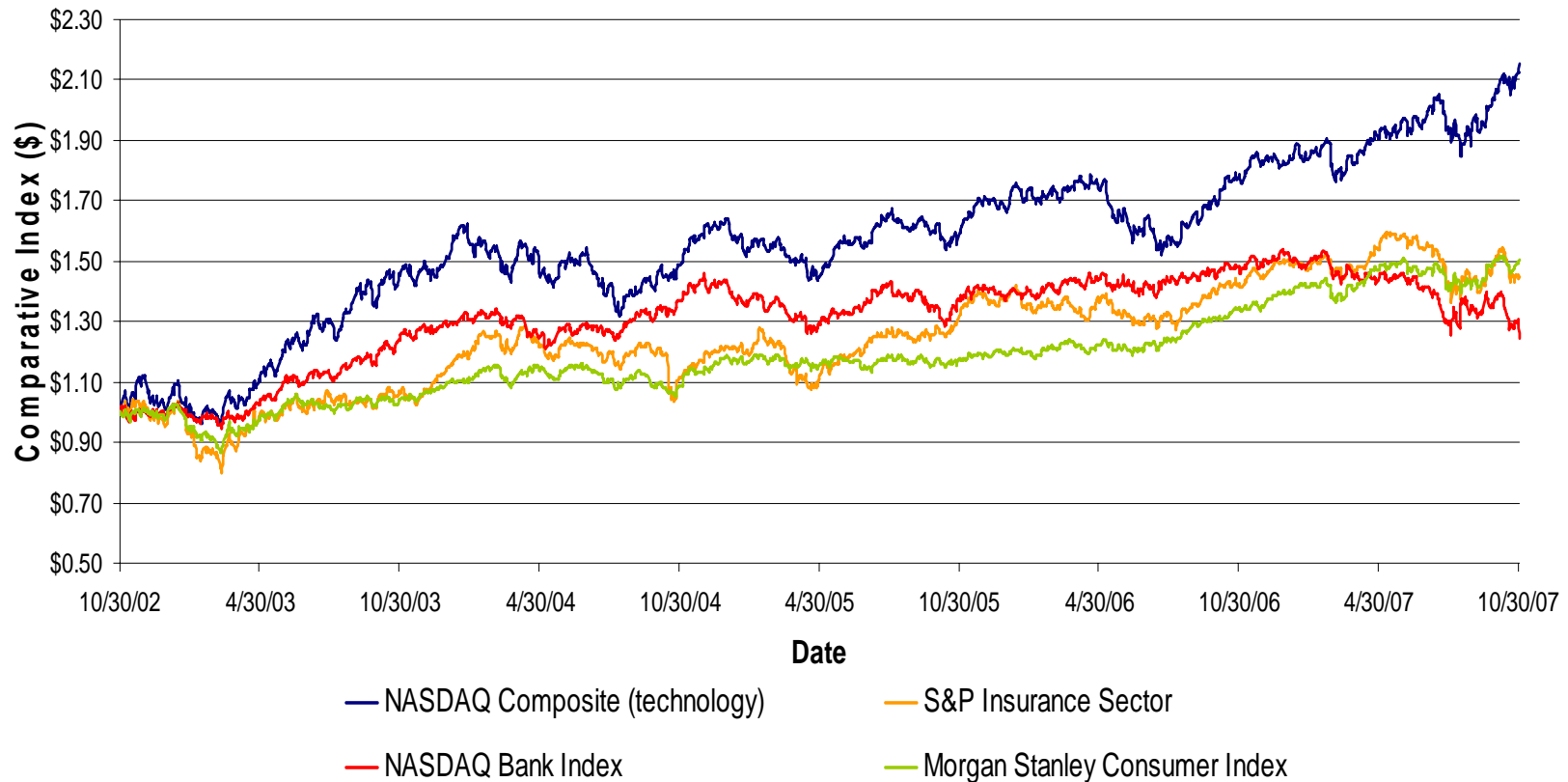
Tech Industries



All Revenue Data Collected from Google Finance: <http://finance.google.com>. All results are based off each company's most current reporting results. Apple and RIM are based off 2005-2008 revenue results; all other companies are based off 2004-2007 revenue results.



