

FIRST HAMILTON HOLDINGS INC.

Units
Comprised of
Series A 7% Cumulative Non-voting Preference Shares
and
Class A Share Purchase Warrants

Confidential

OFFERING MEMORANDUM

May 1, 2018

This Offering Memorandum is for the confidential use of only those persons to whom it is transmitted and delivered in connection with this Offering for the purpose of evaluating the securities offered under this Offering Memorandum, which includes all amendments thereof, and only those persons qualified to purchase the securities described herein in compliance with applicable securities laws. By their acceptance of this Offering Memorandum, recipients agree that they will not transmit, reproduce or make this Offering Memorandum and any information contained herein available to anyone, other than their professional advisors. No person – whether from the issuer or any other party - has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received but not included in this Offering Memorandum must not be relied upon.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. Purchasers should read the entire Offering Memorandum for full details about the Offering. This is a risky investment. See ITEM 8 - Risk Factors.

First Hamilton Holdings Inc. is a “connected issuer” and a “related issuer” (within the meanings ascribed to such terms in National Instrument 33-105) of the President and Chief Executive Officer of PACE Securities Corp., a registrant with the Ontario Securities Commission. See Section 2.1 *Corporate Structure* of this Offering Memorandum.

Confidential Offering Memorandum

Date:	May 1, 2018
Issuer's Name:	First Hamilton Holdings Inc. (the “Issuer”)
Head Office Address:	Suite 2200, 199 Bay Street Toronto, Ontario, Canada, M5L 1G4
Phone:	905-532-9633
Email:	jthomson@pacecurities.com
Fax:	905-738-8283
Currently listed or quoted?	These securities do not trade on any exchange or market.
Reporting Issuer?	No.
SEDAR filer?	No.

SUMMARY

Securities Offered	Units with each Unit being comprised of (i) one (1) Series A 7% Cumulative Non-voting Preference Share and (ii) one (1) Class A Share Purchase Warrant. See ITEM 5.1 for details regarding the Series A Preference Shares, the Warrants and the Class A Restricted Voting Shares.
Price Per Security	\$10.00 per Unit.
Maximum Offering	\$10,000,000 (1,000,000 Units) or such greater amount as the Issuer may from time to time determine.
Minimum Aggregate Offering	There is no minimum. You may be the only purchaser. Funds available under the Offering may not be sufficient to accomplish our proposed objectives.
Minimum Aggregate Subscription Amount Per Investor	There is no minimum subscription amount that an investor must invest.
Subscription Payment Terms	Payment of the subscription price in full by certified cheque, bank draft, wire transfer of immediately available funds or other form of payment acceptable to the Issuer to be made with the delivery of a duly executed and completed Subscription Agreement. See ITEM 5.2 - Subscription Procedure.
Dividend Rate for Series A Preference Shares	Dividends payable on the Series A Preference Shares are cumulative and are calculated quarterly on those Series A Preference Shares outstanding as of the last day of March, June, September and December of each year. The first such dividend is payable on or before July 20, 2018 to Preference Shareholders as at June 30, 2018 and thereafter dividends are payable quarterly on or before the 20 th day of the month following each quarter-end, calculated at a rate of seven percent (7%) per annum on the Redemption Amount.
Redemption Amount	\$10.00 per Series A Preference Share
Indefinite Term after Liquidity Event and Fixed Redemption Date Otherwise	The Term will be indefinite in the event that a Liquidity Event occurs on or before December 31, 2020; however, in the event that a Liquidity Event does not occur on or before December 31, 2020, the Term will be up to approximately five and three-quarter years, depending on the subscription date, with a fixed redemption date of December 31, 2023 for all Series A Preference Shares (subject to the Issuer's right to extend the date of redemption for one or more periods aggregating up to 6 months but not past June 30, 2024).
Warrants	Each Warrant will entitle the holder to acquire one (1) Class A Restricted Voting Share for \$10.00 at any time on or before the earlier of (i) the third anniversary of a Liquidity Event or (ii) the fifth anniversary of the first issuance of Series A Preference Shares (namely, April 30, 2018).
Liquidity Event	The listing of the Series A Preference Shares (or the corresponding shares of any successor corporation or entity resulting from the Series A Preference Shares on the completion of an amalgamation, plan of arrangement, share-for-share exchange, acquisition, merger or any other form of business combination of the Issuer with any other corporation or entity) on the Toronto Stock Exchange, TSX Venture Exchange, Canadian Securities Exchange or any other recognized stock exchange in Canada.
Proposed Closing Date(s)	Closings will take place periodically, at the Issuer's discretion (each a " Closing Date "). The first Closing Date is scheduled to be on or about May 25, 2018. The Issuer contemplates multiple closings thereafter.
Income Tax Consequences	There are important tax consequences to acquiring, holding and disposing of these securities. See ITEM 6 - Income Tax Consequences.
Purchaser's Rights	You have two (2) Business Days to cancel your agreement to purchase these Units. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or for cancellation of the subscription agreement. See ITEM 11 – Purchaser's Rights.
Resale Restrictions	None of the Series A Preference Shares, Warrants or Class A Restricted Voting Shares (collectively, the " Securities ") is listed on any stock exchange and there is no assurance that any of the Securities will ever be listed on any stock exchange. You may be restricted from selling your Securities for an

	indefinite period. You may not be able to sell any of your Securities except in very limited circumstances. The Securities may be sold “over-the-counter” in private transactions and then only to those purchasers who qualify to be able to purchase such Securities in accordance with certain prospectus exemptions available under applicable securities laws. However, there is no assurance that you will be able to locate a purchaser. You may never be able to resell any of your Securities. See ITEM 10 - Resale Restrictions.
Selling Agents	The Issuer reserves the right, as permitted by and pursuant to applicable securities legislation, to retain qualified agents and other persons to assist with the Offering of the Units and, in such circumstances, to pay fees and commissions of up to 10% of the gross proceeds realized on the issuance of Units and to issue Broker Warrants equal to 10% of the number of Units issued. The Issuer also reserves the right, as permitted by and pursuant to applicable securities legislation, to pay a fee of up to 10% to “finders” for referring potential subscribers of Units to the Issuer. See ITEM 7 - Compensation Paid to Sellers and Finders.

Funds available under the Offering may not be sufficient to accomplish the Issuer’s proposed objectives.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. Purchasers should read the entire Offering Memorandum for full details about the Offering. This is a risky investment. See ITEM 8 - Risk Factors.

This Offering is being made pursuant to certain exemptions from the prospectus requirements of applicable securities laws, including but not limited to “offering memorandum” and “accredited investor” prospectus exemptions described in section 73.3(2) of the *Securities Act* (Ontario) and sections 2.3 and 2.09 of National Instrument 45-106 – *Prospectus and Registration Exemptions* (“**NI 45-106**”) and other securities laws applicable in Ontario where the Offering will be made. – **See ITEM 5.2(b) - Distribution.**

This Offering Memorandum constitutes an offering of securities only in those jurisdictions where and only to those persons to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities in any jurisdiction.

This Offering Memorandum is for the confidential use of only those persons to whom it is transmitted and delivered in connection with this Offering for the purpose of evaluating the securities offered under this Offering Memorandum. Recipients agree that, by their acceptance of delivery of a copy of this Offering Memorandum, they will not transmit, reproduce or make this Offering Memorandum and any information contained herein available to anyone, other than their professional advisors. No person – whether from the Issuer or any other party - has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is so given or received but not contained in this Offering Memorandum must not be relied upon.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements. These statements relate to future events or the Issuer’s future performance. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “continue”, or the negative of these terms or other comparable terminology. These statements are only predictions. In addition, this Offering Memorandum may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking statements contained in this Offering Memorandum are expressly qualified by this cautionary statement. The Issuer is not under any duty to update any of the forward-looking statements after the date of this Offering Memorandum to conform such statements to actual results or to changes in the Issuer’s expectations except as otherwise required by applicable legislation.

NOTE REGARDING USE OF THE ENGLISH LANGUAGE

This Offering Memorandum is provided only in the English language and recipients, by their acceptance of a copy of this Offering Memorandum, expressly agree to the exclusive use of the English language with respect to this Offering Memorandum and all matters related thereto to the fullest extent permissible under applicable laws.

Ce notice d'offre est fourni seulement dans la langue anglaise et en acceptant ce notice d'offre le receveur accepte expressément l'utilisation exclusive de la langue anglaise en ce qui concerne ce notice d'offre et toutes les affaires qui s'y rapporte dans toute la mesure du possible autorisée par les lois applicable.

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GLOSSARY OF TERMS

In this Offering Memorandum, in addition to terms defined elsewhere in this Offering Memorandum, unless the context otherwise requires, the following words and terms shall have the indicated meanings and grammatical variations of such words and terms shall have corresponding meanings:

“Broker Warrant” means a non-transferrable compensation warrant issued by the Issuer to a broker or other agent pursuant to this Offering entitling the holder to purchase one (1) Class A Restricted Voting Share for \$10.00 at any time on or before the earlier of (i) the third anniversary of a Liquidity Event or (ii) the fifth anniversary of the first issuance of Series A Preference Shares.

“Business Day” means any day other than a Saturday, Sunday or a civic or statutory holiday in the Province of Ontario.

“Class A Restricted Voting Share” means a Class A Restricted Voting Share in the capital of the Corporation having the attributes ascribed thereto in the Articles of the Corporation.

“Class A Share Purchase Warrant” or **“Warrant”** means a share purchase warrant issued by the Issuer entitling the holder to purchase one (1) Class A Restricted Voting Share for \$10.00 at any time on or before the earlier of (i) the third anniversary of a Liquidity Event or (ii) the fifth anniversary of the first issuance of Series A Preference Shares.

“Class A Shareholder” means a holder of one or more Class A Restricted Voting Shares.

“Class B Voting Share” means a Class B Voting Share in the capital of the Corporation having the attributes ascribed thereto in the Articles of the Corporation.

“Corporation” or **“Issuer”** means First Hamilton Holdings Inc., a corporation incorporated under the OBCA and governed by the laws of the Province of Ontario.

“CRA” means Canada Revenue Agency.

“Debt Instrument” means a bond, debenture, note or other similar instrument evidencing indebtedness of the applicable Debtor.

“Debtor”, in respect of a Debt Instrument, means the person that initially issued the Debt Instrument and is obligated to pay the principal, interest and other obligations of such Debt Instrument in accordance with its terms.

“Eligible Debt Instrument” means a Debt Instrument which meets the criteria established from time to time by the Issuer in conjunction with its portfolio manager for acquisition by the Issuer.

“Equity Investment” means an investment in a corporation or other entity carrying on a business where such investment is represented by: (i) shares or other equity securities of a corporation, (ii) an interest in an investment trust, royalty trust or other *inter vivos* trust, (iii) an interest in a limited partnership, joint venture or other business entity, or (iv) any other securities (as defined in the *Securities Act* (Ontario)) of the business entity.

“Issuer” means the Corporation.

“Liquidity Event” means the listing of the Series A Preference Shares (or the corresponding shares of any successor corporation or entity issued in exchange for or otherwise derived from the Series A Preference Shares on the completion of an amalgamation, plan of arrangement, share-for-share exchange, acquisition, merger or any other form of business combination of the Issuer with any other corporation or entity) on the Toronto Stock Exchange, TSX Venture Exchange, Canadian Securities Exchange or any other recognized stock exchange in Canada.

“Manager” means PACE Securities Corp. in its capacity as portfolio manager of the Issuer’s Portfolio of Eligible Debt Instruments and, where applicable, Equity Investments.

“Material Agreements” means those agreements listed in **ITEM 2.11** of this Offering Memorandum.

“Maximum Offering Amount” means aggregate gross proceeds of \$10,000,000 (or such greater amount as the Issuer may from time to time determine) from the sale of Units pursuant to this Offering.

“NI 45-106” means National Instrument 45-106 *Prospectus and Registration Exemptions*.

“OBCA” means the *Business Corporations Act* (Ontario), as may be amended from time to time.

“Offering” means the offering of up to 1,000,000 Units (or such greater aggregate number of Units as the Issuer may from time to time determine) pursuant to the terms of this Offering Memorandum.

“Offering Jurisdiction” means the Province of Ontario.

“Offering Memorandum” means this document dated May 1, 2018, as may be subsequently amended, amended and restated, or supplemented, under which the terms and conditions for an investment in the Units and the business of the Issuer are described.

“PACE Credit Union” means PACE Savings & Credit Union Limited, a credit union corporation governed by the laws of the Province of Ontario.

“Portfolio” means, at any time, the portfolio of Eligible Debt Instruments and, where applicable, Equity Investments managed the Manager on behalf of the Issuer at the applicable time.

“Preference Shareholder” means a holder of one or more Series A Preference Shares.

“Preference Shares” means the Series A Preference Shares, the Series B Preference Shares and preference shares of all other series of preference shares created and authorized from time to time for issuance by the Issuer.

“Redemption Date” means, in the event that a Liquidity Event does not occur on or before December 31, 2020, a redemption date of December 31, 2023 subject to the Issuer’s right to extend the redemption date for one or more periods aggregating up to 6 months (but not past June 30, 2024) provided that, in the event that a Liquidity Event occurs on or before December 31, 2020, there will be no fixed redemption date, the term of the Preference Shares will be indefinite and the Issuer will not be required to redeem the Series A Preference Shares until the liquidation, dissolution or winding-up of the Corporation.

“Redemption Amount”, for the Series A Preference Shares, means \$10.00 per share.

“Securities” or “Subject Securities” means the Series A Preference Shares, Warrants and, if issued on the exercise of Warrants, Class A Restricted Voting Shares, or any of them.

“Series A Preference Shares” means the Series A 7% Cumulative Non-voting Preference Shares in the capital of the Corporation having the attributes ascribed thereto in the Articles of the Corporation.

“Series B Preference Shares” means the Series B 5% Cumulative Redeemable Retractable Non-voting Preference Shares in the capital of the Corporation having the attributes ascribed thereto in the Articles of the Corporation.

“Subscriber” mean a person who subscribes for Units pursuant to this Offering.

“Subscription Agreement” means the Subscription Agreement entered into between a Subscriber and the Issuer with respect to the subscription for and purchase of Units by a Subscriber pursuant to this Offering in the form attached hereto as **Schedule “A”**.

“Target Company” means a corporation, limited partnership or other business entity which is offering or has issued Equity Investments which may be acquired by the Issuer and meet the criteria for Equity Investments established from time to time by the Issuer in consultation with its portfolio manager.

“Tax Act” means the *Income Tax Act* (Canada) and the regulations thereunder.

“Unit” means a unit comprised of (i) one Series A Preference Share and (ii) one Class A Share Purchase Warrant.

“Unitholder” means a holder of one or more Units.

“Warrant-holder” means a holder of one or more Warrants.

“Warrant” means a share purchase warrant of the Issuer entitling the holder to purchase one (1) Class A Restricted Voting Share for \$10.00 at any time on or before the earlier of (i) the third anniversary of a Liquidity Event or (ii) the fifth anniversary of the first issuance of Series A Preference Shares.

“You” means a Subscriber for Units pursuant to this Offering.

In this Offering Memorandum, “**dollars**” and “**\$**” refer to the lawful currency of Canada.

THE OFFERING

ITEM 1 - USE OF AVAILABLE FUNDS

1.1 Available Funds

The following table discloses the available funds of this Offering:

		Assuming Minimum Offering	Assuming Maximum Offering ⁽¹⁾
A.	Amount to be raised pursuant to this Offering	\$0	\$10,000,000
B.	Selling commissions and fees ⁽²⁾	\$0	\$1,000,000
C.	Estimated Offering costs ⁽³⁾	\$50,000	\$100,000
D.	Available funds: $D = A - (B + C)$	(\$50,000)	\$8,900,000
E.	Additional sources of funding required	\$0	\$0
F.	Working capital deficiency ⁽⁴⁾	\$0	\$0
G.	Total: $G = (D + E) - F$	(\$50,000)	\$8,900,000

Notes:

- (1) The Issuer may at any time and from time to time increase the Maximum Offering Amount, may issue Series B Preference Shares or may create other series of preference shares and issue such shares with such attributes (as to dividend rates, term until maturity and other attributes), or may issue Class A Restricted Voting Shares or Class B Voting Shares, or issue debt securities as the board of directors of the Issuer may from time to time determine.
- (2) Assuming an average of 10% of the gross proceeds of this Offering will be paid as selling commissions and finder's fees. **See ITEM 7 - Compensation Paid to Sellers and Finders.**
- (3) Legal, accounting, auditing and other expenses of the Offering.
- (4) As at the date of this Offering Memorandum (excluding the costs of this Offering and the costs of offerings of other securities).

1.2 Use of Available Funds

The following table provides a detailed breakdown of how the Issuer will use the available funds of this Offering in the twelve (12) months ensuing from the date of this Offering Memorandum:

Description of Intended Use of Available Funds Listed In Order of Priority	Assuming Minimum Offering	Assuming Maximum Offering
The available funds of this Offering will be used by the Issuer to acquire Eligible Debt Instruments that meet the Issuer's criteria to accumulate a Portfolio of such Debt Instruments. See ITEM 2.2 – Business of the Issuer.	\$0	\$8,900,000
Total	\$0	\$8,900,000

1.3 Reallocation

The Issuer intends to use the available funds of this Offering as stated herein. The board of directors of the Issuer will reallocate the available funds of this Offering only for sound business reasons.

1.4 Future Cash Calls

An investor in these securities will not be required to make any additional funds available to the Issuer in addition to his, her or its subscription amount.

ITEM 2 - BUSINESS OF THE ISSUER

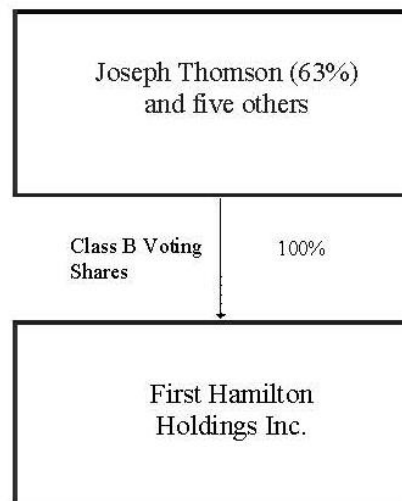
2.1 Corporate Structure

The Issuer is a corporation that was incorporated under the laws of the Province of Ontario (under the OBCA) on February 21, 2018. The Issuer's head office and registered office is located at Suite 2200, 199 Bay Street, Toronto, Ontario, Canada, M5L 1G4.

The authorized capital of the Issuer consists of (i) an unlimited number of Class A Restricted Voting Shares, (ii) an unlimited number of Class B Voting Shares and (iii) an unlimited number of Preference Shares issuable in series (of which an unlimited number of Series A Preference Shares and an unlimited number of Series B Preference Shares have been created), of which 1,000,100 Class B Voting Shares (with an aggregate paid-up capital of \$10,001.00), no Class A Restricted Voting Shares, 275,739 Series A Preference Shares and no Series B Preference Shares are issued and outstanding as at May 1, 2018, the date of this Offering Memorandum.

The Issuer is approximately 63% owned and controlled (through ownership of Class B Voting Shares) by Joseph Thomson, the President and Chief Executive Officer of PACE Securities Corp. The Issuer is a "connected issuer" and a "related issuer" (within the meaning of National Instrument 33-105) of PACE Securities Corp., a registrant with the Ontario Securities Commission in the category of "investment dealer". See also Section 2.3 – Related Party Matters. The proceeds of this Offering will be used for the Issuer's business as described in this Offering Memorandum and will not be used for the benefit of PACE Securities Corp. except in respect of asset management fees (see Item 2.11.3 – Management Agreement) and selling commissions or finder's fees (see Item 7 – Compensation Paid to Sellers and Finders).

2.1.1. Diagram of Corporate Structure



2.2 Authorized Capital

The following are summaries only of the attributes of the various classes and series of securities of the Issuer and such summaries are qualified in their entirety by the express provisions of the Issuer's Articles.

2.2.1. Preference Shares

The Issuer is authorized to issue an unlimited number of Preference Shares issuable in series. To date, the Corporation has created Series A Preference Shares and Series B Preference Shares.

2.2.1.1 Series A Preference Shares

An unlimited number of Series A Preference Shares have been created with the following attributes:

Dividends: Each Series A Preference Share will entitle the holder thereof to the following cumulative dividends from the date such Series A Preference Share is issued by the Issuer. Dividends are calculated quarterly and payable to registered holders of Series A Preference Shares outstanding as of the last day of March, June, September and December of each year and payable on or before the 20th day after the applicable quarter-end; the first such dividends are payable on or before July 20, 2018 to those holding Series A Preference Shares on June 30, 2018 and thereafter such dividends are payable quarterly on or before the 20th day of the month following each quarter-end, calculated at a rate of seven percent (7%) per annum on the Redemption Amount of \$10.00 per share.

Current and Extended Maturity Date and Redemption: In the event that a Liquidity Event does not occur on or before December 31, 2020, the Series A Preference Shares will have a term of approximately five and three-quarter years and will be redeemed on December 31, 2023 (the “**Redemption Date**”), on which date the Issuer will be obligated to redeem the Series A Preference Shares for the Redemption Amount plus any accrued and unpaid cumulative dividends, whether or not declared; provided, however, the Issuer has the right to extend the Redemption Date from time to time for one or more periods aggregating up to six (6) months (but not past June 30, 2024) for liquidity purposes or for any other proper corporate purpose.

However, in the event that a Liquidity Event occurs on or before December 31, 2020, the Redemption Date will be extended indefinitely and the Issuer will not be obligated to redeem any of the Series A Preference Shares until the liquidation or winding up of the Corporation.

Liquidation or Winding Up: On any liquidation or winding up of the Corporation, the holders of Series A Preference Shares will be entitled to distribution out of the assets and property of the Corporation available to its shareholders, in priority to distributions to the holders of any other class of shares but concurrently and *pro rata* with distributions to holders of all other series of Preference Shares, the Redemption Amount (namely, \$10.00 per share) plus all accrued and unpaid cumulative dividends thereon.

Purchase by Tender: The Issuer may purchase Series A Preference Shares in part or in whole at any time or from time to time by tender. Any such invitation to tender must be sent by the Issuer to all Series A Preference Shareholders and, in the event that any Series A Preference Shareholders elect to tender, the Issuer will be obligated to purchase those Series A Preference Shares with the lowest tender prices and, in the event that there is an excess of Series A Preference Shares tendered at the same price, such Series A Preference Shares must be purchased *pro rata* among those shareholders who have tendered at that price.

Purchase by Private Contract: The Issuer may also purchase Series A Preference Shares in part or in whole at any time or from time to time by private contract (negotiated with individual holders of Series A Preference Shares who are willing to sell their Series A Preference Shares at such negotiated prices) provided that the purchase price may not be greater than the Redemption Amount plus all accrued and unpaid cumulative dividends up to the date of purchase.

No Voting Rights: The Series A Preference Shares do not carry any voting rights except in limited circumstances prescribed by the OBCA.

Specified Amount: For the purposes of subsection 191(4) of the Tax Act, the “specified amount” in respect of each Series A Preference Share is \$10.00.

2.2.1.2. Series B Preference Shares

An unlimited number of Series B Preference Shares have been created with the following attributes:

Dividends: Each Series B Preference Share will entitle the holder thereof to the following dividends from the date such Series B Preference Share is issued by the Issuer. Dividends are calculated quarterly and payable to registered holders of Series B Preference Shares outstanding as of the last day of March, June, September and December of each year and payable on or before the 20th day after the applicable quarter-end; the first such dividends are payable on or before July 20, 2018 to those holding Series B Preference Shares on June 30, 2018 and thereafter such dividends are payable quarterly on or before the 20th day of the month following each quarter-end, as follows:

- (i) cumulative base dividends calculated at a rate of five percent (5%) per annum (1.25% per quarter-year), and
- (ii) non-cumulative discretionary bonus dividends of up to two percent (2%) per annum (0.50% per quarter-year) as determined by the Issuer’s board of directors in its discretion based on the profitability of the Issuer at the applicable time.

Fixed Maturity Date and Redemption: The Series B Preference Shares will have a term of approximately five and three-quarter years and will be redeemed on December 31, 2023, on which date the Issuer is obligated to redeem the Series B Preference Shares for their redemption amount plus any accrued and unpaid cumulative base dividends and any declared unpaid non-cumulative discretionary bonus dividends; provided, however, the Issuer has the right to extend their redemption date from time to time for one

or more periods aggregating up to six (6) months (but not past June 30, 2024) for liquidity purposes or for any other proper corporate purpose.

Liquidation or Winding Up: On any liquidation or winding up of the Corporation, the holders of Series B Preference Shares will be entitled to distribution out of the assets and property of the Corporation available to its shareholders, in priority to distributions to the holders of any other class of shares, but concurrently and *pro rata* with distributions to holders of all other series of Preference Shares, the redemption amount (namely, \$10.00 per Series B Preference Share) plus all accrued and unpaid cumulative base dividends and all (if any) declared and unpaid non-cumulative discretionary bonus dividends thereon.

Retraction on Death: In the event that a holder of Series B Preference Shares dies, that holder's estate has the right, on not less than 90 days' notice and not more than 180 days' notice, to require the Issuer to redeem the estate's Series B Preference Shares at a redemption price comprised of the original subscription amount (namely, \$10.00 per Series B Preference Share) plus all accrued and unpaid cumulative base dividends and all (if any) declared and unpaid non-cumulative discretionary bonus dividends, if any, up to and including the most recent dividend payment date.

Early Redemption: After July 1, 2020, the Issuer may, at any time or from time to time, redeem any or all of the Series B Preference Shares in part (on a *pro rata* basis) or in whole by providing holders of the Series B Preference Share with at least thirty days' and not more than sixty days' prior written notice of the Issuer's intention to do so. On the date so fixed for early redemption, the Issuer will pay to the holder of each such Series B Preference Share being redeemed the redemption price comprised of the original subscription amount (namely, \$10.00 per share) plus all accrued and unpaid cumulative base dividends and all (if any) declared and unpaid non-cumulative discretionary bonus dividends, if any, up to and including the most recent dividend payment date.

Purchase by Tender: The Issuer may purchase Series B Preference Shares in part or in whole at any time or from time to time by tender. Any such invitation to tender must be sent by the Issuer to all Series B Preference Shareholders and, in the event that any Series B Preference Shareholders elect to tender, the Issuer will be obligated to purchase those Series B Preference Shares with the lowest tender prices and, in the event that there is an excess of Series B Preference Shares tendered at the same price, such Series B Preference Shares must be purchased *pro rata* among those shareholders who have tendered Series B Preference Shares at that price.

Purchase by Private Contract: The Issuer may also purchase Series B Preference Shares in part or in whole at any time or from time to time by private contract (negotiated with individual holders of Series B Preference Shares who are willing to sell their Series B Preference Shares at such negotiated prices) provided that the purchase price may not be greater than their redemption amount plus all accrued and unpaid cumulative base dividends and all (if any) declared and unpaid non-cumulative discretionary bonus dividends up to the date of purchase.

No Voting Rights: The Series B Preference Shares do not carry any voting rights except in limited circumstances prescribed by the OBCA.

Specified Amount: For the purposes of subsection 191(4) of the Tax Act, the "specified amount" in respect of each Series B Preference Share is \$10.00.

2.2.2. Class A Restricted Voting Shares

An unlimited number of Class A Restricted Voting Shares have been authorized with the following attributes:

Dividend Rights: Subject to the rights of the holders of Preference Shares to receive dividends in priority to all other classes of shares, the holders of Class A Restricted Voting Shares and Class B Voting Shares are entitled to such dividends as the board of directors may from time to time in their discretion declare payable out of monies properly applicable to the payment of dividends on a *pro rata* share-for-share basis without distinction between a Class A Restricted Voting Share and a Class B Voting Share.

No Voting Rights: The Class A Restricted Voting Shares do not carry any voting rights except in limited circumstances prescribed by the OBCA.

Liquidation or Winding Up: On any liquidation or winding up of the Corporation, the holders of Class A Restricted Voting Shares and Class B Voting Shares will be entitled to distribution out of the assets and property of the Corporation available to its shareholders, after distributions to the holders of the Preference Shares (Series A Preference Shares, Series B Preference Shares and all other series (if any) of Preference Shares outstanding at that time) and any other class of shares (if any) having priority rights on liquidation or winding up, the remaining assets and property of the Corporation on a *pro rata* share-for-share basis without distinction between a Class A Restricted Voting Share and a Class B Voting Share.

Take-over Bid Protection – Coat-tail Rights: The Class A Restricted Voting Shares include take-over bid protective provisions, or "coat-tails", which are summarized as follows. If an offer to purchase Class B Voting Shares (a "**Take-Over Bid**") must, by reason of applicable securities legislation or the requirements of any stock exchange on which the Class A Restricted Voting Shares or the

Class B Voting Shares are then listed, be made to all or substantially all holders of Class A Restricted Voting Shares or Class B Voting Shares, as the case may be, the holders of the Class A Restricted Voting Shares shall have the right, after the 7th day after the Take-Over Bid was made, to convert each Class A Restricted Voting Share into one Class B Voting Share. An election by a holder of Class A Restricted Voting Shares to exercise such conversion right is also deemed to constitute an irrevocable election by the holder to have the resulting Class B Voting Shares deposited pursuant to the Take-Over Bid (subject to any withdrawal rights under applicable securities legislation) and to have the resulting Class B Voting Shares reconverted into Class A Restricted Voting Shares if the Take-Over Bid is abandoned, withdrawn or not completed in accordance with its terms. Such deemed election to reconvert into Class A Restricted Voting Shares shall also apply to any resulting Class B Voting Shares that are withdrawn from the Take-Over Bid or that are not ultimately taken up and paid for under the Take-Over Bid.

There will be no right to convert the Class A Restricted Voting Shares into Class B Voting Shares in the following cases:

- (i) the Take-Over Bid is not required (under applicable securities legislation or the rules of a stock exchange on which Class A Restricted Voting Shares or Class B Voting Shares are then listed) to be made to all or substantially all holders of Class B Voting Shares who are in a province of Canada to which the legislation applies; that is, the Take-Over Bid is an “exempt take-over bid” within the meaning of the foregoing securities legislation; or
- (ii) an offer to purchase Class A Restricted Voting Shares is made concurrently with the offer to purchase Class B Voting Shares and the two offers are identical in respect of price per share, in respect of the percentage of outstanding shares for which the offers are made, and in all other material respects. The offer to purchase the Class A Restricted Voting Shares must be unconditional, subject to the exception that the offer for the Class A Restricted Voting Shares may contain a condition to the effect that the offer or not be required to take up and pay for Class A Restricted Voting Shares tendered in response to the offer if no shares are purchased pursuant to the concurrent offer for the Class B Voting Shares; or
- (iii) holders of more than fifty percent (50%) of the outstanding Class B Voting Shares certify to the Corporation that they will not deposit such Class B Voting Shares to the Take-Over Bid.

The Articles of the Corporation contain a definition of an offer giving rise to the conversion right, provide certain procedures to be followed in order to effect the conversion and provide that, upon any such offer, the Corporation or the transfer agent shall communicate in writing to the holders of Class A Restricted Voting Shares the full details as to the offer and the mode of exercise of the conversion right.

2.2.3. Class B Voting Shares

An unlimited number of Class B Voting Shares have been authorized with the following attributes:

Dividend Rights: Subject to the rights of the holders of Preference Shares to receive dividends in priority to all other classes of shares, the holders of Class A Restricted Voting Shares and Class B Voting Shares are entitled to such dividends as the board of directors may from time to time in their discretion declare payable out of monies properly applicable to the payment of dividends on a *pro rata* share-for-share basis without distinction between a Class A Restricted Voting Share and a Class B Voting Share.

Voting Rights: The Class B Voting Shares carry the right to one vote per share at all shareholder meetings except in respect of those votes where other classes of shares have voting rights prescribed by the OBCA entitling the holders of such other class to vote separately as a class.

Liquidation or Winding Up: On any liquidation or winding up of the Corporation, the holders of Class A Restricted Voting Shares and Class B Voting Shares will be entitled to distribution out of the assets and property of the Corporation available to its shareholders, after distributions to the holders of the Preference Shares (Series A Preference Shares, Series B Preference Shares and all other series (if any) of Preference Shares outstanding at that time) and any other class of shares (if any) having priority rights on liquidation or winding up, the remaining assets and property of the Corporation on a *pro rata* share-for-share basis without distinction between a Class A Restricted Voting Share and a Class B Voting Share.

2.2.4. Warrants

The Issuer has authorized Warrants to be issued as part of the Units being offered in this Offering. Each Warrant will entitle the holder to acquire one (1) Class A Restricted Voting Share for \$10.00 at any time on or before the earlier of (i) the third anniversary of a Liquidity Event or (ii) the fifth anniversary of the first issuance of Series A Preference Shares (such first issuance of Series A Preference Shares occurred on April 30, 2018). Warrants have the following attributes:

No Dividend Rights: Holders of Warrants are not entitled to receive any dividends on such Warrants.

No Voting Rights: Warrants do not carry any voting rights.

No Rights in Liquidation or Winding Up: On liquidation or winding up of the Corporation, holders of Warrants are not entitled, *per se*, to any distribution of the assets or property of the Corporation available to shareholders – unless, before expiry and before such liquidation or winding up, such Warrant-holders exercise their rights to acquire Class A Restricted Voting Shares.

Expiry: Warrants have an expiry date and, if not exercised on or before the expiry date, the Warrants will expire, will become null and void and will not be capable of being exercised. After expiry, the Warrants will be worthless.

2.2.5. Broker Warrants

The Issuer has authorized Broker Warrants to be issued as compensation to investment dealers and exempt market dealers in connection with selling Units pursuant to this Offering. Each Broker Warrant is a non-transferrable compensation warrant issuable by the Issuer to a broker or other agent pursuant to this Offering entitling the holder to purchase one (1) Class A Restricted Voting Share for \$10.00 at any time on or before the earlier of (i) the third anniversary of a Liquidity Event or (ii) the fifth anniversary of the first issuance of Series A Preference Shares (such first issuance of Series A Preference Shares occurred on April 30, 2018). Broker Warrants have the following attributes:

No Dividend Rights: Holders of Broker Warrants are not entitled to receive any dividends on such Broker Warrants.

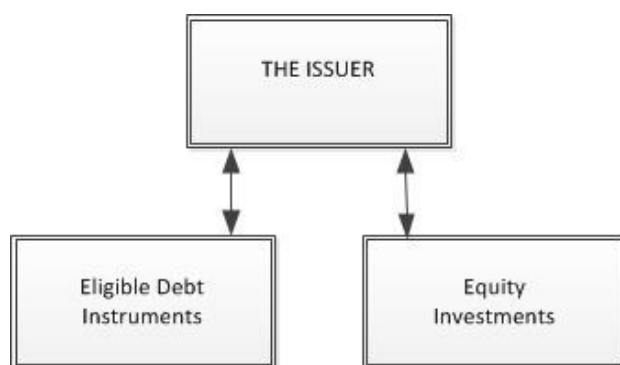
No Voting Rights: Broker Warrants do not carry any voting rights.

No Rights in Liquidation or Winding Up: On liquidation or winding up of the Corporation, holders of Broker Warrants are not entitled, *per se*, to any distribution of the assets or property of the Corporation available to shareholders – unless, before expiry and before such liquidation or winding up, such holders exercise their rights to acquire Class A Restricted Voting Shares.

Expiry: Broker Warrants have an expiry date and, if not exercised on or before the expiry date, the Broker Warrants will expire, will become null and void and will not be capable of being exercised. After expiry, the Broker Warrants will be worthless.

2.3 Business of the Issuer

2.3.1. Transaction Structure Diagram



2.3.2. Establishment and Business Plan

The Issuer is a newly incorporated private corporation, formed on February 21, 2018 pursuant to the OBCA. Prior to the date of this Offering Memorandum, the Issuer raised gross proceeds of \$10,001 pursuant to private placements of 1,000,100 Class B Voting Shares to six investors and gross proceeds of \$2,757,390 pursuant to private placements of 275,739 Units completed on April 30, 2018.

The Issuer will offer Units for sale to Subscribers looking for fixed income securities. The Issuer is concurrently offering Series B Preference Shares. The proceeds from the sale of the Units, together with the proceeds from the sale of Series B Preference Shares, will be used by the Issuer to fund the acquisition of Eligible Debt Instruments that meet its criteria and fit within its investment

strategy. The Issuer has retained PACE Securities Corp., a registered investment dealer in Ontario, as Manager to provide the services of portfolio manager through a managed account for the Issuer's Portfolio.

The Issuer's business plan is to have the Manager invest in the acquisition of Debt Instruments to build up a Portfolio of such investments for the Issuer and then have the Manager manage that Portfolio. As investments in Debt Instruments mature or realize significant economic return – or the Manager recognizes that the circumstances of such investments have changed – the investments may be liquidated or otherwise disposed of, with the proceeds therefrom being invested in other Eligible Debt Instruments that fit within the Issuer's investment strategy. The Issuer intends to apply "leverage" to its investments by borrowing additional funds on the security of its Portfolio with a view to earning higher rates of return on the Issuer's investments than the cost of the borrowed funds.

As profits are earned, taxes paid and dividends paid on the Preference Shares, net retained earnings held by the Issuer may be invested in additional Eligible Debt Instruments or used to acquire Equity Investments that fit within the Issuer's investment strategy or may be paid as dividends on the Class A Restricted Voting Shares and Class B Voting Shares issued and outstanding at the applicable time, or a combination of the foregoing.

2.3.3. Investment Strategy

Debt Instruments

Currently, the Issuer's criteria for Eligible Debt Instruments, as established through discussions with the Manager, are the following: (i) Eligible Debt Instruments must be issued in Canadian or United States currency, (ii) the weighted average of the Issuer's Portfolio of Debt Instruments should be rated with a "B" rating or better, (iii) once the Portfolio of Debt Instruments exceeds \$5,000,000, no one Debtor should represent more than 10% of the Portfolio, and (iv) once the Portfolio of Debt Instruments exceeds \$5,000,000, no industry sector should represent more than 30% of the Portfolio. The Issuer expects that all Debt Instruments will be held to their respective maturity dates although, for sound business reasons, certain selected Debt Instruments may be sold before their respective maturity dates. The Issuer intends to apply "leverage" to its investments in Eligible Debt Instruments by borrowing additional funds on the security of its Portfolio of Debt Instruments with a view to earning higher rates of return on the Issuer's investments than the cost of the borrowed funds. The Issuer's criterion for leverage is currently a maximum leverage ratio of 4:1, which means that for every \$1,000 of capital the Issuer may borrow up to an additional \$3,000 so that, at the maximum, there could be \$4,000 of Eligible Debt Instruments in the Portfolio. The Issuer intends to hedge such borrowings using several hedging strategies including United States dollar future options transactions and borrowings in United States dollars to cover investments denominated in United States dollars.

Once a potential Eligible Debt Instrument is identified, the Debtor's industry, assets, liabilities, cash flow and other financial attributes of the potential investment will be analyzed by the Manager, then the interest rate, principal, discounted price, security, current effective yield, expected yield to maturity and other financial terms and attributes of the Debt Instrument will be analyzed by the Manager to determine if such Debt Instrument meets the criteria for an Eligible Debt Instrument. If it meets the criteria for Eligible Debt Instruments, a subjective assessment will be made by the Manager of the appropriate amount of the Eligible Debt Instrument to be acquired. As well, the documentation related thereto and the Debtor's creditworthiness will also be subjected to a prompt and thorough review by the Manager. A thorough analysis will be conducted of each Debtor by means of information gathered from ratings agencies, research reports written by third parties, credit assessment tools offered by Bloomberg LP and the Manager's own data. Depending on the industry, the Manager has access to several databases, which assists the assessment of credit risk. The Issuer intends to have a diversified Portfolio to address the spread of risk. Levels of concentration will be carefully monitored by the Manager and, by the time that the proceeds of half of the maximum amount of this Offering are fully deployed, to reach no more than ten percent (10%) concentration per Debtor.

Upon review of the Debt Instruments as Eligible Debt Instruments and determination of a decision by the Manager to acquire a particular Eligible Debt Instrument, the Manager will acquire the Eligible Debt Instrument on behalf of the Issuer. Investments in Eligible Debt Instruments will be made utilizing the cash resources of the Issuer as well as margin provided in accordance with investment industry standards. After each Eligible Debt Instrument has been processed and financed, the Manager and the Issuer will each continue to monitor the financial performance of the Debtor in order for the Manager to determine whether to continue to hold such Debt Instrument to its maturity or to sell such Debt Instrument prior to maturity.

The management of the Eligible Debt Instruments, including all purchases and collections, will be performed by the Manager on behalf of the Issuer.

Equity Investments

As the Issuer's retained earnings grow, the Issuer's plan is to make Equity Investments in various sectors of the economy and various regions of the world, although the Issuer expects to focus on North America. Such Equity Investments could be in public or private entities and could be selected for income or for capital appreciation or for a combination of income and capital appreciation. In some instances, such Equity Investments may, if approved by the Issuer's board of directors in its discretion, include control over management of the Target Companies of such Equity Investments.

Currently, the Issuer's investment strategy and investment criteria for Equity Investments, as established through discussions with the Manager, are the following: (i) Equity Investments must be issued in Canadian or United States currency, (ii) the Issuer will have a preference for control positions in smaller issuers, and (iii) the Issuer will seek board seats when investing in smaller issuers. The Issuer expects that all or most Equity Investments will be long-term in nature. The Issuer may apply "leverage" to its investments in Equity Investments by borrowing additional funds on the security of its Portfolio with a view to earning higher rates of return on the Issuer's investments than the cost of the borrowed funds. The Issuer intends to hedge such borrowings using several hedging strategies including United States dollar future options transactions and borrowings in United States dollars to cover investments denominated in United States dollars.

Once a potential Equity Investment is identified, the Target Company's industry, assets, liabilities, cash flow and other financial attributes of the potential investment will be analyzed, then the security, risk, yield, potential growth, anticipated time until realization, exit strategy and other attributes of the Equity Investment will be analyzed to determine if such Equity Investment meets the criteria and fits within the investment strategy for an appropriate Equity Investment. If it meets the criteria for Equity Investments, a subjective assessment will be made of the fit within the Issuer's current investment strategy and the Issuer's current deployment of funds and diversification and, if so, the appropriate amount such Equity Investment to be acquired. As well, the documentation related thereto, such as shareholder agreements or partnership agreements, will also be subjected to a prompt and thorough review. A thorough analysis will be conducted of each Target Company by means of information gathered from various sources, such as the internet, research reports written by third parties, and due diligence investigations of information in data rooms set up by some Target Companies, as applicable. Depending on the industry, the Manager may have access to databases, which could assist the assessment of applicable opportunities and risks. The Issuer intends to have a diversified Portfolio to address the spread of risk. Levels of concentration will be carefully monitored and, by the time that the proceeds of the maximum amount of this Offering are fully deployed and retained earnings are used to acquire Equity Investments on a leveraged basis, to reach a concentration of no more than fifty percent (50%) of retained earnings per Target Company (after allowing for all other financing arrangements for the Equity Investment in the applicable Target Company), although that is not a strict restriction and exceptions should be expected.

Upon review and approval of the Equity Investments and determination of a decision to acquire a particular Equity Investment, the Manager will generally acquire the selected Equity Investment on behalf of the Issuer although, in some instances, the Issuer may hold the Equity Investment directly or through a subsidiary or other entity. Equity Investments will generally be made utilizing the cash resources of the Issuer although, in some instances, the Issuer may utilize margin provided by the Manager in accordance with investment industry standards or loans or other financing arrangements provided by the vendor or others. After each Equity Investment has been processed and financed, it is anticipated that the Manager and the Issuer will both continue to monitor the financial and development performance of the Target Company to determine whether to continue to hold such Equity Investment to its anticipated maturity or liquidity point or to sell such Equity Investment prior thereto.

The management of the Equity Investments including purchases and collections will generally be performed by the Manager on behalf of and pursuant to instructions from the Issuer or, alternatively, may be undertaken directly by the Issuer or contracted to a qualified third-party.

2.4 Related Party Matters

Joseph Thomson took the initiative in founding the Issuer and, accordingly, is its promoter. The Issuer was incorporated on February 21, 2018 under the OBCA. As of the date of this Offering Memorandum, Joseph Thomson owns 630,100 of the issued and outstanding Class B Voting Shares of the Issuer representing approximately 63% of the issued and outstanding Class B Voting Shares. There are six shareholders holding Class B Voting Shares. No other shareholder owns 20% or more of the issued and outstanding Class B Voting Shares. Please refer to the corporate structure set out in the diagram in ITEM 2.1.1 above.