The Five Years Following the Burst of the Bubble



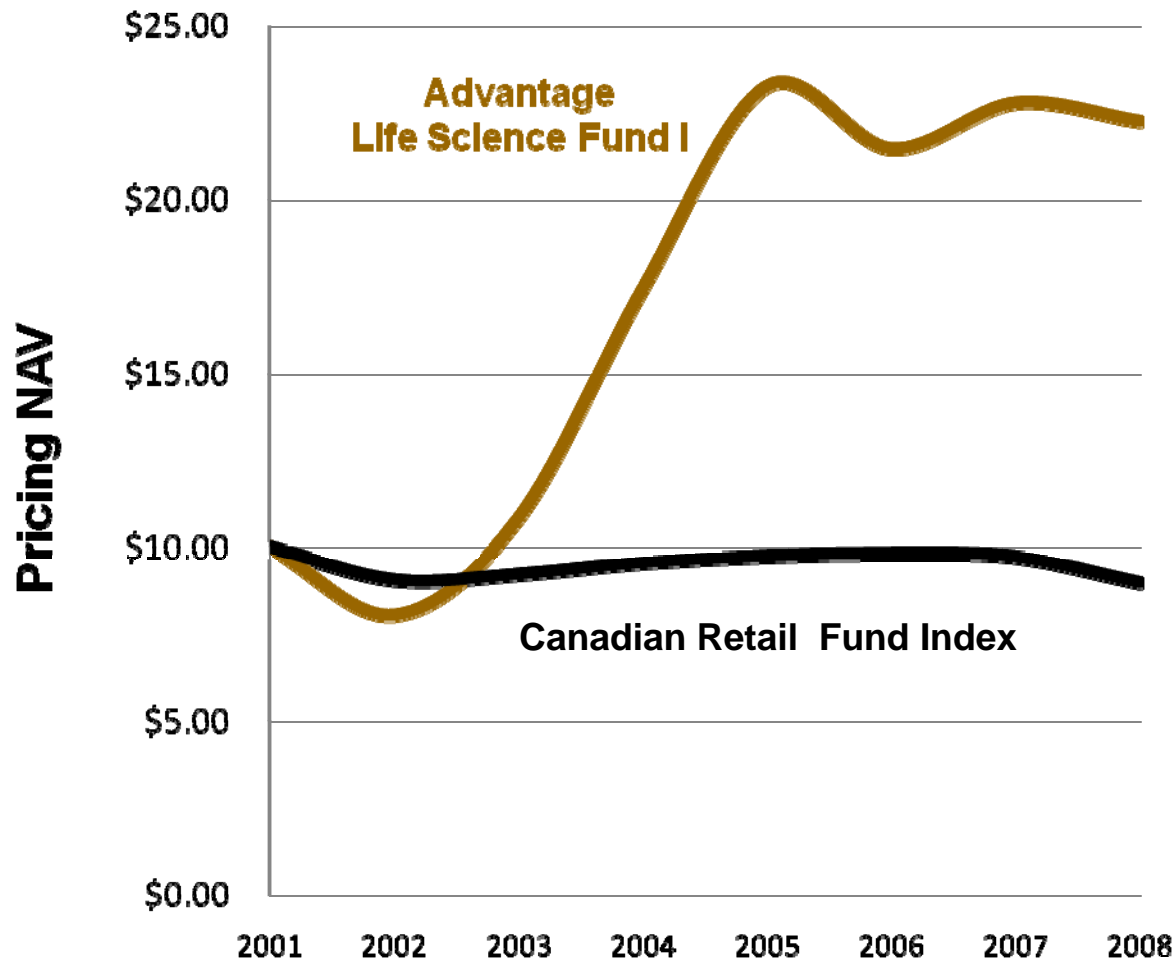
Graph data collected from yahoo finance: <http://finance.yahoo.com>
Comparative index created using prices on October 30, 2002 as a base price.

The Last Bear Market

We launched Advantage Life Science Fund I:

- Capital raised in Fall 2001
- Portfolio built between Spring 2002 and Fall 2003, at or near the bottom of the public markets
- Aspreva provided a 23X return, 228% IRR
- Xillix provided a 3X return, 343% IRR
- A \$10 investment resulted in \$22+ return

Advantage – Proven Returns



Between 2001 and 2008, the Advantage Life Science Fund I:

- Increased its NAV from \$10 to over \$22
- Generated a simple return of 128% (225% if you include the 30% tax credit)
- Paid its shareholders a Special Dividend of \$10 per share (02/07)

Our Current Fund

When we launched in 2003, our initial objectives were to:

- raise a significant pool of capital, and
- use those funds to acquire a strong portfolio of promising life science, technology and cleantech company investments capable of providing strong returns to our investors.