On incorporation, Joseph Thomson became the sole Director and the President and Chief Executive Officer of the Issuer. Since that time, two additional directors have been appointed – Ernest Larry Eves and Timothy Huxley. As of the date of this Offering Memorandum, Joseph Thomson continues as the President and Chief Executive Officer of the Issuer. However, other officers have

been appointed – namely, Timothy Huxley as non-executive Secretary. The Issuer has not yet appointed a Chief Financial Officer and, in the interim, Joseph Thomson is acting as interim Chief Financial Officer.

Mr. Thomson is also a director and the President and Chief Executive Officer of PACE Securities Corp., the Manager of the Portfolio and an agent which may sell some of the Units pursuant to this Offering and may sell some Series B Preference Shares pursuant to the concurrent offering of those securities. Mr. Thomson is the Ultimate Designated Person of PACE Securities Corp.

The Issuer relies on the expertise of the Manager, including Mr. Thomson, with respect to the analysis of Debtors and Debt Instruments and purchases of Eligible Debt Instruments, as well as decisions regarding holding until maturity or disposing prior to maturity of Debt Instruments or holding Equity Investments to their anticipated maturity or liquidity points or to sell such Equity Investments prior thereto. Mr. Thomson is, among other things, registered with the Investment Industry Organization of Canada for portfolio management, and is responsible for managing the debt inventory of PACE Securities Corp and managing debt portfolios for third parties that are clients of PACE Securities Corp.

The Issuer will also be relying on the expertise of the Manager, including Mr. Thomson, with respect to the analysis of Target Companies and Equity Investments and purchases of Equity Investments, as well as decisions regarding holding such Equity Investments until their anticipated investment horizon or liquidity point or disposing prior thereto.

The Issuer intends to invest in and have controlling interests in business entities which are not permitted investments for PACE Credit Union. Prior to the creation and establishment of the business of the Issuer, Mr. Thomson sought and received consent from PACE Securities Corp. and PACE Credit Union to form and invest in business entities which include or intend to expand into activities and entities in which PACE Credit Union is not permitted to acquire or invest in - the Issuer is such a business entity.

2.5 Key Personnel

Ernest Larry Eves – Director and Chairman of the Board

Mr. Eves is the former Premier of the Province of Ontario. Prior to serving as Premier, he was Deputy Premier and Minister of Finance. Mr. Eves has had a distinguished career in both the public and private sectors. Currently, he serves as an advisor and board member for several firms in Canada and the United States. Mr. Eves is a graduate of Osgoode Hall Law School and was called to the bar in Ontario in 1972. In 1983, he was appointed a Queen's Counsel.

Joseph Thomson – Director, President and Chief Executive Officer

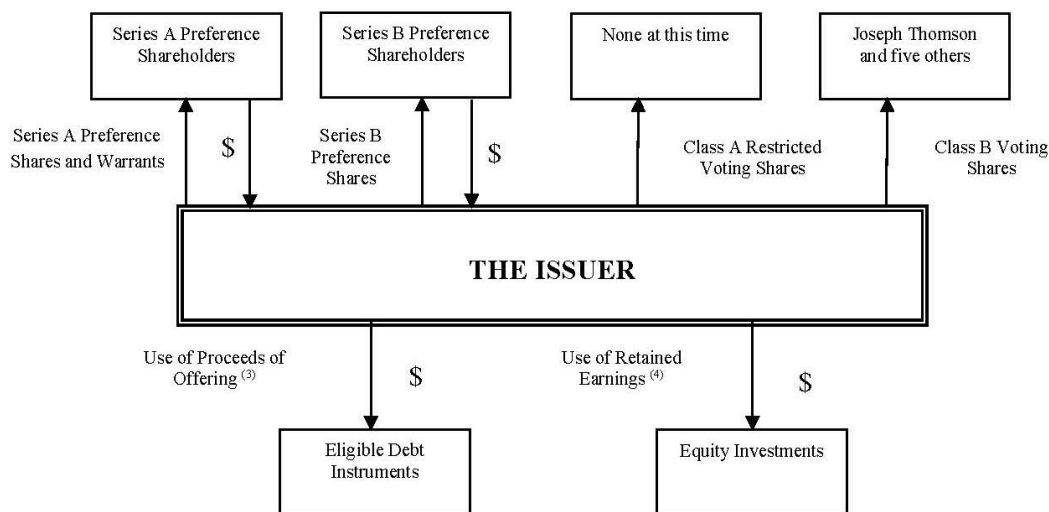
Following incorporation, Mr. Thomson became the sole Director and the President and Chief Executive Officer of the Issuer as well as acting as interim Chief Financial Officer. Mr. Thomson has also been a Director and the President and Chief Executive Officer of PACE Securities Corp., a securities dealer registered with the Ontario Securities Commission since June 26th 2013 as an investment dealer, portfolio manager and investment fund manager. Mr. Thomson has a broad background of business management and financing experience. Mr. Thomson has been in the securities industry since 1997. He has spent most of his career as a market maker and proprietary trader of derivative instruments. Mr. Thomson studied at Bishop's University where he received his BA degree in Political Studies and Economics and then at the Illinois Institute of Technology where he received his MSc. degree in Financial Markets & Trading, a program focused on the valuation and management of debt and derivative products. He later received a MBA from University College Dublin, Smurfit School of Business. He has also completed the ISMA International Fixed Income & Derivatives Certificate and numerous courses from the Canadian Securities Institute and New York Institute of Finance.

Timothy Huxley – Director and Corporate Secretary

Timothy Huxley, B.A. LL.B, was called to the bar in Ontario in 1973. After practicing corporate and commercial law in private practice, Mr. Huxley joined the law department of Steel Company of Canada (Stelco Inc.) in 1976. In 1983, he was appointed to the new position of Risk Manager for the corporation and then, in 1990, General Manager, Health, Safety, and Environment, while keeping all former duties. In 2003, he was appointed Vice President, Corporate Affairs, with added responsibility for Government Relations, and Public Affairs, while keeping all former duties, including as part of a group attending to corporate governance activities. Upon retirement after 30 years, he continued consulting activities with Stelco as well as with a Canadian private health care appliance company in legal and compliance matters. Throughout the above period of time, he was also engaged in various volunteer activities including Chair of the Financial Advisory Committee of the Anglican Diocese of Niagara, and director of Mission to Seafarers, Southern Ontario.

2.6 Use of Funds Flow Chart

The following represents the proposed use of the available funds of this Offering after the payment of the costs associated with this Offering. See **ITEM 1.1 Available Funds**.



Notes:

- (1) Subscribers advance subscription proceeds to the Issuer pursuant to this Offering and the Issuer issues Series A Preference Shares and Warrants to those Subscribers.
- (2) The Issuer is concurrently offering Series B Preference Shares.
- (3) Proceeds from the subscription of Units and from the concurrent offering of Series B Preference Shares, as well as borrowed funds (also known as margin or leverage), will be used to purchase Eligible Debt Instruments and to pay for the costs of this Offering. The Issuer intends to pay general corporate overhead and operating expenses only out of the income provided by investments of Eligible Debt Instruments in the Portfolio and does not intend to pay for any such general corporate overhead and operating expenses out of the proceeds of the Offering.
- (4) Net retained earnings – net earnings from investments in Eligible Debt Instruments less operating expenses and taxes paid and dividends paid on Preference Shares – as well as borrowed funds or the proceeds of other financings may be used to purchase Equity Investments.

2.7 Development of the Business

The Issuer was established to carry on business as an investment corporation, principally through using the services of PACE Securities Corp., in the capacity as portfolio manager to invest funds raised by the Issuer from private investors, including through this Offering.

The Issuer intends to use the available funds from this Offering, as well as proceeds from the sale of Series B Preference Shares and borrowed funds (also known as margin or leverage) or the proceeds of other financings, for the Manager to use for the acquisition of Eligible Debt Instruments. As net retained earnings are accumulated by the Issuer, the Issuer intends to use such net retained earnings as well as borrowed funds or the proceeds of other financings for the acquisition of Equity Investments. As Debt Instruments mature or Equity Investments are disposed of, the Portfolio will be refreshed on a regular basis through the replacement and acquisition of new Eligible Debt Instruments and Equity Investments.

As the Issuer's business develops and the proceeds from this Offering are deployed by the Manager to acquire Eligible Debt Instruments and net retained earnings are deployed to acquire Equity Investments, the Issuer may issue additional Series A Preference Shares and/or Series B Preference Shares or may from time to time create and offer for sale other series of Preference Shares with dividend rates and other attributes that reflect market conditions at the applicable times. Alternatively, the Issuer may also issue Class A Restricted Voting Shares or Class B Voting Shares or other forms of equity or debt securities, depending on market conditions.

There is no assurance that the Issuer will be successful in completing any substantial amount of this Offering or any other financings.

2.8 Long-Term Objectives

The Issuer's short-term goal is initially to raise up to \$10,000,000 or such lesser or greater amount as the Issuer may from time to time determine ("Maximum Offering Amount"), the available funds of which will be used by the Manager to acquire Eligible Debt Instruments. The amount of Eligible Debt Instruments acquired is contingent upon the amount of proceeds raised pursuant to this Offering and the offering of Series B Preference Shares and the availability of margin on the Debt Instruments acquired. See **ITEM 2.2 – Business of the Issuer.**

The Issuer's long-term objective is to retain some of the profits as they are earned and, after operating expenses and taxes are paid and dividends are paid on the Preference Shares, to deploy net retained earnings held by the Issuer by investing in additional Eligible Debt Instruments or in Equity Investments that fit within the Issuer's investment strategy.

Once the capital from this Offering is deployed, the Issuer intends to assess its capital needs from time to time and, if appropriate, to raise additional funds for the development of its business through the offering of additional Series A Preference Shares, Series B Preference Shares or other series of Preference Shares having attributes that are reflective of market conditions at the applicable time or other forms of equity (possibly including Class A Restricted Voting Shares or Class B Voting Shares) or debt securities, depending on market conditions.

The anticipated costs to be incurred by the Issuer with respect to completion of its long-term objectives are comparable to those of its short-term objectives and are as set out in **ITEM 2.9 – Short-Term Objectives and How the Issuer Intends to Achieve Them.** The Issuer intends to pay general corporate overhead and operating expenses only out of the income generated by investments in Eligible Debt Instruments in the Portfolio or from loans from its shareholders or related parties and does not intend to pay for any such general corporate overhead and operating expenses out of the proceeds of the Offering.

2.9 Short-Term Objectives and How the Issuer Intends to Achieve Them

The Issuer anticipates one or more closings of the Offering within a period covering approximately six (6) to eight (8) months. The initial closing is anticipated to take place on or about May 25, 2018. Following each closing, the Issuer intends to have the Manager continue to acquire Eligible Debt Instruments using the available funds from this Offering as such funds are raised, together with proceeds from the sale of Series B Preference Shares and margin available from the Manager or other investment dealers in accordance with investment industry standards. The Issuer plans to distribute Units only in Ontario.

What We Must Do and How We Will Do It	Target Company Completion Date or, If Not Known, Number of Months To Complete	Issuer's Cost to Complete
Raise up to \$10,000,000 (or such larger amount as the Issuer may determine) and use the funds available from time to time from this Offering to purchase Eligible Debt Instruments	The initial closing is anticipated to take place on or about May 25, 2018 with additional closings completed within approximately 6 to 8 months	\$1,100,000 ⁽¹⁾

Note:

- (1) Based on the Maximum Offering Amount of \$10,000,000. The cost to complete depends upon the extent to which selling commissions and finders' fees are paid, as well as upon the number of Units issued under this Offering. Kindly refer to **ITEM 1.1 – Available Funds.**

2.10 Insufficient Funds

The Issuer does not anticipate having insufficient funds to accomplish its objectives. The available funds raised from this Offering will be committed to the business objectives of the Issuer. The Issuer does not intend to hold any significant cash reserves, other than those amounts necessary to pay for ongoing administration and operating expenses incurred by the Issuer in the conduct of its business. The Issuer intends to develop and expand its business over time and, for such purposes, the Issuer may raise additional funds through the offering of additional Series A Preference Shares, Series B Preference Shares or other series of Preference Shares having attributes that are reflective of market conditions at the applicable time or other forms of equity (possibly including Class A Restricted Voting Shares or Class B Voting Shares) or debt securities, depending on market conditions, all with a view to further develop the Issuer's business objectives. See **ITEM 2.7 – Long-Term Objectives.**

2.11 Material Agreements

The following are the material agreements ("Material Agreements") which the Issuer has entered into or expects to enter into or

which can reasonably be regarded as presently being material to the Issuer or a prospective Preference Shareholder or Warrant-holder pursuant to this Offering.

Copies of the Material Agreements and ancillary documentation related to the Offering may be inspected during normal business hours at the offices of the Issuer, subject to privacy laws and policies and confidentiality.

2.11.1. Subscription Agreement

The Issuer will enter into a Subscription Agreement with each Subscriber for the issuance of Units. **See ITEM 5.2 – Subscription Documents.**

2.11.2. Dealers and Finders

The Issuer anticipates entering into various agreements from time to time with qualified agents, such as investment dealers (including the PACE Securities Corp.) and exempt market dealers, to assist with the Offering of Units and, in such circumstances, to pay commissions of up to 10% of the gross proceeds realized on the issuance of Units plus Brokers' Warrants equal to 10% of the number of Units issued.

The Issuer anticipates paying various persons for acting as "finders", as permitted by and pursuant to applicable securities legislation, and, in respect thereof, to pay finders' fees of up to 10% of the subscription amounts for referring subscribers of Units to the Issuer.

2.11.3. Management Agreement

The Issuer intends to enter into various agreements with the Manager for the Manager's services as portfolio manager as well as investment dealer for the opening and operating of one or more managed accounts for the assessment, acquisition and management of Eligible Debt Instruments and, in some instances, Equity Investments. Pursuant to a management agreement (the "**Management Agreement**") entered into between the Manager and the Issuer, the Issuer will pay fees to the Manager at standard rates common in the industry for those services – namely, asset management fees of 0.167% per month (2.0% per annum) calculated on the value of the Portfolio from time to time plus performance fees equal to 30% of profits earned in excess of the dividends payable on the Preference Shares, provided that, in the event that the Issuer has a deficit or shortfall (i.e. no profits or inadequate profits to provide for dividends on the Preference Shares) for any particular quarter-yearly period, the asset management fees or performance fees will be reduced to the extent necessary to enable the Issuer to meet its dividend obligations, if possible, or, if not possible, waived for such period and, in those circumstances and to those extents, the performance fees will be payable in such reduced amount or will not be payable, as the case may be.

ITEM 3 - DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table provides specified information about each director, officer and promoter of the Issuer and each person who directly or indirectly beneficially owns or controls ten percent (10%) or more of any class of voting securities of the Issuer (a "**Principal Holder**"). Where the Principal Holder is not an individual, the notes to the table provide the name of any person that, directly or indirectly, beneficially owns or controls more than fifty (50%) of the voting rights of such Principal Holder.

Name and Municipality of Principal Residence	Position Held	Compensation Paid By the Issuer since inception and the compensation anticipated to be paid in the current financial year^{1,2}	Number, Type And Percentage of Securities Held After Completion of the Minimum Offering	Number, Type And Percentage of Securities Held After the Completion of the Maximum Offering
Joseph Thomson Oakville, Ontario	Director, President and Chief Executive Officer and acting interim Chief Financial Officer	\$nil	Direct owner of 63% of the issued and outstanding Class B Voting Shares of the Issuer	Direct owner of 63% of the issued and outstanding Class B Voting Shares of the Issuer
Ernest Larry Eves Caledon, Ontario	Director, Non-executive Chairman of the Board	\$nil	Direct owner of 15% of the issued and outstanding Class B Voting Shares of the Issuer	Direct owner of 15% of the issued and outstanding Class B Voting Shares of the Issuer
Timothy Huxley Hamilton, Ontario	Director and Non-executive Secretary	\$nil	Direct owner of 2% of the issued and outstanding Class B Voting Shares of the Issuer	Direct owner of 2% of the issued and outstanding Class B Voting Shares of the Issuer

Notes:

- 1 – Compensation does not include any dividends to be declared by the Issuer on its Class B Voting Shares.
2. – After the Issuer has completed financings aggregating \$10,000,000 of gross proceeds, the Issuer intends to commence paying directors’ fees of \$10,000 per year for each director and an annual chairman’s fee of \$15,000.

3.2 Management Experience

The following table provides the principal occupations and related experience of the directors and officers of the Issuer over the past five (5) years.

Name and Position	Principal Occupation and Related Experience
Ernest Larry Eves, Director, Non-executive Chairman of the Board	Independent consultant and advisor to businesses in Canada and the United States. See also ITEM 2.5 “ <i>Key Personnel</i> ”.
Joseph Thomson, Director, President and Chief Executive Officer and acting interim Chief Financial Officer	Following incorporation, Mr. Thomson became the sole Director and the President and Chief Executive Officer of the Issuer. Mr. Thomson is also a Director and the President and Chief Executive Officer (i) of PACE General Partner Limited, the general partner of a limited partnership that carries on a business similar to the business of the Issuer, (ii) of PACE Insurance Brokers Ltd., a licensed insurance broker, (iii) of PACE Financial Limited, an investment company that carries on a similar business to the business of the Issuer, and (iv) of PACE Securities Corp., a securities dealer registered with securities regulatory authorities as an investment dealer (since June 26, 2013) and for portfolio management. Mr. Thomson has a broad background of business management and financing experience. Mr. Thomson has been in the securities industry since 1997. He has spent most of his career as a market maker and proprietary trader of derivative instruments. Mr. Thomson studied at Bishop’s University where he received his BA degree in Political Studies and Economics and at the Illinois Institute of Technology where he received his MSc. degree in Financial Markets & Trading, a program focused on the valuation and management of debt and derivative products. He later received a MBA from University College Dublin, Smurfit School of Business. He has also completed the ISMA

	International Fixed Income & Derivatives Certificate and numerous courses from the Canadian Securities Institute and New York Institute of Finance.
Timothy Huxley, Director, Non-executive Corporate Secretary	Independent consultant and advisor. See also ITEM 2.5 “ <i>Key Personnel</i> ”.

3.3 Penalties, Sanctions and Bankruptcy

Corporate Cease Trade Orders, Bankruptcies and Insolvencies

To the knowledge of the Issuer, none of the directors or senior officers of the Issuer is, at the date of this Offering Memorandum, or has been, within ten (10) years before the date of this Offering Memorandum, a director, chief executive officer (“CEO”) or chief financial officer (“CFO”) of any company (including the Issuer) that, while that person was acting in that capacity (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days, or (b) was subject to an event that resulted, after the proposed director ceased to be a director, CEO or CFO, in the company being the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than thirty (30) consecutive days.

To the knowledge of the Issuer, (a) none of the directors or senior officers of the Issuer is, at the date of this Offering Memorandum, or has been, within ten (10) years before the date of this Offering Memorandum, a director or executive officer of any company (including the Corporation), that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, and (b) none of the directors or senior officers of the Issuer, or any personal holding company of any such director or officer, has, within the ten (10) years before the date of this Offering Memorandum, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director or the personal holding company of the proposed director.

Personal Penalties and Sanctions

To the knowledge of the Issuer, no director or officer of the Issuer has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation, or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to make an investment in the Units comprised of Preference Shares and Warrants.

3.4 Loans

As of the date of this Offering Memorandum, there are no loans outstanding owed to the Issuer by any of its direct or indirect shareholders or by any directors or senior officers of the Issuer.

The Issuer owes nothing to any of its shareholders, to any affiliate or to any of its officers or directors as at the date of this Offering Memorandum.

Since the Issuer intends to buy Eligible Debt Instruments and possibly Equity Investments on margin, the Issuer anticipates owing money from time to time to PACE Securities Corp. or other investment dealers for those margin loans. Joseph Thomson, a director and the President, Chief Executive Officer and acting interim Chief Financial Officer of the Issuer, is also a director and the President, Chief Executive Officer and the Ultimate Designated Person of PACE Securities Corp.

ITEM 4. - CAPITAL STRUCTURE

4.1 Share Capital

The authorized capital of the Issuer consists of (i) an unlimited number of Class A Restricted Voting Shares, (ii) an unlimited number of Class B Voting Shares and (iii) an unlimited of Preference Shares issuable in series (in respect of which an unlimited

number of Series A Preference Shares and an unlimited number of Series B Preference Shares have been created). One million and one hundred (1,000,100) Class B Voting Shares (and no other shares of any other classes) and • Series A Preference Shares are issued and outstanding as at the date of this Offering Memorandum.

The following table describes the authorized and the outstanding securities of the Issuer, including any options, warrants and other securities convertible into shares.

Description of Security	Number Authorized to be Issued	Price Per Security	Number Outstanding as at the date of this Offering Memorandum	Number Outstanding Assuming Completion of Minimum Offering	Number Outstanding Assuming Completion of Maximum Offering
Class A Restricted Voting Shares	Unlimited	\$10.00	0	0	0
Class B Voting Shares	Unlimited	\$0.01	1,000,100	1,000,100	1,000,100
Series A Preference Shares	Unlimited	\$9.50 ⁽¹⁾	275,739	275,739	1,275,739
Series B Preference Shares	Unlimited	\$10.00	0	0	0
Class A Share Purchase Warrants	Unlimited	\$0.50 ⁽¹⁾	275,739	275,739	1,275,739
Broker Warrants	Unlimited	\$0	27,573	27,573	127,573 ⁽²⁾

Notes:

- (1) Of the subscription price of \$10.00 per Unit, \$9.50 is being allocated to the Series A Preference Share and \$0.50 is being allocated to the Warrant.
- (2) Assuming that Broker Warrants are issued in respect of each Subscription Agreement.

4.2 Long-Term Debt

As of the date of this Offering Memorandum, the Issuer had \$ nil of long-term debt.

4.3 Prior Sales of Series A Preference Shares

275,739 Preference Shares, the class being offered under this Offering Memorandum as part of the Units, were issued on April 30, 2018 for gross aggregate proceeds of \$2,619,520.50 allocated to the Series A Preference Shares.

4.4 Prior Sales of Series B Preference Shares

No Series B Preference Shares have been issued within the last twelve (12) months.

4.5 Prior Sales of Warrants

275,739 Warrants, one of the types of securities being offered under this Offering Memorandum as part of the Units – namely, Class A Share Purchase Warrants - were issued on April 30, 2018 for gross aggregate proceeds of \$137,869.50 allocated to the Warrants.

In addition, 27,573 Broker Warrants were issued on April 30, 2018.

4.6 Prior Sales of Class A Restricted Voting Shares

No Class A Restricted Voting Shares, the class of securities issuable on exercise of the Warrants being offered under this Offering Memorandum as part of the Units, have been issued within the last twelve (12) months.

4.7 Prior Sales of Class B Voting Shares

Following incorporation, 1,000,100 Class B Voting Shares were issued by the Issuer to six subscribers at \$0.01 per share for aggregate proceeds of \$10,001.

ITEM 5 - SECURITIES OFFERED

5.1 Terms of Securities

Securities: The securities being offered pursuant to this Offering are Units, with each one (1) Unit being comprised of: (i) one (1) Series A 7% Cumulative Non-voting Preference Share and (ii) one (1) Class A Share Purchase Warrant. The price of each Unit is \$10.00, allocated \$9.50 for each Series A Preference Share and \$0.50 for each Warrant. There is no minimum amount that is required to be raised for this Offering. There is no maximum or minimum number of Units which can be purchased by any Subscriber.

Series A Preference Shares

Dividends: Each Series A Preference Share will entitle the holder thereof to the following cumulative dividends from the date such Series A Preference Share is issued by the Issuer. Dividends are calculated quarterly and payable to registered holders of Series A Preference Shares outstanding as of the last day of March, June, September and December of each year and payable on or before the 20th day after the end of the applicable quarter-end; the first such dividends are payable on or before July 20, 2018 and thereafter such dividends are payable quarterly on or before the 20th day of the month following each quarter-end, calculated at a rate of seven percent (7%) per annum on the Redemption Amount of \$10.00 per share. This dividend rate of 7% per annum established by the Issuer applies only to the Series A Preference Shares; the Series B Preference Shares have a different dividend rate and any other series of preference shares created at a later date will carry dividend rates and other terms reflective of market conditions at that time.

Current and Extended Maturity Date and Redemption: In the event that a Liquidity Event does not occur on or before December 31, 2020, the Series A Preference Shares will have a term of up to approximately five and three-quarter years and will mature on December 31, 2023 (the “**Redemption Date**”), on which date the Issuer will be obligated to redeem the Series A Preference Shares for the Redemption Amount (namely, \$10.00 per share) plus any accrued and unpaid cumulative dividends, whether or not declared; provided, however, the Issuer has the right to extend the Redemption Date from time to time for one or more periods aggregating up to six (6) months (but not past June 30, 2024) for liquidity purposes or for any other proper corporate purpose.

However, in the event that a Liquidity Event occurs on or before December 31, 2020, the Redemption Date will be extended indefinitely and the Issuer will not be obliged to redeem any of the Series A Preference Shares prior to liquidation, dissolution or winding up of the Corporation.

Liquidation or Winding Up: On any liquidation or winding up of the Corporation, the holders of Preference Shares will be entitled to distribution out of the assets and property of the Corporation available to its shareholders, in priority to distributions to the holders of any other class of shares, but concurrently and *pro rata* with distributions to holders of all other series of Preference Shares, the Redemption Amount (namely, \$10.00 per share) plus all accrued and unpaid cumulative dividends thereon.

Purchase by Tender: The Issuer may purchase Series A Preference Shares in part or in whole at any time or from time to time by tender. Any such invitation to tender must be sent by the Issuer to all Series A Preference Shareholders and, in the event that any Series A Preference Shareholders elect to tender, the Issuer will be obligated to purchase those Series A Preference Shares with the lowest tender prices and, in the event that there is an excess of Series A Preference Shares tendered at the same price, such Series A Preference Shares must be purchased *pro rata* among those shareholders who have tendered at that price.

Purchase by Private Contract: The Issuer may also purchase Series A Preference Shares in part or in whole at any time or from time to time by private contract (negotiated with individual holders of Series A Preference Shares willing to sell their Series A Preference Shares) provided that the purchase price may not be greater than the Redemption Amount plus all accrued and unpaid cumulative dividends up to the date of purchase.

Obligations Unsecured: The Issuer’s obligations represented by the Redemption Amount of the Series A Preference Shares are unsecured obligations and will rank *pari passu* (i.e. on equal footing; ranking equally) between and among themselves and, on redemption, the payment of the Redemption Amount will be subordinate to all other secured and unsecured debt obligations of the Issuer (but in priority to distributions to the holders of any other class of shares and concurrently and *pro rata* with distributions to holders of all other series of Preference Shares).

No Voting Rights: The Series A Preference Shares do not carry any voting rights except in limited circumstances prescribed by the OBCA.

Specified Amount: For the purposes of subsection 191(4) of the Tax Act the “specified amount” in respect of each Series A Preference Share is \$10.00.

Warrants

Each Warrant entitles the holder to purchase one (1) Class A Restricted Voting Share for \$10.00 at any time on or before the earlier of (i) the third anniversary of a Liquidity Event or (ii) the fifth anniversary of the first issuance of Series A Preference Shares (such first issuance occurred on April 30, 2018). If not exercised on or before the expiry date, the Warrants will expire, will become null and void, will no longer be capable of being exercised and will be worthless.

Class A Restricted Voting Shares

Dividend Rights: Subject to the rights of the holders of Preference Shares to receive dividends in priority to all other classes of shares, the holders of Class A Restricted Voting Shares and Class B Voting Shares are entitled to such dividends as the board of directors may from time to time in their discretion declare payable out of monies properly applicable to the payment of dividends on a *pro rata* share-for-share basis without distinction between a Class A Restricted Voting Share and a Class B Voting Share.

No Voting Rights: The Class A Restricted Voting Shares do not carry any voting rights except in limited circumstances prescribed by the OBCA.

Liquidation or Winding Up: On any liquidation or winding up of the Corporation, the holders of Class A Restricted Voting Shares and Class B Voting Shares will be entitled to distribution out of the assets and property of the Corporation available to its shareholders, after distributions to the holders of the Preference Shares (Series A and all other series (if any) outstanding at that time) and any other class of shares (if any) having priority rights on liquidation or winding up, the remaining assets and property of the Corporation on a *pro rata* share-for-share basis without distinction between a Class A Restricted Voting Share and a Class B Voting Share.

Take-Over Bid Protection Coat-tail Right: The Class A Restricted Voting Shares include take-over bid protective provisions, or “coat-tails”, which are summarized as follows. If an offer to purchase Class B Voting Shares (a “Take-Over Bid”) must, by reason of applicable securities legislation or the requirements of any stock exchange on which the Class A Restricted Voting Shares or the Class B Voting Shares are listed at the applicable time, be made to all or substantially all holders of Class A Restricted Voting Shares or Class B Voting Shares, as the case may be, the holders of the Class A Restricted Voting Shares will have the right, after the 7th day after the Take-Over Bid is made, to convert each Class A Restricted Voting Share into one Class B Voting Share. An election by a holder of Class A Restricted Voting Shares to exercise such conversion right is also deemed to constitute an irrevocable election by the holder to have the resulting Class B Voting Shares deposited pursuant to the Take-Over Bid (subject to any withdrawal rights provided by applicable securities legislation) and to have the resulting Class B Voting Shares reconverted into Class A Restricted Voting Shares if the Take-Over Bid is abandoned, withdrawn or not completed in accordance with its terms. Such deemed election to reconvert into Class A Restricted Voting Shares shall also apply to any resulting Class B Voting Shares that are withdrawn from the Take-Over Bid or that are not ultimately taken up and paid for under the Take-Over Bid.

There will be no right to convert the Class A Restricted Voting Shares into Class B Voting Shares in the following cases:

- (i) the Take-Over Bid is not required (under applicable securities legislation or the rules of a stock exchange on which Class A Restricted Voting Shares or Class B Voting Shares are then listed) to be made to all or substantially all holders of Class B Voting Shares who are in a province of Canada to which the legislation applies; that is, the Take-Over Bid is an “exempt take-over bid” within the meaning of the foregoing securities legislation; or
- (ii) an offer to purchase Class A Restricted Voting Shares is made concurrently with the offer to purchase Class B Voting Shares and the two offers are identical in respect of price per share, in respect of percentage of outstanding shares for which the offers are made, and in all other material respects. The offer to purchase the Class A Restricted Voting Shares must be unconditional, subject to the exception that the offer for the Class A Restricted Voting Shares may contain a condition to the effect that the offer or not be required to take up and pay for Class A Restricted Voting Shares tendered in response to the offer if no shares are purchased pursuant to the concurrent offer for the Class B Voting Shares; or
- (iii) holders of more than fifty percent (50%) of the outstanding Class B Voting Shares certify to the Corporation that they will not deposit such Class B Voting Shares to the Take-Over Bid.

The Articles of the Corporation contain a definition of an offer giving rise to the conversion right, provide certain procedures to be followed in order to effect the conversion and provide that, upon any such offer, the Corporation or the transfer agent shall communicate in writing to the holders of Class A Restricted Voting Shares the full details as to the offer and the mode of exercise of the conversion right.

5.2 Subscription Procedure

(a) Subscription Documents

Subscribers will be required to enter into a Subscription Agreement with the Issuer which will contain, among other things, representations, warranties and covenants by the Subscriber that the Subscriber is duly authorized or has the capacity to purchase the Units, that the Subscriber is purchasing the Units as principal and for investment and not with a view to resale and, if the Subscriber is a corporation or other form of entity, as to such Subscriber's corporate or other status to purchase the Units and that the Issuer is relying on exemptions from the requirements to provide the Subscriber with a prospectus and to sell securities through a person or company registered to sell securities under applicable securities laws. As a consequence of acquiring the securities pursuant to applicable exemptions, certain protections, rights and remedies provided by applicable securities laws, including statutory rights of rescission or damages, will not be available to the Subscriber. Reference is made to the Subscription Agreement, which is attached to this Offering Memorandum as **Schedule A**, for the terms of these representations, warranties and covenants. In order to subscribe for Units, a purchaser must complete, execute and deliver the following documentation to the Issuer at **50 Burnhamthorpe Road West, Suite 405, Mississauga, Ontario, L5B 3C2**:

Subscription Documentation

1. One (1) completed and signed copy of the Subscription Agreement including completed and executed copies of all applicable appendices and exhibits (which completion depends on the particular prospectus exemptions relied upon by the Issuer for the applicable Subscriber):
 - (i) If the Subscriber is subscribing for Units pursuant to the “**offering memorandum**” prospectus exemption under applicable securities laws, the Subscriber must complete, sign and submit:
 - A. the **Subscription Agreement**;
 - B. **Appendix A – Subscriber Certificate**;
 - C.
 - I. if the Units are sold through a registrant (that is, through an investment dealer or exempt market dealer), then **Exhibit A-I – Risk Acknowledgement** OR
 - II. if the Units are not sold through a registrant, then **Exhibit A-II – Risk Acknowledgement**;
 - D. **For Subscribers who are individuals:**
 - I. **Exhibit A-III – Classification of Investors under the Offering Memorandum Exemption**; and
 - II. **Exhibit A-IV – Investment Limits under the Offering Memorandum Exemption**.
 - (ii) If the Subscriber is subscribing for Units pursuant to the “**accredited investor**” prospectus exemption under applicable securities laws, the Subscriber must complete, sign and submit:
 - A. the **Subscription Agreement**;
 - B. **Appendix B – Accredited Investor Certificate**, including **Exhibit B-I - Identification of Applicable Category of Accredited Investor Definition**; and
 - C. for “accredited investors” who are individuals, **Exhibit B-II – Form for Individual Accredited Investors**.
 - (iii) If the Subscriber is subscribing for Units pursuant to **any other prospectus exemption available** under applicable securities laws, the Subscriber must complete, sign and submit:
 - A. the **Subscription Agreement**;
 - B. **Appendix C - Identification of Other Possible Prospectus Exemptions**.

Subscription Payment

2. A cheque or bank draft or other form of payment acceptable to the Issuer in an amount equal to the Aggregate Subscription Price (as set forth in the Subscription Agreement), payable to “**First Hamilton Holdings Inc.**”.

Subject to applicable securities laws and the Subscriber’s two-day cancellation right, a subscription for Units, evidenced by a duly completed Subscription Agreement delivered to the Issuer, shall be irrevocable by the Subscriber (see **ITEM 11- Purchaser’s Rights**).

Subscriptions for Units will be received, subject to rejection and allotment, in whole or in part, and subject to the right of the Issuer to close the subscription books at any time, without notice. If a subscription for Units is not accepted, all subscription proceeds will be promptly returned to the Subscriber without deduction or interest. The subscription funds will be held in trust until midnight of the second (2nd) Business Day after the date on which the Subscription Agreement is signed by the applicable Subscriber. Thereafter, the Subscription Agreement may be accepted by the Issuer and such acceptance will be effective whether or not notice thereof is given to the Subscriber.

(b) Distribution

The Units will be sold only to Subscribers who are resident in the Offering Jurisdiction (i.e. in the Province of Ontario) or otherwise can satisfy the Issuer that a subscription by the Subscriber will be in compliance with the securities laws of Ontario and the securities laws of any other country, state or jurisdiction applicable to the Subscriber. Subscribers must satisfy applicable criteria for exempt offerings of securities under applicable securities laws.

Specifically, the Offering is being conducted in the Offering Jurisdiction pursuant to exemptions from the prospectus requirements afforded by the “**offering memorandum**” prospectus exemption, the “**accredited investor**” prospectus exemption or any other prospectus exemption available under Ontario securities laws.

Offering Memorandum Prospectus Exemption Criteria

The “offering memorandum” prospectus exemption is available for a Subscriber who satisfies the requirements listed therein, namely:

- (a) who purchases as a principal,
- (b) who receives this Offering Memorandum,
- (c) who signs a Risk Acknowledgment prior to signing the Subscription Agreement,
- (d) for individuals who are “eligible investors” – the categories and requirements for which are listed below and are also listed in Appendix A to the Subscription Agreement annexed hereto - and for whom the acquisition cost of all securities acquired by the individual Subscriber pursuant to the “offering memorandum” prospectus exemption in the preceding 12 months does not exceed:
 - (i) \$10,000 in the case of a Subscriber who is not an eligible investor,
 - (ii) \$30,000 in the case of a Subscriber who is an eligible investor, or
 - (iii) \$100,000 in the case of a Subscriber who is an eligible investor and has received advice from a portfolio manager, investment dealer or exempt market dealer, and
- (e) the security distributed is not a specified derivative nor a structured finance product.

The investment limits described in clause (d) above do not apply if the Subscriber is an “accredited investor” as described below and in the Subscription Agreement.

An “eligible investor” is

- (a) a person whose:
 - (i) net assets, alone or with a spouse, in the case of an individual, exceed \$400,000,
 - (ii) net income before taxes exceeded \$75,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or
 - (iii) net income before taxes, alone or with a spouse, in the case of an individual, exceeded \$125,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or
- (b) a person of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors, or
- (c) a general partnership of which the majority of the general partners are eligible investors; or
- (d) a limited partnership of which all of the partners are eligible investors; or

- (e) a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors, or
- (f) an “accredited investor” as described below, or
- (g) a person described in section 2.5 of NI-106 [*Family, friends and business associates*].

Accredited Investor Prospectus Exemption Criteria

The “accredited investor” prospectus exemption is available for a Subscriber who satisfies the applicable requirements – i.e., who purchases as a principal and who is an “accredited investor” as defined in section 73.3(2) of the *Securities Act* (Ontario) and section 2.3 NI 45-106 (as applicable to a Subscriber who is resident in Ontario) – which categories are listed in Schedule B of the Subscription Agreement annexed hereto - and who signs the subscription documentation described above.

Some Other Prospectus Exemptions

Other prospectus exemptions may be available to certain Subscribers who meet the applicable criteria specified in applicable securities legislation. Provided that a Subscriber is resident in one of the provinces or territories of Canada and is purchasing as principal for its own account, some possible additional prospectus exemption categories are set out below and in Appendix C of the Subscription Agreement attached hereto:

- (a) the Subscriber is an affiliate of the Issuer;
- (b) the Subscriber is not an individual and the Aggregate Subscription Price to the Subscriber is not less than \$150,000 paid in cash at the time of the subscription;
- (c) the Subscriber is acquiring the Securities of the Issuer in exchange for the acquisition, directly or indirectly, of assets of the Subscriber where those assets have a fair value of not less than \$150,000;
- (d) the Subscriber is acquiring the Securities of the Issuer in exchange for the acquisition, directly or indirectly, of petroleum, natural gas or mining properties or any interest thereon; and
- (e) the issuance of the Securities by the Issuer to the Subscriber is an isolated trade by the Issuer and is not made in the course of continued and successive transactions of a like nature and the Issuer is not a person whose business is trading in securities.

ITEM 6 - INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR INVESTMENT

6.1 Canadian Federal Income Tax Considerations

You should consult your own professional advisors to obtain advice on the income tax consequences that apply to you.

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a purchaser who acquires, as beneficial owner, a Unit, consisting of a Series A Preference Share and a Warrant entitling the holder to purchase a Class A Restricted Voting Shares (a “**Warrant Share**”), pursuant to this Offering Memorandum, and Warrant Shares on the exercise of Warrants (for the purpose of this section, the Series A Preference Shares and the Warrant Shares are sometimes collectively referred to as “**Shares**”).

This summary is applicable to a person who, for purposes of the Tax Act and at all relevant times, (i) is or is deemed to be resident in Canada, (ii) holds the Series A Preference Shares, Warrants and any Warrant Shares as capital property, (iii) is not exempt from tax under Part I of the Tax Act, and (iv) deals at arm’s length with and is not affiliated (within the meaning of the Tax Act) with the Issuer (each such person, a “**Holder**”).

Generally, the Series A Preference Shares, Warrant Shares and Warrants will be considered to be capital property to the Holder thereof provided that they are not held in the course of carrying on a business of buying and selling securities and have not been acquired in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Shares as capital property may, in certain circumstances, be entitled to have them, and all other “Canadian securities” (as defined in the Tax Act), owned by such Holder in the taxation year in which the election is made, and in all subsequent taxation years, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This election will not apply in respect of Warrants. Holders should consult their own tax advisors regarding the potential application and consequences of this election in their particular circumstances.

This summary is not applicable to a Holder: (i) an interest in which is a “tax shelter investment” (as defined in the Tax Act), (ii) that is a “financial institution” (as defined in the Tax Act for the purposes of the mark-to-market rules), (iii) that is a “specified financial institution” (as defined in the Tax Act), (iv) that has entered into, or enters into, with respect to the Series A Preference Shares, Warrant Shares or Warrants, a “derivative forward agreement” or a “synthetic disposition arrangement” (each as defined in the Tax

Act), (v) that reports its “Canadian tax results” within the meaning of the Tax Act in a currency other than Canadian currency, or (vi) that receives dividends on the Series A Preference Shares or the Warrant Shares under or as part of a “dividend rental arrangement” (as defined in the Tax Act). Any such Holder should consult with its own tax advisors with respect to an investment in Series A Preference Shares, Warrant Shares or Warrants. This summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of Units. Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada or a corporation that does not deal at arm’s length, for purposes of the Tax Act, with a corporation resident in Canada, and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Units, controlled by a non-resident corporation for purposes of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act. Such Holders should consult their tax advisors with respect to the consequences of acquiring Units.

This summary is based upon the current provisions of the Tax Act, all specific proposals to amend the Tax Act (the “**Proposed Amendments**”) publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this Offering Memorandum other than the Budget 2018 Proposals (as defined below), and counsel's understanding of the current administrative policies and administrative practices of the CRA published in writing prior to the date hereof, and assumes that the Proposed Amendments will be enacted in their current form. No assurance can be given that the Proposed Amendments will be enacted in the form proposed, or at all. Except for the Proposed Amendments, this summary does not otherwise take into account or anticipate any changes in the law or in the administrative policies or assessing practice of the CRA, whether by judicial, governmental or legislative decision or action, nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ significantly from those discussed herein.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that included an announcement of its intention to amend the Tax Act to address certain perceived tax advantages of earning passive investment income through a private corporation. In the 2018 Federal Budget, introduced on February 27, 2018, the Minister of Finance (Canada) released draft legislation introducing certain measures intended to target such passive investment income in taxation years that begin after 2018 (the “**Budget 2018 Proposals**”). This summary does not take into account the Budget 2018 Proposals or further announcements or draft legislation released in respect thereof. Subscribers that are private Canadian corporations should consult their own tax advisors with respect to the implications of the Budget 2018 Proposals and further announcements or draft legislation released in respect thereof as they relate to the acquisition, holding and disposition of Units and Warrant Shares.

This summary is of a general nature only and is not intended to be and should not be construed to be, legal or tax advice to any particular Subscriber. Accordingly, prospective Subscribers should consult their own tax advisors for advice with respect to the tax consequences of acquiring, holding and disposing of Series A Preference Shares, Warrants, and Warrant Shares acquired on the exercise of Warrants, having regard to their own particular circumstances.

Allocation of Cost of Units

A Holder who acquires Units will be required to allocate the purchase price for each Unit on a reasonable basis between the Series A Preference Share and the Warrant comprising each Unit in order to determine their respective costs to such Holder for purposes of the Tax Act. For its purposes, the Issuer intends to allocate \$9.50 of the offering price as consideration for the issue of each Series A Preference Share and \$0.50 of the offering price as consideration for the issue of each Warrant. Although the Issuer believes that its allocation is reasonable, it is not binding on the CRA or the Holders, and counsel expresses no opinion with respect to such allocation. These amounts must generally be averaged with the adjusted cost base of all other Series A Preference Shares and Warrants, respectively, held by a Holder as capital property to determine the adjusted cost base of all such Series A Preference Shares and Warrants to the Holder.

Taxation of Holders of Warrants

Expiry of Warrants

In the event of the expiry of an unexercised Warrant, a Holder generally will realize a capital loss equal to the Holder’s adjusted cost base of such Warrant. The tax treatment of capital gains and capital losses is discussed below under “Capital Gains and Capital Losses”.

Exercise of Warrants

The exercise of a Warrant to acquire a Warrant Share will be deemed not to constitute a disposition of property for purposes of the Tax Act. As a result, no gain or loss will be realized by a Holder upon the exercise of a Warrant. The Holder’s cost of the Warrant Share acquired on the exercise of a Warrant will be equal to the aggregate of the Holder’s adjusted cost base of such Warrant and the

exercise price paid for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging the cost of the Warrant Share with the adjusted cost base to the Holder of all Class A Restricted Voting Shares owned by the Holder as capital property immediately prior to such acquisition.

Disposition of Warrants

A Holder who disposes, or is deemed to dispose, of a Warrant (which does not include on the exercise thereof) generally will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Holder of such Warrant immediately before the disposition. The tax treatment of capital gains and capital losses is discussed below under "Capital Gains and Capital Losses".