We have achieved our initial objectives.

On the fund raising side:

- record fund raising of \$16.2M last year
- we are the largest VCC in the Province, having raised more than \$85M since inception





Our Core Holdings



A Buyer's Market

We have never been in a better place vis-à-vis our portfolio. We have more than a dozen core holdings in our portfolio, and we are in a place where we can pick and choose investments at very favorable valuations.

Investing Our Capital:

- closed over \$10M in new investments in 2007, exceeding pacing requirements by 51%
- about 70% follow on investments and 30% new investments
- Life Science / Technology & Cleantech split almost exactly 50/50
- our portfolio companies leveraged Advantage's capital 7.9 times (up from 4.5x in 2006)



Our Companies Are Attracting Capital

In the past year, our companies have completed some significant financings. A few of these financings include:

Allon - \$20M bought deal

Inimex - \$22M with VCs and strategics

NxtGen - \$17.5M with US lead and strategics

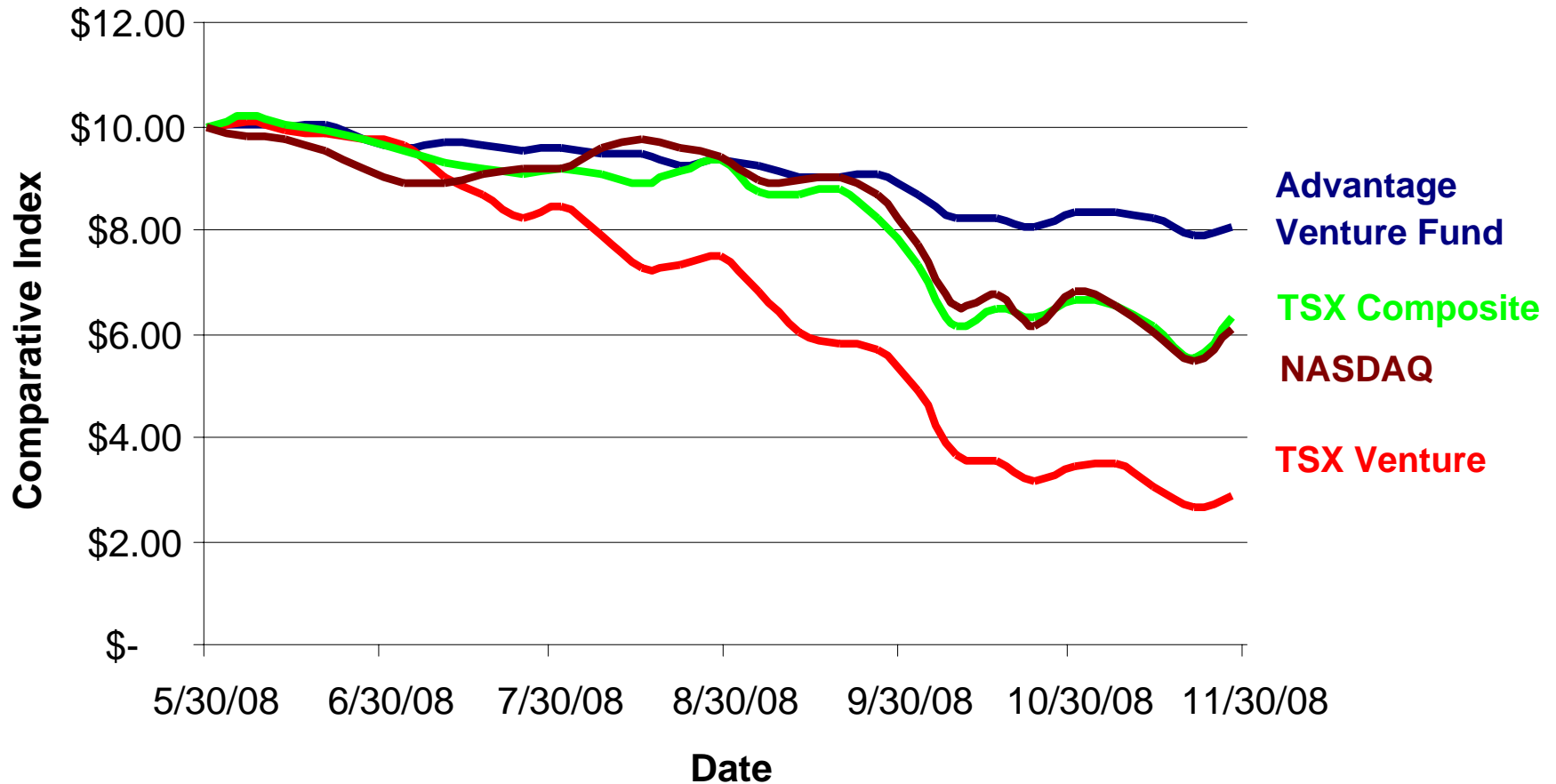
Mobidia - \$9.5M

Zeugma - \$24M with US and local VCs

Our invested capital was leveraged materially (\$9:\$1¹). Other professional investors like what they see in our portfolio!

¹ Of the financings noted above

Our Recent Performance



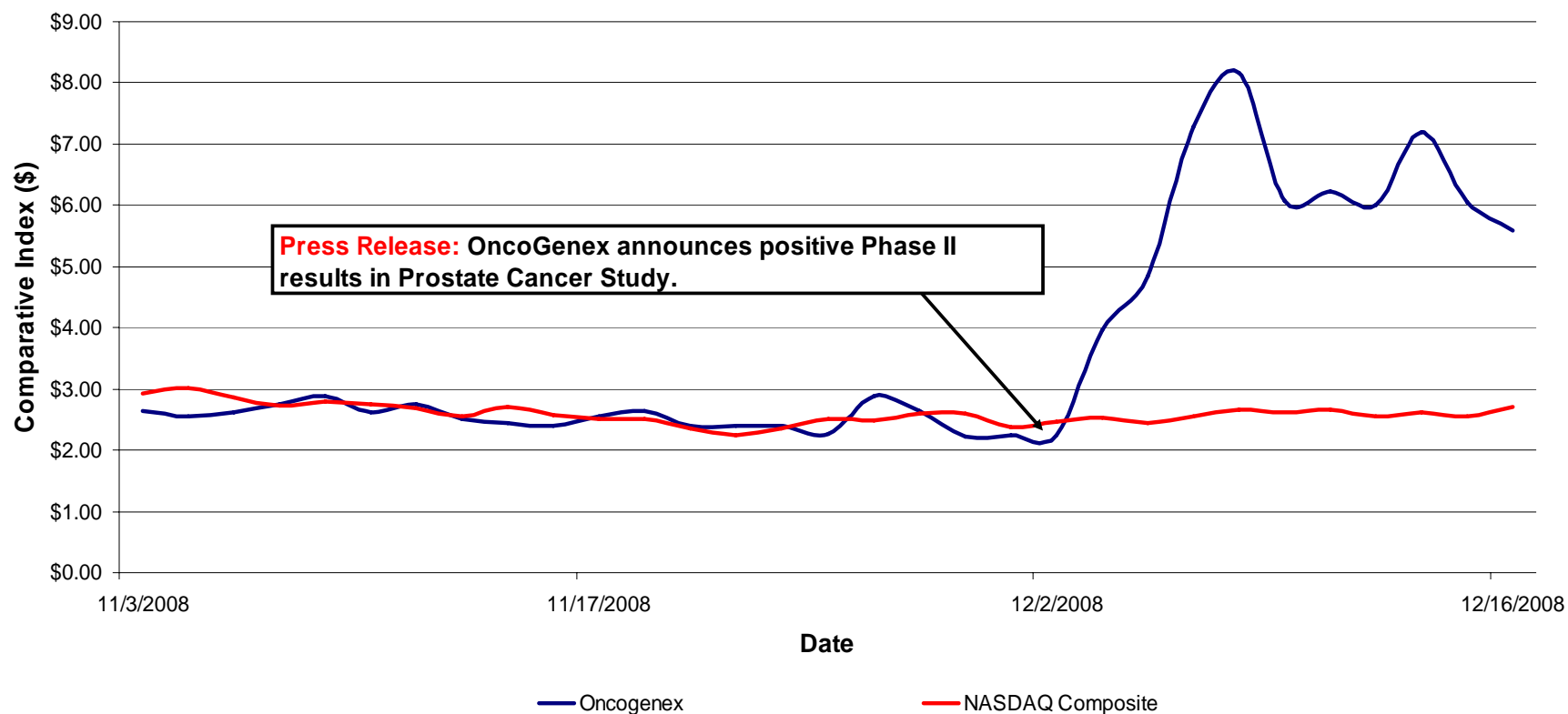
TSX Composite: <http://finance.yahoo.com>