Taxation of Holders of Shares

Dividends

A Holder will be required to include in computing its income for a taxation year dividends received or deemed to be received on the Shares. In the case of a Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit for dividends designated by the Corporation as "eligible dividends".

Dividends received or deemed to be received by a Holder that is an individual (other than certain trusts) may also give rise to a liability for alternative minimum tax under the Tax Act.

In the case of a Holder that is a corporation, the amount of any such taxable dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Holder that is a corporation as proceeds of disposition or a capital gain. Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

The Series A Preference Shares will be "taxable preferred shares" as defined in the Tax Act and, as a result, certain Holders that are corporations will be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series A Preference Shares.

A Holder that is a "private corporation" or a "subject corporation", as defined in the Tax Act, will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Shares to the extent such dividends are deductible in computing the Holder's taxable income for the year. A "subject corporation" is generally a corporation controlled directly or indirectly for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts). Tax payable by a Holder under Part IV of the Tax Act will generally be reduced by the tax payable under Part IV.1 of the Tax Act by the Holder on such dividend.

Dispositions

A Holder who disposes or is deemed to dispose of Shares (including on redemption or other acquisition of such shares by the Issuer) will generally realize a capital gain (or sustain a capital loss) to the extent that the Holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the Holder's adjusted cost base of such shares. The amount of any deemed dividend arising on the redemption or acquisition of such shares by the Issuer (see "Redemption" below) will generally be excluded from the Holder's proceeds of disposition for purposes of computing the Holder's capital gain or capital loss arising on the disposition of such shares.

If the Holder is a corporation, in certain circumstances any capital loss may be reduced by the amount of dividends received or deemed to be received on such shares or shares substituted for such shares, to the extent and in accordance with the rules contained in the Tax Act. Similar rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary. Holders to whom these rules may be relevant should consult their own tax advisors.

Redemption or Other Acquisition by the Issuer

If the Issuer redeems or otherwise acquires or cancels a Holder's Shares (other than by a purchase in the open market in the manner in which such shares are normally purchased by any member of the public in the open market), the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Issuer in excess of the paid-up capital of such shares at such time (as

computed for purposes of the Tax Act). In the case of a Holder that is a corporation, in certain circumstances all or part of the amount so deemed to be a dividend may instead be treated as proceeds of disposition and not as a dividend pursuant to subsection 55(2) of the Tax Act. See “Dividends” above. The difference between the amount paid by the Issuer and the amount of the deemed dividend, if any, will be treated as proceeds of disposition for the purposes of computing the Holder’s capital gain or loss arising on disposition of such Series A Preference Shares (see “Dispositions” above).

Capital Gains and Capital Losses

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Holder in a taxation year must be included in computing such shareholder’s income for that taxation year, and one-half of any capital loss (an “**allowable capital loss**”) realized by a Holder in a taxation year must be deducted from any taxable capital gains realized by the Holder in the year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such year, subject to and in accordance with the provisions of the Tax Act.

Capital gains realized by a Holder that is an individual or a trust (other than certain trusts) may give rise to alternative minimum tax under the Tax Act.

A Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be subject to an additional refundable tax in respect of its “aggregate investment income” (as defined in the Tax Act) for the year, including taxable capital gains.

Eligibility For Investment

Based on the current provisions of the Tax Act and the Proposed Amendments publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, each of the Series A Preference Shares, Warrant Shares and Warrants, would, at the particular time, be a “qualified investment” under the Tax Act at that time for a trust governed by a registered retirement savings plan (a “**RRSP**”), a registered retirement income fund (a “**RRIF**”), a deferred profit sharing plan, a registered disability savings plan (“**RDSP**”), a registered education savings plan (“**RESP**”), and a tax-free savings account (a “**TFSA**”), all as defined in the Tax Act (collectively, a “**Registered Plan**”), provided that:

- (i) in the case of the Series A Preference Shares, the Series A Preference Shares are listed on a “designated stock exchange” or the Issuer is otherwise a “public corporation” (each as defined in the Tax Act);
- (ii) in the case of the Warrant Shares, the Class A Restricted Voting Shares are listed on a “designated stock exchange” or the Issuer is otherwise a “public corporation” (each as defined in the Tax Act); and
- (iii) in the case of the Warrants: (A) the Class A Restricted Voting Shares are listed on a “designated stock exchange” or the Issuer is otherwise a “public corporation” (each as defined in the Tax Act); and (B) the Issuer is not a “connected person” under such Registered Plan.

The Shares are not currently listed on a “designated stock exchange” and the Issuer is not otherwise a “public corporation” (as such terms are defined in the Tax Act). The Issuer has indicated to counsel that it expects to be eligible to file, and will file, an election in its tax return for its first taxation year to be deemed to have been a public corporation from the beginning of that year. However, the status of the Issuer as a “public corporation” for the purposes of the Tax Act at a particular time cannot be guaranteed. Tax considerations relevant where Shares or Warrants are acquired within a Registered Plan as a “non-qualified investment” (as defined in the Tax Act) are not discussed in this summary.

Notwithstanding the foregoing, if a Series A Preference Share, Warrant or Warrant Share is a “prohibited investment” for a TFSA, RDSP, RRSP, RRIF or RESP for the purposes of the Tax Act, the holder, annuitant or subscriber, as the case may be, under such plan may be subject to a penalty tax. A Series A Preference Share, Warrant or Warrant Share, if issued on the date hereof, would not be, on such date, a “prohibited investment” provided that the holder of a TFSA or RDSP, the annuitant under a RRSP or RRIF, or the subscriber of a RESP, as the case may be: (i) deals at arm’s length with the Issuer for purposes of the Tax Act; and (ii) does not have a “significant interest” (as defined in subsection 207.01(4) of the Tax Act) in the Issuer. In addition, the Series A Preference Shares and the Warrant Shares would not be a prohibited investment for a TFSA, RDSP, RRSP, RRIF or RESP if such securities are “excluded property” (as defined in subsection 207.01(1) of the Tax Act) for such trusts. Prospective holders who intend to hold Series A Preference Shares, Warrants or Warrant Shares in a TFSA, RDSP, RRSP, RRIF or RESP are urged to consult their own tax advisors regarding the application of the foregoing prohibited investment rules in their particular circumstances.

ITEM 7 - COMPENSATION PAID TO SELLERS AND FINDERS

The Issuer reserves the right, pursuant to applicable securities legislation, to retain agents to help effect sales of the Units. If the Issuer retains such agents, they will be paid certain aggregate fees and commissions on the gross proceeds received by the Issuer on the Units sold with the assistance of such agents. Commissions of up to 10% of the gross proceeds received by the Issuer on the sale of Units will be paid by the Issuer, and Broker Warrants equal to 10% of the number of Units sold will be issued by the Issuer, to qualified agents who are registered under applicable securities laws, such as exempt market dealers and investment dealers (including PACE Securities Corp.), pursuant to each subscription completed by the Issuer through such agent.

The Issuer also reserves the right to enter into agreements with other persons for acting as “finders”, as permitted by and pursuant to applicable securities legislation, and, in respect thereof, to pay to such finders a fee of up to 10% of the gross proceeds from such referrals for referring potential subscribers of Units to the Issuer.

ITEM 8- RISK FACTORS

The subscription for Units pursuant to this Offering should only be made after consulting with independent and qualified investment and tax advisors. Investment in the Units is highly speculative. The Issuer’s business involves a high degree of risk, which a combination of experience, knowledge and careful evaluation may not be able to overcome. Subscribers for Units must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Issuer. This Offering is suitable for investors who are willing to rely solely upon the management of the Issuer and who can afford a total loss of their investment.

In addition to factors set forth elsewhere in this Offering Memorandum, a Subscriber should carefully consider the following factors, many of which are inherent to the ownership of the Units. The following is a summary only of some of the risk factors involved in investing in Units. A Subscriber should review these risks with their investment, legal and tax advisors.

Investment and Issuer Risk

1. **Not Reviewed by Regulator:** A Subscriber under this Offering will not have the benefit of a review of this Offering Memorandum by any securities regulatory authority or regulator and no such securities regulatory authority or regulator has approved this Offering.
2. **No Deposit Insurance:** The Units offered pursuant to this Offering Memorandum are not insured against loss through the Canadian Deposit Insurance Corporation or any other insurance company or program. A Shareholder’s only recourse for dividends and the redemption amounts is the Issuer.
3. **No Reporting Required:** The Issuer employs Chartered Professional Accountants to audit its financial statements on at least an annual basis and will make financial information available to existing holders of Preference Shares, Warrants or Class A Restricted Voting Shares upon request. However, the Issuer is not required to provide quarterly financial statements or any other reporting to its shareholders – and the Issuer does not intend to do so. Accordingly, holders of Preference Shares, Warrants or Class A Restricted Voting Shares will have limited reporting from the Issuer for monitoring the performance of the business of the Issuer or monitoring their investments in Preference Shares, Warrants and, if applicable, Class A Restricted Voting Shares.
4. **Limited Working Capital:** The Issuer is a newly incorporated corporation and has limited capital. Its only contemplated source of funds will be from the Offering and other offerings of securities. As closings are completed, the Issuer intends to acquire Eligible Debt Instruments with its available funds and from margin provided on its Portfolio in accordance with investment industry standards and, accordingly, the Issuer may from time to time have a limited amount of working capital as its available funds, namely, the proceeds from the closings of this Offering and other offerings, will be invested in Eligible Debt Instruments and net retained earnings will be invested from time to time in Eligible Debt Instruments or Equity Investments.
5. **Investing on Margin:** The Issuer uses its Portfolio as a base on which to borrow funds to invest – to margin its Portfolio – and earn a spread between the cost of such borrowed funds and the interest earned on the Debt Instruments and, if applicable, the dividends or other investment returns (if any) on the Equity Investments acquired with those borrowed funds. That investment strategy may not always be successful. Equity Investments may not qualify for margin. In the event that the national prime rate increases and the cost of borrowing increases, the spread between the cost of borrowing and the fixed interest rates on Debt Instruments will reduce and could reverse so that the cost of borrowing could exceed the interest being earned on Debt Instruments, resulting in operating losses for the Issuer. In addition, in the event that the national prime rate of interest increases, the market values of Debt Instruments with fixed interest rates will generally

decrease, resulting in loss of value to the Portfolio and a reduction in the amount of margin loans which can be supported by the Portfolio – accordingly, the lender may be required to make a ‘margin call’ requiring the Issuer to repay some or all of the margin loans. As well, the ratings of Debt Instruments may change, resulting in less margin being available at the time of such changes. Moreover, when the spread between the cost of borrowing and the fixed interest rates of Debt Instruments decreases and the value of the Portfolio decreases, less margin will be available and, if the value of the Portfolio reduces to an amount below the margin threshold permitted under investment industry standards, the Manager, on behalf of the Issuer, will be forced to sell some or all of its Debt Instruments and Equity Investments (or the investment dealer providing the margin may sell some or all of the Portfolio unilaterally) in order to meet the margin threshold and those sales could cause losses to the Issuer’s Portfolio, which losses could be magnified by the strategy of investing on margin. The circumstance of a forced sale of some or all of the Portfolio for such a ‘margin call’ by the investment dealer could present a conflict between the Issuer and the Manager, which conflict could not be resolved. In addition, the conflict will be exacerbated by the fact that the Chief Executive Office of the Issuer is also the Chief Executive Officer of the Manager, which conflict could not be resolved.

6. **Insufficient Funds:** Funds available from this Offering may not be sufficient to accomplish the Issuer’s proposed objectives.
7. **Securities:** The securities offered by the Issuer are not a direct investment in the Eligible Debt Instruments or Equity Investments but an investment in shares of the Issuer, the proceeds of which will be used by the Issuer to acquire Eligible Debt Instruments.
8. **Currency Exchange Rates:** The Series A Preference Shares are denominated in Canadian currency. Other series of Preference Shares may be denominated in the currencies of Canada or the United States. In the event that Eligible Debt Instruments or Equity Investments denominated in United States dollars are acquired by the Issuer and the Canadian dollar appreciates significantly against the United States dollar after such Eligible Debt Instruments or Equity Investments are acquired but before such Eligible Debt Instruments mature and are paid or before investments in such Equity Investments reach their potential and are liquidated, the Issuer could incur foreign currency exchange losses on those Eligible Debt Instruments and Equity Investments denominated in United States dollars and those losses could be substantial. The Issuer’s currency exchange risk could be exacerbated by its investment strategy of investing on margin. The Issuer intends to hedge its exposure to fluctuations in the exchange rate between the United States dollar and the Canadian dollar. However, there is no assurance that such hedging strategies will be successful in avoiding or substantially reducing such foreign currency exchange risks.
9. **Shares are Subordinate to Debt:** Preference Shares comprise part of the capital of the Issuer and are not debt obligations. Accordingly, on an insolvency, liquidation or other winding up of operations of the Issuer, the Redemption Amount of the Series A Preference Shares and the redemption amounts of other series of Preference Shares will rank subordinate to all indebtedness, including all secured and unsecured obligations of the Issuer and margin loans provided by the Manager or others. Class A Restricted Voting Shares will rank subordinate on any return of capital to holders of Preference Shares on a liquidation or winding up of the Issuer.
10. **Obligations Unsecured:** The Issuer’s obligations represented by the Redemption Amount of the Series A Preference Shares and the redemption amounts of other series of Preference Shares are unsecured obligations and will rank *pari passu* (i.e. on equal footing; ranking equally) between and among themselves and will be subordinate to all other secured and unsecured debt obligations of the Issuer. Class A Restricted Voting Shares will rank subordinate on any return of capital to holders of Preference Shares on a liquidation or winding up of the Issuer.
11. **Redemption Risk:** There can be no assurance that, if additional funding is required by the Issuer to redeem the Preference Shares, that such financing will be available on terms satisfactory to the Issuer, or at all. If the Issuer does not have sufficient funds on hand to redeem any or all of the Series A Preference Shares on their Redemption Date and cannot secure sufficient additional financing, the Issuer may not be able to redeem any or all of the Series A Preference Shares in a timely way and investors may not recover all that they invested in the Series A Preference Shares in a timely way. Moreover, if the Issuer is unable to recover the principal and interest on its investments in Debt Instruments and Equity Investments in a timely way by collection or sale or if the Issuer suffers losses on its investments in Debt Instruments and Equity Investments, the Issuer may not be able to redeem any or all of the Series A Preference Shares in a timely way or at all and investors may not recover in a timely way or at all the funds that they invested in the Series A Preference Shares.
12. **Loss of Redemption on the Occurrence of a Liquidity Event:** If a Liquidity Event occurs on or before December 31, 2020, the Series A Preference Shares will no longer be redeemable. There is no assurance that a Liquidity Event will occur.

On the listing of the Series A Preference Shares on a stock exchange, should that occur, the holders of Series A Preference Shares will be able to sell their Series A Preference Shares on that stock exchange whenever such holders choose provided that there are purchasers willing to buy such Series A Preference Shares. However, there is no assurance that there will be willing purchasers nor any assurance of how many Series A Preference Shares any such purchasers may be willing to purchase. Nor is there any assurance of what price purchasers would be willing to pay when a holder of Series A Preference Shares wants to sell. Holders of Series A Preference Shares who choose to sell may suffer a capital loss on the disposition of Series A Preference Shares and that loss may be substantial.

13. **Funding of Redemption:** Management of the Issuer will have sole discretion with respect to how the Issuer will fund or finance any redemption of the Series A Preference Shares or any other series of Preference Shares. In the event that the Redemption Date is not extended indefinitely as a result of the occurrence of a Liquidity Event on or before December 31, 2020, management may decide to use its existing cash on hand (if any), sell assets (principally Debt Instruments and Equity Investments), raise additional capital or equity in the Issuer or use a combination of the above methods to accomplish the redemption of the Series A Preference Shares or other series of Preference Shares when applicable. Debt Instruments will have varying terms to maturity which may be a number of years and may not have liquid markets to facilitate sales of Debt Instruments prior to maturity. Similarly, Equity Investments will have varying investment horizons, which may change based on the development of the underlying businesses of the Target Companies, and may not have liquid markets to facilitate sales of Equity Investments or it may be too early in their business cycles to achieve an attractive price. Accordingly, such Equity Investments may not be able to be liquidated prior to reaching such investment horizons. There may be other reasons for it to be an inopportune time to try to liquidate such Debt Instruments or Equity Investments. Accordingly, there is no assurance that any of the above methods of funding the redemption of the Series A Preference Shares will be successful or, if accomplished, will raise enough funds to redeem all of the Series A Preference Shares at the time fixed for redemption. Accordingly, the Issuer may not have the financial capacity to redeem all or any of the Series A Preference Shares on the Redemption Date or (if applicable) on winding up of the Issuer.
14. **OBCA Tests Required to Redeem or Pay Dividends:** Pursuant to the OBCA, the Issuer must meet certain tests – including that, after payment of the Redemption Amount, (i) the Issuer will be able to meet its liabilities generally as they come due and (ii) the realizable value of its assets are not less than the aggregate of its liabilities plus the amount required to redeem all other shares ranking equal or in priority to the Series A Preference Shares - to permit the Issuer to redeem Series A Preference Shares. There are similar tests which it must meet to be able to pay dividends. Accordingly, it is possible that the Issuer may not have the legal capacity to redeem all or any Series A Preference Shares on the Redemption Date (if applicable) or on winding up of the Issuer. Similarly, it may not have the legal capacity to pay periodic dividends from time to time.
15. **Expiry of Warrants:** Warrants have an expiry date and, if not exercised on or before the expiry date, the Warrants will expire, will become null and void and will not be capable of being exercised. After expiry, the Warrants will be worthless.
16. **Corporate Reorganizations:** As the majority holder of voting shares of the Issuer is the Chief Executive Officer of PACE Securities Corp., it is possible that it may be proposed that the Issuer amalgamate with PACE Securities Corp. or one of its subsidiaries or some other corporation to form one corporation (an “**Amalco**”). On such an amalgamation, Amalco would own all of the assets of the amalgamating corporations and would be subject to all of the debts and liabilities of all of the amalgamating corporations. Depending on the assets and business activities of the corporation with which the Issuer combines and the further development of the combined assets and business activities of such an Amalco, the risk factors described herein could be exacerbated. If one of the amalgamating corporations is PACE Securities Corp., Amalco will not be able to redeem any of the Series A Preference Shares without the approval of the Investment Industry Regulatory Organization of Canada if Amalco’s regulatory capital (sometimes referred to as ‘risk adjusted capital’) would not meet certain tests on completion of such redemption. Moreover, in such circumstances, the redemption amounts payable to redeem the Series A Preference Shares will be subordinated debt, ranking behind Amalco’s obligations to its securities customers as well as behind Amalco’s obligations to its ordinary secured and unsecured creditors.
17. **Purchase Risk:** The Issuer may purchase some or all of the Series A Preference Shares or Series B Preference Shares, in whole or in part, by tender or by private contract with individual Preference Shareholders. While the Issuer is obligated to give notice to all holders of Preference Shares of the series in respect of an invitation to tender, holders of Preference Shares of a series that is not being purchased by tender will not receive notice of such purchases and will have no knowledge of purchases made by the Issuer. Moreover, no notice is required to be given in respect of any purchases of Series A Preference Shares being purchased by private contract. Funds used by the Issuer to purchase Series A Preference Shares or Preference Shares of any other series of Preference Shares by private contract will not be available to redeem or purchase Series A Preference Shares in the future. There is no assurance that the Issuer will offer to purchase Series A Preference Shares or any other Preference Shares at their redemption amount or at any amount close to their redemption amount. Other

Preference Shareholders may be willing to sell their Series A Preference Shares at discounts to the Redemption Amount, which discounts could be substantial. Shareholders will likely have differing opinions concerning factors related to determining whether to sell their Series A Preference Shares to the Issuer, including but not limited to opinions concerning future market interest rates, economic conditions and general market conditions for companies engaged in businesses similar to the business of the Issuer. Shareholders whose opinions concerning these factors more accurately reflect future events may benefit from making superior decisions concerning whether to sell their Series A Preference Shares to the Issuer whether by tender or by private contract.

18. **Limited Recourse:** Recourse under the terms of the Series A Preference Shares will be limited to the Redemption Amount of the Preference Shares – namely, \$10.00 -- plus all accrued and unpaid cumulative dividends to the date of redemption. The Issuer cannot redeem Preference Shares unless the Issuer can, at the time of redemption, meet certain “solvency” tests under the OBCA – see “*OBCA Tests Required to Redeem or Pay Dividends*” above. There is no additional recourse by Preference Shareholders for any deficiency in value of the Series A Preference Shares in the event of delayed payment, non-payment or default by the Issuer of redemption of the Series A Preference Shares.
19. **No Guarantees:** The only assets available for paying dividends and the Redemption Amount on the Series A Preference Shares are the assets of the Issuer. No other corporation or entity has provided a guarantee or is otherwise liable or responsible for such payments. More particularly, the Issuer’s shareholders have not guaranteed any such payments and will not be liable or in any way responsible for payment of any amounts to the Series A Preference Shareholders, whether for dividends, the Redemption Amount or otherwise
20. **Tax Consequences:** The tax consequences associated with an investment in the Series A Preference Shares, Warrants or Warrant Shares may be subject to changes in federal and provincial tax laws. There can be no assurance that the tax laws will not be changed in a manner that will fundamentally alter the income tax consequences to holders of Series A Preference Shares, Warrants or Warrant Shares regarding holding or disposing of their Series A Preference Shares, Warrants or Warrant Shares.
21. **Tax Qualification for Registered Plans:** The qualification of Series A Preference Shares and Warrants as qualified investments for registered Plans for tax purposes is dependent on the Issuer meeting certain distribution and other requirements prescribed under the Tax Act, such as being able to elect to be a ‘public corporation’ for tax purposes. Although the Issuer intends to meet those criteria and to so elect, there is no assurance that the Issuer will be able to do so and, accordingly, in such circumstances where the Issuer does not meet those criteria, those Subscribers that are Plans will incur penalties under the Tax Act for having investments which are not qualified investments for such Plans.
22. **Not a Public Company:** The Issuer is a private corporation. The Issuer is not a reporting issuer in any province or territory of Canada. None of the Series A Preference Shares, Warrants or Warrant Shares are not listed on any stock exchange in Canada and there is no assurance that the Series A Preference Shares, Warrants or Warrant Shares will ever be listed on any stock exchange. Accordingly, there is no liquidity for the Series A Preference Shares, Warrants or Warrant Shares and no market on which Series A Preference Shares, Warrants or Warrant Shares can be sold.
23. **No Management or Voting Rights:** The directors and officers of the Issuer, and not holders of Preference Shares, will make decisions regarding the management of the Issuer’s affairs. Directors are elected by the holders of Class B Voting Shares. Subject to limited rights accorded by the OBCA in particular circumstances, holders of Class A Restricted Voting Shares and Series A Preference Shares will have no right to attend meetings of shareholders or to vote on any matter. Holders of Warrants have no voting rights whatsoever. A Subscriber must carefully evaluate the personal experience and business performance of each director or officer of the Issuer. In very limited circumstances, such as an insolvency proceeding or certain corporate reorganizations or restructurings, holders of Class A Restricted Voting Shares and Series A Preference Shares may have a right to vote on such proceeding provided by applicable law, but such vote would be limited in scope and, at that time, a return on the investment in Class A Restricted Voting Shares and Series A Preference Shares could be compromised or could be non-existent.
24. **Reliance on Key Management Persons:** The success of the Issuer’s business strategy depends, to a certain extent, on the efforts and abilities of key members of management of the Manager and the Issuer and their assessment and decisions regarding Eligible Debt Instruments and Equity Investments. The Issuer’s success also depends on external factors such as, among other things, the general political and economic conditions that may prevail from time to time, which factors are not within the control of the Issuer. A return on investment on Series A Preference Shares depends upon the revenues received by the Issuer from Debt Instruments and from a recovery of the principal amount of Debt Instruments, together with successful selection and realization on investments in Equity Investments. There is no assurance that the interest and

principal of the Debt Instruments will be paid in a timely way or at all. There is no assurance that investments in Equity Investments will be successful or that any returns of the original capital invested in Equity Investments will be obtained. As a result, there is no assurance that Preference Shareholders will earn a return on their investment in the Series A Preference Shares or be able to recover the full amount of their investment or any of it in a timely manner or at all.

25. **No Independent Counsel:** No independent counsel was retained by a broker, agent or other intermediary to undertake due diligence investigations or other activities on behalf of the Subscribers with respect to this Offering. There has been no review of the Offering Memorandum by any independent counsel on behalf of the Subscribers, or any other documentation in relation to the Offering.
26. **Limited Operating History:** The Issuer was recently formed to undertake this business. The Issuer has no operating history whatsoever. Past history of the performance of management of the Issuer or the Manager and its business is not indicative of the Issuer's future performance and should not be used to evaluate the Issuer and its business and prospects.
27. **Illiquidity of Investment:** An investment in the Series A Preference Shares, Warrants or Class A Restricted Voting Shares is an illiquid investment. **There is currently no market through which the Series A Preference Shares, Warrants or Class A Restricted Voting Shares of the Issuer may be sold.** The Issuer is **not a "reporting issuer"** in any jurisdiction, and a prospectus has not qualified the issuance of the Series A Preference Shares, the Warrants or Class A Restricted Voting Shares for distribution. The Securities are subject to a number of restrictions respecting transferability and resale imposed by applicable securities laws. Holders of Series A Preference Shares, Warrants or Class A Restricted Voting Shares will not be able to sell their Securities unless such holders comply with an exemption from the prospectus and registration requirements under applicable securities legislation. **See ITEM 10 - Resale Restrictions.**
28. **Timing Risks on Debt Instruments:** Holders of Series A Preference Shares are exposed to liquidity risks arising out of the timing of investments to be made by the Issuer in Eligible Debt Instruments. Those Debt Instruments will have terms to maturity that differ from the Redemption Date of the Series A Preference Shares. If maturity dates of Debt Instruments are later than the Redemption Date of the Series A Preference Shares, the Issuer may not be able to sell such Debt Instruments to generate sufficient funds to be able to redeem all of the Series A Preference Shares in a timely way. Although the Issuer intends to address these risks by managing the fixed redemption dates of Debt Instruments purchased by the Issuer and managing the issuance and redemption of the Series A Preference Shares in such a way as to maintain positive cash-flow, to meet its redemption obligations the Issuer may need to raise additional funds through the issuance of other series of Preference Shares or other forms of securities or through borrowings or may need to liquidate Debt Instruments if it is unable to raise such capital. Such liquidation may not be available on attractive terms, in a timely way or at all and the Issuer may not be able to raise sufficient capital in a timely way or at all to meet its redemption obligations. In such circumstances, the Issuer may not be able to redeem the Series A Preference Shares when due or at all.
29. **Timing Risks on Equity Investments:** Holders of Series A Preference Shares are exposed to liquidity risks arising out of the timing of investments to be made by the Issuer in Equity Investments. Generally, most Equity Investments do not have terms to maturity or fixed dates for realization of the investment. The timing for the realization of the potential for an Equity Investment can only be estimated and will vary as the business of the Target Company in which the Equity Investment is made evolves and meets or misses milestones in its business plan. The Target Company's performance will be affected by many factors including business, economic, political and other factors, many of which are not within the control of the Target Company. Accordingly, the timing of the opportunities for the Issuer to realize on Equity Investments may differ from the Redemption Date of the Series A Preference Shares and the Issuer may not be able to sell or realize any return on such Equity Investments to generate sufficient funds to be able to redeem all of the Series A Preference Shares in a timely way or at all. Although the Issuer intends to address these risks by managing the fixed redemption dates of Debt Instruments purchased by the Issuer and managing the issuance and redemption of the Series A Preference Shares in such a way as to maintain positive cash-flow, to meet its redemption obligations the Issuer may need to raise additional funds through the issuance of other series of Preference Shares or other forms of securities or through borrowings or may need to liquidate Debt Instruments or Equity Investments at inopportune times if it is unable to raise such capital. Such liquidation opportunities may not be available on attractive terms, in a timely way or at all and the Issuer may not be able to raise sufficient capital in a timely way or at all to meet its redemption obligations. In such circumstances, the Issuer may not be able to redeem the Series A Preference Shares when due or at all.
30. **Dividend Rate Risk:** The dividend rates for each series of Preference Shares are generally fixed for the term of each series of Preference Shares until their respective redemption dates and are generally not subject to increase in the event of a general rise in domestic interest rates for other investments. In the event that domestic interest rates rise, the market value of investments with fixed yields – like the Series A Preference Shares – is likely to fall. There can be no assurance of what the market value of the Series A Preference Shares will be at any time or from time to time.

31. **Fluctuations in the Value of Portfolio Investments:** The value of the Issuer's Debt Instruments and Equity Investments can be affected by events not within the control of the Issuer. Further, the highly concentrated nature of the Issuer's holdings can add to short-term high volatility. This, as well as broadly based market fluctuations brought about by geopolitical or economic events, can impact the value of the Issuer's Debt Instruments and Equity Investments. The value of Debt Investments and Equity Investments and any income and gains associated with them can fluctuate significantly and may be quite volatile. Investors should be aware that they may not achieve their anticipated returns and may, in fact, suffer significant loss.
32. **Equity Risk:** The Issuer intends to invest in public and private equity securities. The values of the Equity Investments are affected by changes in the market price of those securities. Equity investing is speculative, prices are volatile and market movements are difficult to predict. The price of a security is affected by individual company developments and by general economic and financial conditions in those countries where the issuer of the security is located or, if a listed stock, where the stock is listed for trading.
33. **Market Fluctuations and Other Risks Affecting Investments:** The Issuer intends to make its investments in Equity Investments (when applicable) in a variety of private and public companies across different industry sectors. The businesses invested in and value of those investments will be directly affected by economic, political and market conditions around the world that are beyond the private or public company's control. These conditions may affect the performance of such investments, including broad trends in business and finance, concerns over inflation and the level of institutional or retail confidence, changes in government monetary policy and foreign currency exchange rates, the ability to attract short-term and long-term funding and capital, the availability of alternative investment opportunities, changes in tax policy, the level and volatility of interest rates, legislative and regulatory changes, and terrorism and war. There is no assurance that any such investments will be successful in a timely way or at all.
34. **Limited Liquidity of Certain Assets:** The future investments in equity securities of private entities (when made) will have reduced liquidity for potentially long periods of time. There is a risk that the Issuer's Equity Investments may not be liquid at the time it wishes to sell them and, as a result, its ability to sell at a fair price or at all will be affected.
35. **Industry and Geographic Concentration:** The Manager's investment philosophy may cause the Issuer to focus on specific industries and to avoid others. Moreover, the Manager may allocate the Issuer's assets among particular geographic regions and individual countries. As a result, the Issuer may have greater exposure to particular industries, countries or regions.
36. **Foreign Securities Risk:** The Issuer intends to invest a substantial portion of its assets in foreign securities – principally in the United States but possibly other foreign countries as well. The value of foreign securities – both debt and equity securities - may be influenced by foreign government policies (including the possibility of foreign exchange controls, nationalization, expropriation or confiscatory taxation, political changes, changes to government regulation), lack of information about foreign companies, political or social instability and the possible levy of foreign withholding tax. There may be lower standards of government supervision and regulation in foreign financial or industrial markets. Foreign debt and equity stock markets may also be less liquid and more volatile. In addition, the securities markets of many countries have at times in the past moved relatively independently of one another due to different economic, financial, political and social factors. This may reduce gains which the Issuer can derive from movements in a particular market. If the Issuer holds foreign securities, it may have difficulty enforcing legal rights in jurisdictions outside Canada.
37. **Broad Authority of the Manager:** The Manager has broad discretion over the conduct of the Issuer's undertaking, selection of the specific Eligible Debt Instruments and Target Companies in which the Issuer invests and over the types of transactions in which the Issuer engages. An investment in Units, Series A Preference Shares, Warrants and other securities of the Issuer requires the investor to place confidence in the decisions of the Manager, as well as management of the Issuer and, accordingly, an investment in Units, Series A Preference Shares, Warrants and other securities of the Issuer is inappropriate for any investor not willing to place confidence in the decisions of the Manager, as well as management of the Issuer.
38. **Reliance on Management and Key Personnel:** The performance of the Issuer's Portfolio and the ability of the Issuer to generate sufficient income and realize gains to make dividend payments will be primarily dependent on the performance of the Manager. The contribution of certain of the Manager's professionals is important to the performance of the Issuer's Portfolio and, in turn, to the Issuer's profitability. Individuals employed by the Manager may, however, leave employment with the Manager at any time to pursue other opportunities. The loss of certain of the Manager's professionals could have an

adverse effect on the Issuer. The ability of the Manager to successfully implement the Issuer's business strategy will depend in large part on the continued involvement of Joseph Thomson and other members of the Issuer's management team.

39. **Private Entity Investing:** Although the Issuer expects to be investing in some private entities with the expectation that such private entities may become publicly traded entities, there can be no assurance that these events will occur or, if they do occur, that the value of the Issuer's investments will enable the Issuer to recover the cost of the investment or that the value of such investments will appreciate over the cost of such investments. The Issuer could lose a substantial amount or all of such investments.
40. **Conflicts of Interest:** The Manager has other investment management clients some of which have similar investment objectives to those of the Issuer. In allocating investment opportunities, the Manager seeks to deal with all clients in a fair and equitable manner. All investment decisions for the Issuer are made independently from those for other accounts managed by the Manager, although the Issuer and one or more of those accounts may employ similar or identical investment policies and strategies. Accordingly, at any time some or all of the investments of the Issuer may or may not be identical to the investments of another account managed by the Manager.

Joseph Thomson is a director and the President, Chief Executive Officer and acting interim Chief Financial Officer of the Issuer and beneficially owns 630,100 Class B Voting Shares, representing approximately 63% of the issued and outstanding Class B Voting Shares. Joseph Thomson is also a director and the President, Chief Executive Officer and the Ultimate Designated Person of PACE Securities Corp., the Manager.

There are potential conflicts of interest that could arise in connection with the Manager acting on behalf of the Issuer. The Manager has adopted a conflict of interest policy to address and minimize those potential conflicts of interest. The securities laws of the Province of Ontario require securities advisers such as the Manager, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Investors should refer to the applicable provisions of those securities laws for the particulars of these rules and their rights or consult with a legal adviser. The Issuer is a related and connected issuer of the Manager and its affiliates within the meaning of applicable Ontario securities legislation.

41. **Termination of Fund Management and Portfolio Management Agreement:** The Manager provides investment, portfolio management and other services to the Issuer. As the Management Agreement is terminable at the option of either party for any reason on sixty (60) days' notice, there is no guarantee that the Manager will continue to act as the Issuer's portfolio manager. The termination of the Management Agreement by the Manager or by the Issuer could have an adverse effect on the Issuer.

Other Credit, Operational and Industry Risks

1. **Credit Risks on Eligible Debt Instruments:** There is no assurance that the Issuer will be able recover any amounts of interest or principal on account of any Debt Instrument in priority to other creditors of the Debtor of the applicable Debt Instrument. Despite a business plan developed by the Issuer in conjunction with the Manager to analyze and assess each potential Eligible Debt Instrument and the corresponding Debtor and then to monitor such Debtors and Debt Instruments, there is no assurance that the Eligible Debt Instruments acquired by the Issuer will not go into default or that the Debtors will not seek protection from creditors pursuant to the *Bankruptcy and Insolvency Act* (Canada), *Companies' Creditors Arrangement Act* (Canada), Chapter 11 of the *Uniform Commercial Code* (United States) or other applicable insolvency legislation. In such circumstances, collection of ongoing interest payments and recovery of the principal of the applicable Debt Instrument could be delayed, reduced, compromised or lost in their entirety. In such circumstances, the Issuer may not have sufficient profits to be able to meet all or any dividend obligations or sufficient capital to meet its redemption obligations in a timely way or at all.
2. **Credit Risk:** Credit risk is the risk of a financial loss occurring as a result of default of a counterparty on its debt instrument obligations to the Issuer. The Issuer is subject to credit risk on its Eligible Debt Instruments and on its margin and other borrowings.
3. **Currency Exchange Rate Risk:** A significant amount of Eligible Debt Instruments is expected to be denominated in United States dollars and possibly other foreign currencies. Principal and interest payments on such Debt Instruments will be paid in United States dollars or other applicable foreign currencies. In the event that the exchange rate between the Canadian dollar and the United States dollar or other applicable foreign currencies changes significantly with an increase in

value of the Canadian dollar between the date of purchase of Eligible Debt Instruments denominated in United States dollars or other foreign currencies and the date of payment(s) by the applicable Debtor, the Issuer could experience a significant loss on such interest payments and principal repayments on Debt Instruments due to the changing foreign currency exchange rates. There are similar risks associated with Equity Investments denominated in United States dollars or other foreign currencies. The consequences of an adverse shift in exchange rates are increased by the Issuer's investment strategy of investing on margin. The Issuer intends to hedge its foreign currency exchange risks. However, there is no assurance that such hedging strategies will be successful in avoiding or substantially reducing such foreign currency exchange risks.

4. **Currency Fluctuations:** The Canadian dollar value of the Issuer's investments denominated in foreign currencies is affected by changes in the value of the Canadian dollar relative to those currencies. While the Issuer or the Manager may employ currency hedging when either of them believes that currency exposure presents significant risk, there is no assurance that either of them will do so in any particular circumstance. Premiums paid for over-the-counter currency options purchased by or for the Issuer may reduce the Issuer's return. From time to time, a significant portion of the assets of the Issuer is expected to be denominated in United States dollars or other applicable foreign currencies and, as a consequence, underlying asset values can be negatively impacted by a decline in the U.S. dollar or other applicable foreign currencies relative to the Canadian dollar. The Issuer intends to hedge its foreign currency exchange risks. However, there is no assurance that such hedging strategies will be successful in avoiding or substantially reducing such foreign currency exchange risks.
5. **No Commercial Insurance:** Third party insurance policies do not cover defaults of the Debt Instruments, whether caused by the Debtor's inability to pay, by fraud perpetrated by the seller of the Debt Instruments or by a commercial dispute. Similarly, third party insurance policies do not cover Equity Investments. Accordingly, in the event of a loss experienced by the Issuer on any Debt Instrument or Equity Investment, the Issuer will not have any insurer or other third party surety from which to seek recovery.
6. **Ongoing Deployment of Funds:** Despite a business plan developed by the Issuer in conjunction with the Manager to grow the Issuer's business, there is no assurance that the Issuer will have the capacity to deploy all of the funds from the Offering and from the offering of other securities in a timely manner. Until such funds can be deployed in a manner which generates net after-tax income in excess of its operating expenses and, if applicable, foreign currency losses, the Issuer may not have sufficient profits from those funds to be able to meet all or any dividend obligations. There are "solvency tests" in the OBCA restricting the declaration and payment of dividends similar to restrictions on the redemption of shares. Similarly, in the event that the Issuer collects all principal and interest owing on Debt Instruments or realizes on Equity Investments before the redemption date of the Series A Preference Shares, the Issuer may not be able to re-deploy such funds in a timely manner or in a way that would provide for repayment on or before the redemption date of the Series A Preference Shares. See "*OBCA Tests Required to Redeem or Pay Dividends*". In such circumstances and during such times, the Issuer may not have sufficient profits from those funds to be able to meet all or any dividend obligations or its redemption obligations.
7. **Systemic Risk:** Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Issuer and/or the Debtors interact on a daily basis.

ITEM 9 - REPORTING OBLIGATIONS

9.1 Reporting to Preference Shareholders

Except as specifically provided for herein, the Issuer is not required to send or make available to holders of Series A Preference Shares, Warrants or Class A Restricted Voting Shares any documents on an annual or ongoing basis.

The Issuer is not a reporting issuer in any jurisdiction. The Issuer is not required to send holders of Series A Preference Shares, Warrants or Class A Restricted Voting Shares any documents on an annual, quarterly, periodic or ongoing basis – save and except that audited year-end financial statements must be filed with securities regulatory authorities (i.e. the Ontario Securities Commission) and made available to holders of Series A Preference Shares, Warrants and Class A Restricted Voting Shares acquired as a result of this Offering. More particularly, the Issuer is not required to disclose material changes which occur in its business and affairs, nor is it required to file with the securities regulatory authorities any interim financial statements or other materials, nor send holders of Series A Preference Shares, Warrants or Class A Restricted Voting Shares notices of annual shareholder meetings.

Other than as required by law, the Issuer does not intend to provide holders of Series A Preference Shares, Warrants or Class A

Restricted Voting Shares with any reports, updates or other materials on ongoing basis.

Financial or other information relating to the Issuer and provided in the future to holders of Series A Preference Shares, Warrants or Class A Restricted Voting Shares may not by itself be sufficient for holders of Series A Preference Shares, Warrants or Class A Restricted Voting Shares to assess the performance of their investment.

ITEM 10 - RESALE RESTRICTIONS

These Units are subject to a number of resale restrictions under applicable securities legislation, including a restriction on resales and trading. Until the restriction on trading expires, you will not be able to trade these securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation. Holders of Series A Preference Shares, Warrants or Class A Restricted Voting Shares will not be able to sell their securities unless such selling shareholder is able to comply with the requirements for an exemption from the prospectus and registration requirements under applicable securities legislation or a Liquidity Event has occurred.

Unless permitted under securities legislation, you cannot trade these Series A Preference Shares or Warrants, or any Class A Restricted Voting Shares acquired on the exercise of Warrants, before the date that is 4 months and a day after the later of (i) the date of issuance of your Units and (ii) the date the Issuer becomes a reporting issuer in any province or territory of Canada.

The Issuer is not a reporting issuer in any province or territory of Canada and there is no assurance of the Issuer ever becoming a reporting issuer in any province or territory of Canada.

None of the Series A Preference Shares, Warrants or Class A Restricted Voting Shares is listed on any stock exchange in Canada and there is no assurance that the Issuer will ever list any of its securities on any stock exchange.

The Series A Preference Shares and Warrants (and Class A Restricted Voting Shares, if issued on the exercise of Warrants) may be sold “over-the-counter” in private transactions only to those purchasers who qualify to be able to purchase such securities in accordance with certain prospectus exemptions available under applicable securities laws. However, there is no assurance that a purchaser will be located for any such securities.

For information about these resale restrictions, a Subscriber should consult a lawyer.

10.1 General Statement

For trades in **Ontario**, the Subject Securities will be subject to resale restrictions. A holder of Subject Securities will not be able to re-sell any of the Subject Securities unless the holder complies with the requirements for an exemption from the prospectus and registration requirements under securities legislation in respect of the proposed sale.

10.2 Indefinite Restricted Period under Securities Laws

For trades in Ontario, unless permitted under securities legislation, a holder of Subject Securities cannot sell, mortgage or otherwise trade any of the Subject Securities – except pursuant to an exemption from the prospectus requirements of applicable securities legislation - before the date that is four (4) months and a day after the later of (i) the date of issuance and (ii) the date the Issuer becomes a reporting issuer in any province or territory of Canada. There is no assurance that the Issuer will ever become a reporting issuer in any province or territory of Canada.

For any re-sale prior to a Liquidity Event, such sale must be completed in accordance with an exemption from the prospectus and registration requirements of applicable securities laws. There is no assurance that a purchaser will be located, that a reasonable price will be obtainable, that the requirements for a prospectus exemption and a registration exemption will be met or that a sale will be able to be completed.

ITEM 11– PURCHASER’S RIGHTS

If you purchase Units, you will have certain rights, some of which are described below. For complete information about your rights, you should consult a lawyer.

11.1 Two-Day Cancellation Right for a Subscriber

You can cancel your agreement to purchase these Units. To do so, you must send a written notice to the Issuer before midnight on the 2nd Business Day after signing the Subscription Agreement to buy Units.

11.2 Statutory Rights of Action in the Event of a Misrepresentation

Ontario securities laws provide Subscribers with a remedy to sue to cancel the agreement to buy these Units or to sue for damages if this Offering Memorandum, or any amendment hereto, contains a misrepresentation.

Unless otherwise noted, a “misrepresentation” means an untrue statement or omission of a material fact that is required to be stated or that is necessary in order to make a statement in this Offering Memorandum not misleading in light of the circumstances in which it was made.

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue (a) the Issuer to cancel your agreement to buy these securities or (b) for damages against the Issuer. These statutory rights to sue are available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, those persons and companies have a defense if you knew of the misrepresentation when you purchased the Units. If you intend to rely on these statutory rights, you must do so within the strict time limits. You must commence your action to cancel within 180 days after the date on which the subscription price was paid. You must commence your action for damages not later than the earlier of (i) 180 days after you had knowledge of the facts giving rise to the cause of action or (ii) three (3) years after the date of the transaction giving rise to the cause of action.