TSX Venture: <http://cxa.marketwatch.com/TSX/en/Market/intchart.aspx>

NASDAQ: <http://finance.yahoo.com>



The Impact of Good Results



Comparative Index is based on changes in the share price of using September 20, 2008 as a base.
OncoGenex: <http://finance.yahoo.com>
NASDAQ: <http://finance.yahoo.com>



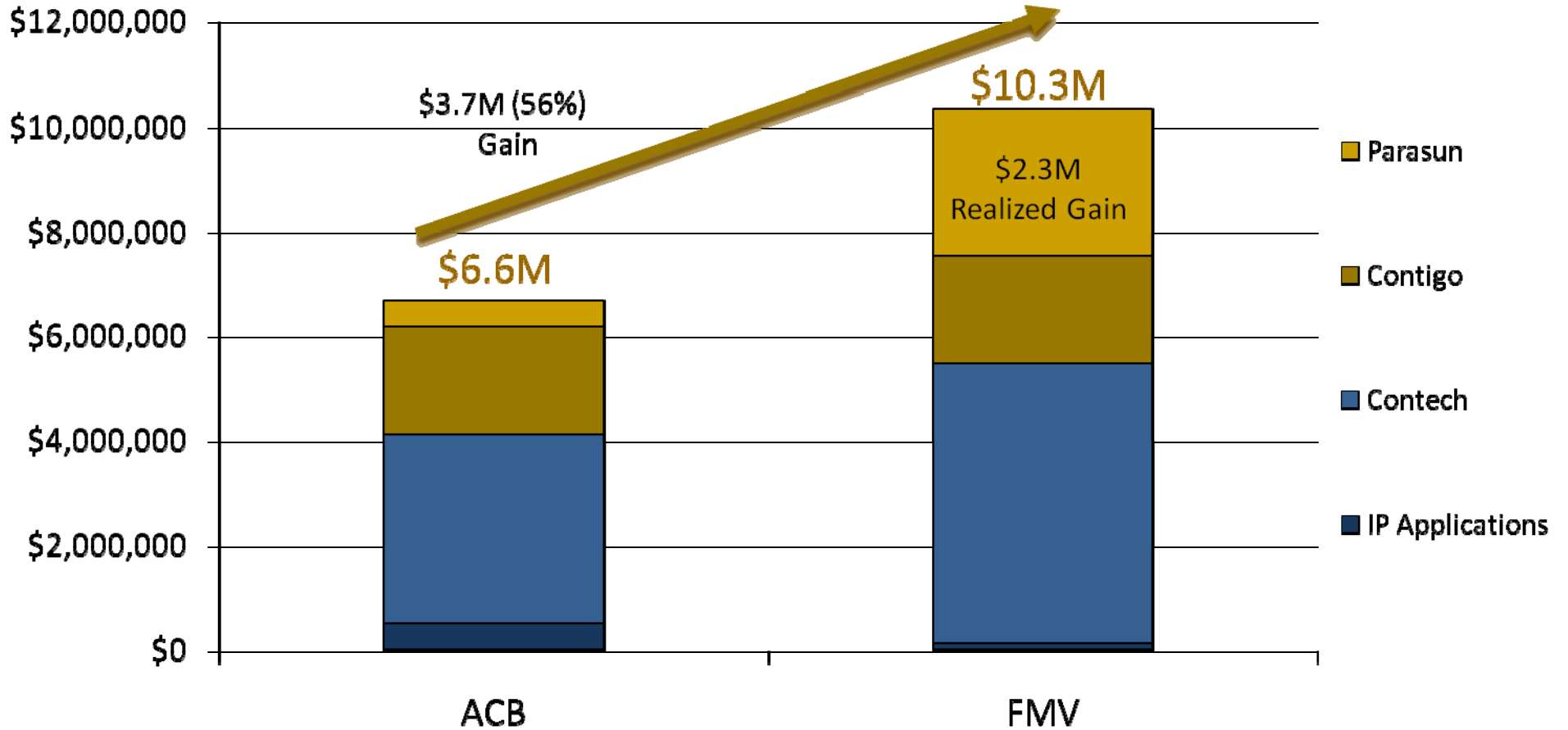
New - Advantage Growth Fund

- In October of 2007, we took over management of the Pender NDI Life Science Fund
- In November of 2008 we shifted the investment focus of this Fund from Life Sciences to 'Growth' companies, and renamed the Fund the Advantage Growth Fund
- Investment criteria for the Advantage Growth Fund (BCA 800 on Fundserv) are B.C. based companies that are:
 - In revenue
 - Profitable or approaching profitability
 - Likely to provide liquidity in three to five years