More particularly, Section 5.3 of Ontario Securities Commission Rule 45-501 “*Ontario Prospectus and Registration Exemptions*” (“**Rule 45-501**”) provides that when an offering memorandum is delivered to a prospective purchaser resident in the Province of Ontario to whom securities are sold in reliance upon the prospectus exemption contained in section 2.3 (“**accredited investor**”) or Section 2.9 (“**offering memorandum**”) of NI 45-106 (or other applicable securities laws in Ontario) the purchaser has a right of action to sue for rescission or damages in the event of a misrepresentation. The right of action referred to in Section 130.1 of the Securities Act is described below in this Offering Memorandum.

Section 130.1 of the *Securities Act* (Ontario) (the “**Securities Act**”) and Rule 45-501 provide that in the event that this Offering Memorandum, together with any amendments hereto, is delivered to a Subscriber in the Province of Ontario and contains a misrepresentation, namely an untrue statement of a material fact or omits to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made, the Subscriber in Ontario who purchases Units offered by this Offering Memorandum (other than a Subscriber purchasing under the accredited investor exemption that is a Canadian financial institution or a Schedule III Bank, the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada) or a subsidiary of any such entity if the such entity owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) will have a right of action against the Issuer for damages or rescission as follows:

- (a) the right of action for rescission or damages will be exercisable by the Subscriber resident in Ontario only if such Subscriber gives written notice to the Issuer not later than 180 days after the date on which payment was made for the Units (or after the initial payment was made for the Units, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to or concurrently with the initial payment) that the Subscriber is exercising this right or, alternatively, in an action for damages, the right of action will be exercisable by the Subscriber only if the Subscriber gives notice to the Issuer not later than the earlier of:
 - (i) 180 days after the Subscriber had knowledge of the facts giving rise to the cause of action; or
 - (ii) three (3) years after the date of the transaction giving rise to the cause of action;
- (b) the Issuer will not be liable if it proves that the Subscriber purchased the Units with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the Issuer will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation that the Subscriber relied upon;
- (d) in no case will the amount recoverable in any action exceed the price at which the Units were sold to the Subscriber; and
- (e) the rights of action for rescission or damages are in addition to and without derogation from any other right the Subscriber may have at law.

Reference is made to the Securities Act for the complete text of the provisions under which these rights are conferred and this summary is subject to the express provisions of the Securities Act.

GENERAL

THE FOREGOING IS A SUMMARY ONLY AND IS SUBJECT TO INTERPRETATION. REFERENCE SHOULD BE MADE TO THE APPLICABLE SECURITIES LEGISLATION, THE REGULATIONS AND THE RULES THEREUNDER FOR THE COMPLETE TEXT OF THE PROVISIONS UNDER WHICH THE FOREGOING RIGHTS ARE CONFERRED. THE FOREGOING SUMMARY IS SUBJECT TO THE EXPRESS PROVISIONS THEREOF.

It is recommended that Subscribers consult with their own legal advisers with respect to their rights and the remedies available to them. Subscribers should pay particular attention to any time limits prescribed by the relevant securities legislation. The rights discussed above are in addition to and without derogation from any other rights or remedies, which Subscribers may have at law.

The Subscriber acknowledges that he has requested and is satisfied that this Offering Memorandum and all documentation related thereto be drawn up in the English language. Le soussigné reconnaît qu'il a exigé que cette notice d'offre ainsi que toutes les autres documents qui s'y rattachent soit rédigé et exécuté en anglais et s'en déclare satisfait.

ITEM 12 – FINANCIAL STATEMENTS

12.1 Audited Financial Statements as at February 21, 2018, as approved by the Issuer's Board of Directors

FIRST HAMILTON HOLDINGS INC.
FINANCIAL STATEMENT
AS AT FEBRUARY 21, 2018

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HILBORN^{LLP}

Independent Auditor's Report

To the Shareholder of
FIRST HAMILTON HOLDINGS INC.

We have audited the accompanying financial statement of First Hamilton Holdings Inc., which comprises the statement of financial position as at February 21, 2018 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement presents fairly, in all material respects, the financial position of First Hamilton Holdings Inc. as at February 21, 2018 in accordance with International Financial Reporting Standards.

Toronto, Ontario
March 19, 2018



Chartered Professional Accountants
Licensed Public Accountants

FIRST HAMILTON HOLDINGS INC.

STATEMENT OF FINANCIAL POSITION

AS AT FEBRUARY 21, 2018

ASSET

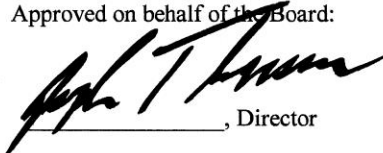
Cash	\$	1
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SHAREHOLDER'S EQUITY

Share capital <i>(note 2)</i>	\$	1
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The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board:


_____, Director

FIRST HAMILTON HOLDINGS INC.

NOTES TO THE FINANCIAL STATEMENT

AS AT FEBRUARY 21, 2018

First Hamilton Holdings Inc. (the "Company") was incorporated on February 21, 2018 under the laws of the Province of Ontario.

The Company's head office is located at 199 Bay Street, Suite 2200, Toronto, Ontario, Canada M5L 1G4.

The Company will operate as an unconstrained investment company and invests in equity and debt securities.

The financial statement was approved by the sole director of the Company on March 19, 2018.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement has been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. These standards are in accordance with Canadian generally accepted accounting principles ("GAAP") applicable to publicly accountable enterprises and include the following significant accounting policies:

Cash

Cash consists of cash on hand.

Financial Instrument

The Company initially measures financial assets at fair value.

The Company subsequently measures financial assets at amortized cost.

Financial assets measured at amortized cost include cash.

FIRST HAMILTON HOLDINGS INC.

NOTES TO THE FINANCIAL STATEMENT

AS AT FEBRUARY 21, 2018

2. SHARE CAPITAL

Authorized and issued share capital is as follows:

Authorized:

Unlimited number of preference shares issuable in series

Series A Preference Shares: unlimited, at par value of \$10, dividends at 7%, cumulative, non-voting, redeemable, with a fixed redemption date of December 31, 2023 or such later date as may be determined on or before December 31st 2020 by the Board of Directors, with a fixed date of no later than June 30, 2024. In the event the shares are listed on an exchange they will become perpetual and will have no redemption rights.

Unlimited number of Class A Restricted Voting Shares

Class A Restricted Voting Shares: non-voting, no par value, dividends payable concurrently with and at the same amount to holders of Class B voting shares, entitled to participate in distribution of the assets and property of the Company upon liquidation, dissolution or winding-up on a per share basis without distinction between Class A voting shares and Class B restricted voting shares, convertible to Class B voting shares under Exclusionary Offer

Unlimited number of Class B Voting Shares

Class B Voting Shares: voting, no par value, dividends payable concurrently with and at the same amount to holders of Class A restricted voting shares, entitled to participate in distribution of the assets and property of the Company upon liquidation, dissolution or winding-up on a per share basis without distinction between Class A voting shares and Class B restricted voting shares

Issued:

100 Class B Voting Shares	\$	1
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On February 21, 2018, 100 Class B voting shares were issued at \$0.01 per share to the director of the Company.

On February 22, 2018, a maximum of 1,000,000 Class B voting shares were authorized for issuance in connection with a private placement at \$0.01 per share.

3. STARTUP COSTS AND RELATED PARTY TRANSACTIONS

Incorporation costs have been paid on the Company's behalf by the sole Director.

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ITEM 13 - DATE AND CERTIFICATE

Dated: May 1, 2018.

This Offering Memorandum does not contain a misrepresentation.

ON BEHALF OF THE BOARD OF DIRECTORS AND OFFICERS OF FIRST HAMILTON HOLDINGS INC.

“Ernest Larry Eves ”

Ernest Larry Eves, Director

“Timothy Huxley”

Timothy Huxley, Director

“J. Thomson”

Joseph Thomson, Chief Executive Officer

“J. Thomson”

Joseph Thomson, acting interim Chief Financial Officer

BY THE PROMOTER:

“J. Thomson”

Joseph Thomson

SCHEDULE “A” – FORM OF SUBSCRIPTION AGREEMENT

FIRST HAMILTON HOLDINGS INC.

Series A 7% Cumulative Non-voting Preference Shares and Class A Share Purchase Warrants

SUBSCRIPTION AGREEMENT

TO: FIRST HAMILTON HOLDINGS INC. (the “Corporation”)

The undersigned (the “**Subscriber**”) irrevocably subscribes for and agrees to purchase Series A 7% Non-voting Preference Shares (the “**Preference Shares**”) and Class A Share Purchase Warrants (the “**Warrants**” and, collectively with the Preference Shares, the “**Units**”) of the Corporation at a subscription price of \$10.00 per Unit in the aggregate amount indicated below (the “**Subscription Price**”) on and subject to the “*Terms and Conditions of Subscription*” attached to and forming part of this subscription agreement (the “**Agreement**”).

Full Legal Name of Subscriber (please print)

By: _____
Authorized Signature

Official Title or Capacity (please print)

Name of Signatory (please print name of individual whose signature appears above if different than name of Subscriber)

Subscriber’s Address (including postal code)

Telephone Number (including area code)

Email Address

Social Insurance Number or Company Tax Number

By signing this Agreement, you are consenting (on your behalf and, if applicable, on behalf of the beneficial purchaser for whom you are contracting, if any), to the collection, use and disclosure of personal information in the manner described in the Privacy Notice on page 9 of this Agreement, as well as the indirect collection by the OSC (as defined herein) of information as described in Section 4(h).

_____ Units for \$ _____
(the “**Subscription Price**”)

Beneficial Subscriber Information

If the Subscriber is signing as agent for a principal and is not a trust company or a portfolio manager, in either case, purchasing as trustee or agent for accounts fully managed by it, please complete the following and ensure that Appendix B and the Exhibits thereto are completed on behalf of such principal:

(Name of Principal)

(Principal's address)

(Principal’s Telephone Number) (Principal’s E-mail Address)

(Principal’s Social Insurance Number or Company Tax Number)

Register the Units as set forth below:

(Name)

(Account reference, if applicable)

(Address)

Deliver the Units as set forth below:

☐ Same as Registered Address (otherwise complete below)

(Name)

(Account reference, if applicable)

(Contact Name)

(Address)

The Corporation accepts this subscription on the terms and conditions of this Agreement, including the attached “Terms and Conditions of Subscription”, for _____ Units at \$10.00 per Unit for an aggregate Subscription Price of \$ _____ :

FIRST HAMILTON HOLDINGS INC.

Date: _____, 2018

By: _____
Authorized Signing Officer, Official Capacity or Title

Terms and Conditions of Subscription

Section 1 Terms of the Offering.

- (1) The Units subscribed for hereunder form a part of a larger offering (the “**Offering**”) of Units by the Corporation up to an aggregate of 1,000,000 Units at \$10.00 per Unit for gross proceeds amount of \$10,000,000 or such lesser or greater number and amount as the Corporation may from time to time determine.
- (2) The Units are being offered by the Corporation pursuant to this Offering in Ontario only.
- (3) The proceeds from the Offering will be taken up by the Corporation on the initial Closing Date and from time to time thereafter on the Closing Date for each subsequent tranche of this Offering.
- (4) As used in this Agreement, in addition to capitalized terms defined in the Offering Memorandum or elsewhere within this Agreement, the following terms have the meanings ascribed to them below:

“**Accredited Investor**” has the meaning ascribed thereto under section 73.3(1) of the *Securities Act* (Ontario) and regulations promulgated thereunder, as applicable, and section 1.1 of NI 45-106;

“**Applicable Securities Laws**” means any and all securities laws including statutes, rules, regulations, by-laws, policies, guidelines, orders, decisions, rulings and awards, applicable in the jurisdiction in which the Units will be offered, sold and issued;

“**Closing Date**” means each date on which one or more subscriptions for Units are accepted by the Corporation and Series A Preference Shares and Warrants are issued therefor;

“**NI 45-106**” means NI 45-106 *Prospectus Exemptions* as such instrument is in effect in the province of Canada in which the Subscriber resides;

“**Offering Memorandum**” means the offering memorandum issued by the Corporation dated May 1, 2018;

“**OSC**” means the Ontario Securities Commission;

“**Regulator**” means: (i) any governmental or public entity department, court, commission, board, bureau, agency or instrumentality; (ii) any quasi-governmental, self-regulatory or private body exercising any regulatory authority; and (iii) any stock exchange; and

“**Securities**” means any one or more of the Units, the Series A Preference Shares, the Warrants and the Class A Restricted Voting Shares (issuable on exercise of the Warrants) as the context may require.

“**Securities Act**” means the *Securities Act* (Ontario) as amended from time to time.

Section 2 Closing. This subscription is subject to acceptance by the Corporation, as described below. The completion of the offer, sale and issuance of Units as contemplated by this Agreement (the “**Closing**”) will occur on a Closing Date subject to satisfaction of the conditions of closing. If, on the Closing Date, the terms and conditions contained in this Agreement have been complied with, payment of the Subscription Price will be released to the Corporation.

Section 3 Conditions of Closing. The Subscriber, on its own behalf and on behalf of any disclosed principal for whom the Subscriber is contracting under this Agreement (a “**Disclosed Beneficial Subscriber**”), acknowledges that the offer, sale and issuance of the Units as contemplated by this Agreement is subject to, among other things, the following conditions being fulfilled or performed on or before the Closing Date, which conditions are for the exclusive benefit of the Corporation and may be waived, in whole or in part, by the Corporation in its sole discretion:

- (a) the Subscriber delivering to:

First Hamilton Holdings Inc.
50 Burnhamthorpe Road West

Suite 405
Mississauga, Ontario L5B 3C2
Canada

Attention: Joseph Thomson
Phone: 905-532-9633
Fax: 905-738-8283

- (i) one fully completed and duly executed copy of this Agreement, including all applicable Appendices and Exhibits; and
- (ii) a certified cheque, bank draft or evidence of completed wire transfer, representing the aggregate Subscription Price payable for the Units subscribed for by the Subscriber;
- (b) the Corporation accepting the Subscriber's subscription, in whole or in part;
- (c) the offer, sale and issuance of the Units being exempt from the prospectus requirements of Applicable Securities Laws;
- (d) the Subscriber executing and delivering to the Corporation all reports, undertakings or other documents required under Applicable Securities Laws in connection with the offer, sale and issuance of the Series A Preference Shares and Warrants to the Subscriber;
- (e) the representations and warranties of the Subscriber having been true and correct as of the date of this Agreement and being true and correct on the Closing Date; and
- (f) all documentation relating to the offer, sale and issuance of the Units being in form and substance satisfactory to the Corporation.

Section 4 Acknowledgments of the Subscriber. The Subscriber, on its own behalf and on behalf of any Disclosed Beneficial Subscriber, acknowledges that:

- (a) **AN INVESTMENT IN THE SECURITIES IS NOT WITHOUT RISK AND THE SUBSCRIBER (AND ANY DISCLOSED BENEFICIAL SUBSCRIBER) MAY LOSE HIS, HER OR ITS ENTIRE INVESTMENT;**
- (b) the Corporation may complete additional financings in the future in order to develop the business of the Corporation and fund its ongoing development, and there is no assurance that such financings will be available, on reasonable terms or at all, and, if not available, the Corporation may be unable to fund its ongoing development;
- (c) the Corporation has the right to accept or reject the Subscriber's subscription in whole or in part; if the subscription is rejected in whole or in part, all or the applicable portion of the total Subscription Price, as the case may be, will be promptly returned to the Subscriber, without interest or deduction;
- (d) the Offering is being conducted pursuant to the (i) **accredited investor** and (ii) **offering memorandum** exemptions from the prospectus requirements afforded by Section 73.3(1) of the *Securities Act* (Ontario) and regulations promulgated thereunder and Sections 2.3 and 2.10, respectively, of NI 45-106, where applicable;
- (e) the offer, sale and issuance of the Securities is exempt from the prospectus and registration requirements of Applicable Securities Laws and, as a result: (i) the Subscriber may not receive information that would otherwise be required under Applicable Securities Laws or be contained in a prospectus prepared in accordance with Applicable Securities Laws, (ii) most of the protections, rights and remedies available under Applicable Securities Laws, including statutory rights of rescission or damages, are not available to the Subscriber, and (iii) the Corporation is relieved from certain obligations that would otherwise apply under Applicable Securities Laws;

- (f) no prospectus has been filed with any Regulator in connection with the Offering and no Regulator has made any finding or determination as to the merits of an investment in, or made any recommendation or endorsement with respect to, the Securities;
- (g) the Securities have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the “**U.S. Securities Act**”), or any state securities laws and the Securities may not be offered or sold in the United States or to a U.S. person except in compliance with the requirements of an exemption from registration under the U.S. Securities Act and any applicable state securities laws;
- (h) the Corporation may be required to file reports with applicable Regulators containing personal information about Subscribers and, if applicable, any Disclosed Beneficial Purchasers of the Units; such reports will include the full name, residential address and telephone number of each Subscriber or Disclosed Beneficial Purchaser, the number and type of securities purchased, the total purchase price paid for the Units, the date of the Closing and the prospectus and registration exemptions relied upon under Applicable Securities Laws to complete such purchase; in Ontario, this information is collected indirectly by the OSC under the authority granted to it under, and for the purposes of the administration and enforcement of, the securities legislation in Ontario; any Subscriber may contact the Administrative Assistant to the Director of Corporate Finance at Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario, M5H 3S8, or by telephone at (416) 593-8086 for more information regarding the indirect collection of such information by the Ontario Securities Commission; by completing this Agreement, the Subscriber authorizes the indirect collection of the information described in this Section 4(h) by applicable Regulators and consents to the disclosure of such information to the public through the filing of a report of trade with applicable Regulators; the Subscriber acknowledges and agrees that this information, in whole or in part, may be transferred to servers outside of Canada for data processing and/or storage;
- (i) the Securities may only be transferred in compliance with certain prospectus and registration exemptions available under Applicable Securities Laws;
- (j) the Securities are being offered on a “private placement” basis and will be subject to resale restrictions under Applicable Securities Laws and the Corporation may make a notation on its records or give instructions to any transfer agent of the Securities in order to implement such resale restrictions;
- (k) certificates for the Securities (and any replacement certificates issued prior to the expiration of the applicable hold periods), or ownership statements issued under a direct registration system or other electronic book-entry system, will bear a legend in the following form in accordance with Applicable Securities Laws:

**“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE
HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY
BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE
LATER OF (I) THE DATE OF ISSUANCE, AND (II) THE DATE THE
ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR
TERRITORY”**

- (l) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Securities;
- (m) all costs and expenses incurred by the Subscriber (including any fees and disbursements of any legal counsel retained by the Subscriber) relating to the purchase of the Units shall be borne solely by the Subscriber;
- (n) there is no government or other insurance covering the Securities;
- (o) there are risks associated with the purchase of and an investment in the Securities; and
- (p) there are restrictions on the Subscriber’s ability to resell the Securities and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Securities.

Section 5 Representations and Warranties of the Subscriber. The Subscriber, on its own behalf and on behalf of any Disclosed Beneficial Subscriber, represents and warrants as follows to the Corporation at the date of this Agreement and on the Closing Date and acknowledges and confirms that the Corporation is relying on such representations and warranties in connection with the offer, sale and issuance of the Units to the Subscriber:

- (a) **THE SUBSCRIBER (AND ANY DISCLOSED BENEFICIAL SUBSCRIBER) HAS KNOWLEDGE IN FINANCIAL AND BUSINESS AFFAIRS, IS CAPABLE OF EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE SECURITIES, AND IS ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT EVEN IF THE ENTIRE INVESTMENT IS LOST;**
- (b) the Subscriber has been provided with a copy of the Offering Memorandum, but has not been provided with a prospectus or any other document in connection with its subscription for Units and the decision to subscribe for Units and execute this Agreement has not been based upon any verbal or written representation made by or on behalf of the Corporation or any employee or agent of the Corporation and has been based entirely upon this Agreement and the Offering Memorandum;
- (c) the distribution of the Units has not been made through, or as a result of, and is not being accompanied by, (i) a general solicitation, (ii) any advertisement including articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or (iii) any seminar or meeting whose attendees have been invited by general solicitation or public advertising;
- (d) the Subscriber (and any Disclosed Beneficial Subscriber) is eligible to purchase the Units pursuant to an exemption from the prospectus and registration requirements of Applicable Securities Laws; the Subscriber has completed and delivered to the Corporation the certificate in **Appendix A**, if applicable, or **Appendix B**, if applicable, or **Appendix C**, if applicable, evidencing the Subscriber's (and any Disclosed Beneficial Subscriber's) status under Applicable Securities Laws and the Subscriber hereby confirms the truth and accuracy of all statements made in such certificate(s) as of the date of this Agreement and as of the Closing Date;
- (e) the Subscriber satisfies one of Section 5(e)(i) or (ii) below:
 - (i) the Subscriber is a resident of Ontario or otherwise subject to the applicable securities laws of Ontario, such Subscriber is purchasing the Securities as principal for its own account and not for the benefit of any other person, and:
 - (A) the Subscriber has received a copy of the Offering Memorandum at the same time as or prior to completing this Agreement and the Subscriber has executed and delivered to the Corporation a Subscriber Certificate in the form attached hereto as **Appendix A** and (I) has completed **Exhibit A-I** (if Units are sold through a registrant) or **Exhibit A-II** (if Units are not sold through a registrant) and (II) if the Subscriber is an individual, has completed **Exhibit A-III** and **Exhibit A-IV** thereto; or
 - (B) the Subscriber is an Accredited Investor and the Subscriber has executed and delivered to the Corporation an Accredited Investor Certificate in the form attached hereto as **Appendix B** and (I) has initialled or otherwise marked on **Exhibit B-I** thereto, indicating that the Subscriber fits within one of the categories of Accredited Investor set forth in such definition and (II) if such Subscriber fits within category (j), (k) or (l) in **Exhibit B-I**, has completed **Exhibit B-II** thereto;
 - (ii) if the Subscriber is not purchasing as principal for its own account, then:
 - (A) the Subscriber is duly authorized to provide and agree to all of the Subscriber's representations, warranties and covenants on behalf of each beneficial purchaser for whom the Subscriber acts;
 - (B) the Subscriber acknowledges that the Corporation may be required by law to disclose, on a confidential basis, to certain governmental or regulatory authorities, the identity of each purchaser of securities for whom the Subscriber may be acting and, if it is acting as the agent for one or more disclosed principals, each of such principals is purchasing as

principal for its own account, and each such principal complies with each of Section 5(b), (c), (e)(i), (j), (k), (l), (m), (p), (q) and (r) hereof;