Our Historical Performance with Growth Companies⁽¹⁾



(1) As at October 30, 2008.

This slide is representation of our history with Growth Companies. These companies are not included in the Advantage Growth Fund, but were in other Advantage Funds. These are speculative investments. Previous results are not representative of future returns.

Tax Advantages

<i>Personal</i>	<i>Corporate</i>
<ul style="list-style-type: none">• Refundable BC tax credit: 30%• Up to \$200,000 annually – \$60,000 tax credit• Can invest in a RRSP or RRIF and claim the tax credit personally• Can allocate to a spouse if a joint account	<ul style="list-style-type: none">• Non-refundable BC tax credit: 30%• Tax credits are used by corporations to reduce, or extinguish, their BC taxes payable that year• Excess tax credits may be carried forward up to four years• For corporations paying BC taxes, particularly for those experiencing a windfall, the VCC tax credits can significantly reduce, or eliminate, BC taxes and provide great diversification



Tax Advantages

- Taxpayer sells a business held through Holdco, his/her personal holding company, for a material win
- Taxpayer now has significant cash resources in Holdco, but the sale of the business requires Holdco to pay substantial BC and federal taxes. Taxpayer should also consider diversifying his/her portfolio.

- Example:

- | | |
|-----------------------------|--------|
| • Holdco Proceeds on Sale | \$5.0M |
| • BC Taxes Payable | \$0.3M |
| • Investment in Advantage | \$1.0M |
| • BC Tax Savings | \$0.3M |
| • Diversification of Assets | \$ |





Generate Cash for Your TFSA

- STEP 1** Contribute \$15,000 into your RRSP and receive a Tax Savings of \$6,000* (*Assuming you have a 40% marginal tax rate)
- STEP 2** Invest the \$15,000 from your RRSP to buy Advantage and receive a refundable 30% Tax Credit of \$4,500 (Your Total Tax Savings are now \$10,500)
- STEP 3** Invest \$5,000 of your Tax Savings to make the maximum contribution to your TFSA

By investing \$15,000 in Advantage in your RRSP you would now have \$20,000 of assets (\$15,000 of Advantage shares in your RRSP and \$5,000 of cash in your TFSA), and you will have realized \$10,500 (\$6,000 + \$4,500) of Tax Savings.





The Investment Opportunity

Tough markets present the best investment opportunities. Respected investor, Warren Buffet, once said:

“Be fearful when others are greedy, and be greedy when others are fearful.”

With BC Advantage Funds, you have the opportunity to:

- invest in a strong portfolio of life science, technology and cleantech companies,
- currently at very favourable valuations,
- with the added bonus of the 30% refundable tax credit

Now is a great time to buy – Take Advantage!





2008 Products Available



Fundserv BCA100

The Advantage Venture Fund is our largest investment fund. The Venture Fund invests in early stage life science, technology and clean tech companies. Its [portfolio](#) includes companies in biotech and medical devices, as well as software, telecom, manufacturing and clean technology companies.

The Venture Fund has an allocation of \$13 million in tax credits for 2008.



Fundserv BCA800



Advantage is building the Advantage Growth Fund [portfolio](#) by investing in companies that have growing revenues, are profitable or approaching profitability and are likely to provide liquidity within a three to five year time frame. The Advantage Growth Fund presents investors with the opportunity to diversify into a basket of VCC investments that have less volatility than traditional venture capital.

The Growth Fund has an allocation of \$7 million in tax credits for 2008.





Thank You

BC Advantage Funds (VCC) Ltd.

1280 – 885 West Georgia Street, Vancouver, BC
P 604.688.6877 • www.bcadvantagefunds.com

David Raffa, COO and Partner

draffa@lionscapital.com

Ray Matthews, VP Sales & Marketing

rmatthews@lionscapital.com