- (C) the Subscriber and each beneficial purchaser hereunder are resident in the jurisdiction indicated on the face page of this Agreement as the “Subscriber’s Address”; and
- (D) the Subscriber is an “accredited investor” as defined in paragraphs (p) or (q) of the definition of “accredited investor” in summarized in **Exhibit B-I to Appendix B** attached hereto; provided, however, that the Subscriber is not a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada and **the Subscriber has executed and delivered to the Corporation an Accredited Investor Certificate in the form attached hereto as Appendix B indicating that the Subscriber fits within one of the categories of Accredited Investor set forth therein;**
- (f) the Subscriber (and any Disclosed Beneficial Subscriber) was offered the Units in, and is resident in, the jurisdiction set out as the “**Subscriber’s Address**” on the first page of this Agreement and agrees that the Applicable Securities Laws of that jurisdiction govern the offer, sale and issuance of the Units to the Subscriber;
- (g) the Subscriber (and any Disclosed Beneficial Subscriber) is **not a “U.S. Person”** (as that term is defined in Regulation S promulgated under the U.S. Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or company organized or incorporated under the laws of the United States) and is not acquiring the Units for the account of or benefit of a U.S. Person or a person in the United States;
- (h) the Subscriber (and any Disclosed Beneficial Subscriber) has been independently advised as to and is aware of the resale restrictions under Applicable Securities Laws with respect to the Securities;
- (i) the Subscriber understands that no securities commission or other Regulator has made any finding or determination or expressed any opinion with respect to the merits of investing in the Securities and that there is no government or other insurance covering any of the Securities;
- (j) except as otherwise disclosed in this Agreement, the Subscriber (and any Disclosed Beneficial Subscriber) is at arm’s-length with the Corporation;
- (k) except as specifically provided for in the Offering Memorandum, there is no person acting or purporting to act in connection with the transactions contemplated herein who is entitled to any brokerage or finder’s fee and if any person establishes a claim that any fee or other compensation is payable in connection with this subscription for Units, the Subscriber covenants to indemnify and hold harmless the Corporation with respect thereto and with respect to all costs reasonably incurred in the defence thereof;
- (l) the Subscriber (and any Disclosed Beneficial Subscriber) has not received, nor does it expect to receive, any financial assistance from the Corporation, directly or indirectly, in respect of the Subscriber’s purchase of Units;
- (m) none of the funds being used to purchase Units are, to the Subscriber’s knowledge, proceeds obtained or derived directly or indirectly as a result of illegal activities; the funds being used to purchase the Units which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the “**PCMLTFA**”) and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber’s name and other information relating to this Agreement and the Subscriber’s subscription hereunder, on a confidential basis, pursuant to the PCMLTFA; to the best of its knowledge (i) none of the funds to be provided by the Subscriber are being tendered on behalf of a person or entity who has not been identified to the Subscriber, and (ii) it shall promptly notify the Corporation if the Subscriber discovers that any of such representations cease to be true, and to provide the Corporation with appropriate information in connection therewith;

- (n) save and except for the redemption provisions of the Series A Preference Shares, no person has made any oral or written representations to the Subscriber: (i) that any person will resell or repurchase the Series A Preference Shares or the Warrants; (ii) that any person will refund the purchase price of the Units; or (iii) as to the future value or price of any of the Securities;
- (o) the Subscriber is purchasing the Units for investment only and not with a view for resale or distribution of all or any part of the Securities;
- (p) if the Subscriber is an individual, he or she is of legal age and is legally competent to execute, deliver and perform his or her obligations under this Agreement; if the Subscriber is not an individual, (i) it has the legal capacity and competence to execute, deliver and perform its obligations under this Agreement; and (ii) the execution and delivery of and performance by the Subscriber of this Agreement have been authorized by all necessary corporate or other action on the part of the Subscriber;
- (q) if the Subscriber is subscribing as principal, this Agreement has been duly executed and delivered by the Subscriber and constitutes a legal, valid and binding agreement of the Subscriber enforceable against him, her or it in accordance with the terms herein;
- (r) if the Subscriber is acting for a Disclosed Beneficial Subscriber, the Subscriber is duly authorized to execute and deliver this Agreement and all other documentation in connection with the subscription on behalf of the Disclosed Beneficial Subscriber; this Agreement has been duly authorized, executed and delivered by or on behalf of such Disclosed Beneficial Subscriber and constitutes a legal, valid and binding agreement of such Disclosed Beneficial Subscriber enforceable against him, her or it in accordance with its terms;
- (s) the execution and delivery of and performance by the Subscriber (and any Disclosed Beneficial Subscriber) of this Agreement do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a breach or violation of or a conflict with, or allow any other person to exercise any rights under any of the terms or provisions of the Subscriber's (and any such Disclosed Beneficial Subscriber's) constating documents or by-laws, if applicable, or any other contract, agreement, instrument, undertaking or covenant to which the Subscriber (and any Disclosed Beneficial Subscriber) is a party or by which it is bound; and
- (t) the Subscriber (and any Disclosed Beneficial Subscriber) has obtained such legal and tax advice as it considers appropriate in connection with the offer, sale and issuance of the Units and the execution, delivery and performance by it of this Agreement and the transactions contemplated by this Agreement; and the Subscriber (and the Disclosed Beneficial Subscriber) is not relying on the Corporation or its affiliates or counsel in this regard.

Section 6 Covenants of the Subscriber.

- (1) The Subscriber (and any Disclosed Beneficial Subscriber) will comply with Applicable Securities Laws concerning the subscription, purchase, holding and any resale of the Securities and will consult with its legal advisers with respect to complying with resale restrictions under Applicable Securities Laws with respect to the Securities.
- (2) The Subscriber (and any Disclosed Beneficial Subscriber) will execute, deliver, file and otherwise assist the Corporation in filing any reports, undertakings and other documents required under Applicable Securities Laws in connection with the offer, sale and issuance of the Units or any of the other Securities.

Section 7 Representations and Warranties of the Corporation. The Corporation covenants, represents and warrants to the Subscriber and acknowledges that the Subscriber is entering into this Agreement and subscribing for the Units in reliance upon such representations and warranties, as follows:

- (a) the Corporation was incorporated under the laws of the Province of Ontario and is subsisting under the laws of Ontario;
- (b) the Corporation has the corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement; the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of the Corporation;

- (c) this Agreement constitutes a valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms subject, however, to limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of the rights of creditors and others and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought;
- (d) the Corporation is duly qualified to carry on business in each jurisdiction in which the nature of the business or the property owned or leased by it makes such qualification necessary and possesses all necessary permits and licenses to carry on its business as presently being conducted;
- (e) the entering into of this Agreement and the consummation of the transactions contemplated hereby will not result in the violation of any of the terms and provisions of the constating documents or by-laws of the Corporation or any applicable order of any court, arbitrator or government authority having jurisdiction over the Corporation or of any indenture or other agreement, written or oral, to which the Corporation is a party or by which it is or may become bound or, to the best of the knowledge and belief of the Corporation after due inquiry, of any law or regulation;
- (f) there are no actions, suits or proceedings (whether or not purportedly on behalf of the Corporation) pending or, to the knowledge of the Corporation, threatened against or adversely affecting the Corporation or any of its assets at law or in equity or before or by any federal, provincial, state, municipal or other governmental court, department, commission, board, bureau, agency or instrumentality, domestic or foreign, whether or not insured, and which might involve the possibility of any judgment or liability against the Corporation; and
- (g) the representations and warranties of the Corporation included in this Agreement are true and correct and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained in such representations and warranties not misleading to a prospective subscriber for Units and all information provided to the Subscriber on or prior to the Closing Date is true, correct and complete in all material respects and does not contain any material misrepresentation.

Section 8 Indemnity.

The Subscriber agrees to indemnify and hold harmless the Corporation and its directors, officers, employees, agents, advisers and shareholders from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, lawsuit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon any representation or warranty of the Subscriber contained herein or in any document furnished by the Subscriber to the Corporation in connection herewith being untrue in any material respect or any breach or failure by the Subscriber to comply with any covenant or agreement made by the Subscriber herein or in any document furnished by the Subscriber to the Corporation in connection herewith.

Section 9 Survival. The representations, warranties, acknowledgements and covenants contained in this Agreement and any certificate or document delivered pursuant to or in connection with this Agreement will survive Closing and continue in full force and effect in accordance with statutory limitation periods notwithstanding any subsequent disposition or redemption of the Securities.

Section 10 Beneficial Subscribers. Whether or not explicitly stated in this Agreement, any acknowledgement, representation, warranty, covenant or agreement made by the Subscriber in this Agreement, including the Schedules hereto and their respective Appendices, will be treated as if made by the Disclosed Beneficial Subscriber, if any.

Section 11 Appendices. The following Appendices and their respective Exhibits are incorporated into and form an integral part of this Agreement, and any reference to this Agreement includes the Appendices and their respective Exhibits:

Appendix A	Subscriber Certificate under Offering Memorandum Exemption
Appendix B	Accredited Investor Certificate
Appendix C	Identification of Other Possible Prospectus Exemptions

Section 12 Interpretation. Any reference in this Agreement to gender or the neuter includes all genders and the neuter. Words importing the singular number only include the plural and *vice versa*. The division of this Agreement into sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect the Agreement's interpretation. In this Agreement (i) the words "including", "includes" and "include" mean "including (or includes or include) without limitation", (ii) the words "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of".

Section 13 Acceptance and Assignment. The Corporation reserves the right to accept this Subscription in whole or in part or to reject this Subscription at the Corporation's discretion. The Corporation further reserves the right to close the subscription books at any time and terminate this Offering without notice. This Agreement becomes effective when accepted, in whole or in part, by the Corporation whether or not communication of such acceptance has been given to the Subscriber. After the time of such acceptance, this Agreement will be binding upon and enure to the benefit of the parties and their respective successors, heirs, executors, administrators and legal representatives, as applicable. This Agreement is not transferable or assignable by any party.

Section 14 Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the transactions contemplated by it and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

Section 15 Time of Essence. Time is of the essence in this Agreement.

Section 16 Governing Law. This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Subscriber (and any Disclosed Beneficial Subscriber) irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario with respect to any matters arising out of this Agreement and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

Section 17 Execution By Facsimile and Counterparts. This Agreement including the Appendices and Exhibits may be executed in any number of counterparts (including counterparts by facsimile or other electronic transmission) and all such counterparts taken together will be deemed to constitute one and the same document.

PRIVACY NOTICE

This Subscription Agreement and the Schedules hereto (and their respective Appendices) require the Subscriber to provide to the Corporation certain personal information (respecting the Subscriber and, if applicable, any beneficial purchaser for whom the Subscriber is contracting). Such information is being collected by the Corporation for the purposes of completing the Offering, which includes, without limitation, determining the eligibility of the Subscriber or, if applicable, the beneficial purchaser for whom the Subscriber is contracting, to purchase the Units under Applicable Securities Laws, preparing and registering certificates representing the Series A Preference Shares and Warrants to be issued hereunder and completing filings required under Applicable Securities Laws.

In addition, such personal information may be used or disclosed by the Corporation for the purpose of administering the Corporation's relationship with the Subscriber or, if applicable, the beneficial purchaser for whom the Subscriber is contracting. For example, such personal information may be used by the Corporation to communicate with the Subscriber or, if applicable, the beneficial purchaser for whom the Subscriber is contracting (such as by providing reports, sending notices etc.), to prepare tax filings and forms or to comply with its obligations under taxation, securities and other laws (such as maintaining a list of holders of Securities).

In connection with the foregoing, the personal information of the Subscriber or, if applicable, the beneficial purchaser for whom the Subscriber is contracting, may be disclosed by the Corporation to: (i) any Regulator or taxation authorities, (ii) the Corporation's registrar and transfer agent, and (iii) any of the other parties involved in the Offering, including legal counsel, and may be included in record books prepared in respect of the Offering.

By executing this Agreement, the Subscriber (on its own behalf and, if applicable, on behalf of the beneficial purchaser for whom it is contracting) hereby consents to the collection, use and disclosure of such personal information. The Subscriber (on its own behalf and, if applicable, on behalf of the beneficial purchaser for whom it is contracting) also consents to the

filing of copies or originals of any of the documents provided to the Corporation by the Subscriber with any taxation or securities regulatory authority in relation to the transactions contemplated by this Subscription Agreement.

APPENDIX A

TO BE COMPLETED BY SUBSCRIBERS UNDER OFFERING MEMORANDUM EXEMPTION

SUBSCRIBER CERTIFICATE

In connection with the purchase of Units comprised of Series A Preference Shares and Warrants of the Corporation by the undersigned subscriber (the “Subscriber” for the purposes of this Appendix A), the Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

For all Subscribers:

1. The Subscriber is resident in the jurisdiction as set forth on the face page of this Subscription Agreement or is subject to the securities laws of such jurisdiction;
2. The Subscriber is purchasing the Units as principal;
3. The Subscriber has received a copy of the Offering Memorandum at the same time as or before the Subscriber has signed this Agreement;
4. The Subscriber is an “**Eligible Investor**” (as defined in section 1.1 of National Instrument 45-106) (*initial beside the applicable category*):

- _____ (a) a person whose
- (i) net assets, alone or with a spouse, in the case of an individual, exceed \$400,000,
 - (ii) net income before taxes exceeded \$75,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or
 - (iii) net income before taxes, alone or with a spouse, in the case of an individual, exceeded \$125,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or

(Note: if an individual qualifies as an eligible investor under this category (a), such individual must complete, sign and deliver Exhibit A-III (Classification of Investors under the Offering Memorandum Exemption) and Exhibit A-IV (Investment Limits for Investors under the Offering Memorandum Exemption))

- _____ (b) a person of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors, or
- _____ (c) a general partnership of which the majority of the general partners are eligible investors; or
- _____ (d) a limited partnership of which all of the partners are eligible investors; or
- _____ (e) a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors, or
- _____ (f) an accredited investor, or

(Note: if this category is chosen, Appendix B- Accredited Investor Certificate must be completed)

(Note: if an individual qualifies as an eligible investor under this category (f), such individual must complete, sign and deliver Exhibit A-III (Classification of Investors under the Offering Memorandum Exemption) and Exhibit A-IV (Investment Limits for Investors under the Offering Memorandum Exemption))

- _____ (g) a person described in section 2.5 [*Family, friends and business associates*], or
(Note: if an individual qualifies as an eligible investor under this category (g), such individual must complete, sign and deliver Exhibit A-III (Classification of Investors under the Offering Memorandum Exemption) and Exhibit A-IV (Investment Limits for Investors under the Offering Memorandum Exemption))
- _____ (h) in Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon, a person that has obtained advice regarding the suitability of the investment and, if the person is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser.
5. The Subscriber has completed, executed and delivered to the Corporation **Exhibit A-I - Risk Acknowledgement Form (if Units are sold through registrant) or Exhibit A-II – Risk Acknowledgement Form (if Units are not sold through registrant)**, as applicable, including, if the Subscriber is an individual, **Exhibit A-III and Exhibit A-IV** to this **Appendix A**;
6. If the Subscriber is an individual, the acquisition cost of all securities acquired by the Subscriber in the preceding 12 months does not exceed the following amounts:
 (i) if the Subscriber is not an eligible investor, \$10,000;
 (ii) if the Subscriber is an eligible investor, \$30,000; or
 (iii) if the Subscriber is an eligible investor and received advice from a portfolio manager, investment dealer or exempt market dealer that the investment is suitable, \$100,000;
7. Upon execution of this **Appendix A** by the Subscriber, this **Appendix A** shall be incorporated into and form a part of the Subscription Agreement; and
8. The Subscriber acknowledges that he has requested and is satisfied that this Subscription Agreement and all documentation related thereto be drawn up in the English language. *Le soussigné reconnaît qu'il a exigé que cette contrat d'abonnement ainsi que toutes les autres documents qui s'y rattachent soit rédigé et exécuté en anglais et s'en déclare satisfait.*

The foregoing representations and warranties are true and accurate as of the date of this certificate and will be true and accurate as of Closing Date. If any such representations and warranties shall not be true and accurate prior to Closing Date, the Subscriber shall give immediate written notice of such fact to the Corporation.

Dated: _____, 2018.

 Print name of Subscriber

By: _____
 Signature

 Print name of Signatory (if different from Subscriber)

 Title

EXHIBIT A-I

Form 45-106F4 – Risk Acknowledgement (if Units are sold through registrant)

RISK ACKNOWLEDGEMENT

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- The securities are redeemable, but I may only be able to redeem them in limited circumstances.
- I could lose all the money I invest.

I am investing \$_____ [total consideration] in total; this includes any amount I am obliged to pay in future. First Hamilton Holdings Inc. will pay \$_____ [amount of fee or commission] of this to _____ [name of person selling the securities] as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

_____, 20_____
Date

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

The purchase must sign 2 copies of this form.

The purchaser and the issuer must each receive a signed copy.

WARNING

You have 2 business days to cancel your purchase.

To do so, send a notice to First Hamilton Holdings Inc. stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by fax or email or deliver it in person to First Hamilton Holdings Inc. at its business address. Keep a copy of the notice for your records.

Issuer Name and Address: First Hamilton Holdings Inc.
50 Burnhamthorpe Road West, Suite 405
Mississauga, Ontario L5B 3C2
Fax: 905-738-8283
Email: jthomson@pacecurities.com

You are buying Exempt Market Securities.

They are called exempt market securities because two parts of securities law do not apply to them. If an issuer wants to sell exempt market securities to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell exempt market securities. Exempt market securities are more risky than other securities.

You will receive an offering memorandum. Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

The securities you are buying are not listed. The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer. A non-reporting issuer does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, call your local securities regulatory authority or regulator.

Ontario

Ontario Securities Commission
Toll-free (North America): 1-877-785-1555
Fax: 416-593-8122
Email: inquiries@osc.gov.on.ca
Website: www.osc.gov.on.ca

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EXHIBIT A-II

Form 45-106F4 – Risk Acknowledgement (if Units are not sold through registrant)

RISK ACKNOWLEDGEMENT

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- The securities are redeemable, but I may only be able to redeem them in limited circumstances.
- I could lose all the money I invest.

I am investing \$_____ [total consideration] in total; this includes any amount I am obliged to pay in future. First Hamilton Holdings Inc. will pay \$_____ [amount of fee or commission] of this to _____ [name of person selling the securities] as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

_____, 20____
Date

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

The purchase must sign 2 copies of this form.

The purchaser and the issuer must each receive a signed copy.

WARNING

You have 2 business days to cancel your purchase.

To do so, send a notice to First Hamilton Holdings Inc. stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by fax or email or deliver it in person to First Hamilton Holdings Inc. at its business address. Keep a copy of the notice for your records.

Issuer Name and Address: First Hamilton Holdings Inc.
50 Burnhamthorpe Road West, Suite 405
Mississauga, Ontario L5B 3C2
Fax: 905-738-8283

Email: jthomson@pacesecurities.com

You are buying Exempt Market Securities.

They are called exempt market securities because two parts of securities law do not apply to them. If an issuer wants to sell exempt market securities to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell exempt market securities. Exempt market securities are more risky than other securities.

You will receive an offering memorandum. Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

You will not receive advice. You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or registered dealer. In Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon to qualify as an eligible investor, you may be required to obtain that advice.

The securities you are buying are not listed. The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer. A non-reporting issuer does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, call your local securities regulatory authority or regulator.

Ontario

Ontario Securities Commission
Toll-free (North America): 1-877-785-1555
Fax: 416-593-8122
Email: inquiries@osc.gov.on.ca
Website: www.osc.gov.on.ca

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Exhibit A-III

Classification of Investors under the Offering Memorandum Exemption

Instructions: This Exhibit A-III must be completed together with the **Risk Acknowledgement Form** and **Exhibit A-IV** by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 Prospectus Exemptions (NI 45-106) in **Ontario**.

How you qualify to buy securities under the offering memorandum exemption

Initial the statement under A, B, C or D containing the criteria that applies to you. (You may initial more than one statement.) If you initial a statement under B or C, you are not required to complete A.

A. You are an eligible investor because:		Your initials
ELIGIBLE INVESTOR	Your net income before taxes was more than \$75,000 in each of the 2 most recent calendar years, and you expect it to be more than \$75,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Your net income before taxes combined with your spouse's was more than \$125,000 in each of the 2 most recent calendar years, and you expect your combined net income to be more than \$125,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Either alone or with your spouse, you have net assets worth more than \$400,000 (Your net assets are your total assets, including real estate, minus your total debt including any mortgage on you property.)	
B. You are an eligible investor, as a person described in section 2.3 [<i>Accredited investor</i>] of NI 45-106 or, as applicable in Ontario, subsection 73.3(3) of the <i>Securities Act</i> (Ontario), because:		Your initials
ACCREDITED INVESTOR	Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.	
	Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.	
	Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)	

C. You are an eligible investor, as a person described in section 2.5 [Family, friends and business associates] of NI 45-106, because:		Your initials
FAMILY, FRIENDS AND BUSINESS ASSOCIATES	<p>You are:</p> <p>1) <i>[check all applicable boxes]</i></p> <p><input type="checkbox"/> a director of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> an executive officer of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> a control person of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> a founder of the issuer</p> <p>OR</p> <p>2) <i>[check all applicable boxes]</i></p> <p><input type="checkbox"/> a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p> <p><input type="checkbox"/> a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p>	
	<p>You are a family member of _____ <i>[Instruction: Insert the name of the person who is your relative either directly or through his or her spouse]</i>, who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You are the _____ of that person or that person's spouse. <i>[Instruction: To qualify for this investment, you must be (a) the spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person's spouse.]</i></p>	
	<p>You are a close personal friend of _____ <i>[Instruction: Insert the name of your close personal friend]</i>, who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You have known that person for _____ years.</p>	
	<p>You are a close business associate of _____ <i>[Instruction: Insert the name of your close business associate]</i>, who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You have known that person for _____ years.</p>	
D. You are not an eligible investor.		Your initials
NOT AN ELIGIBLE INVESTOR	<p>You acknowledge that you are not an eligible investor.</p>	

Exhibit A-IV

Investment Limits for Investors Under the Offering Memorandum Exemption

Instructions: This Exhibit A-IV must be completed together with the **Risk Acknowledgement Form** and **Exhibit A-III** by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 Prospectus Exemptions (NI 45-106) in **Ontario**.

SECTION 1 TO BE COMPLETED BY THE PURCHASER
1. Investment limits you are subject to when purchasing securities under the offering memorandum exemption
You may be subject to annual investment limits that apply to all securities acquired under the offering memorandum exemption in a 12 month period, depending on the criteria under which you qualify as identified in Appendix A-III. Initial the statement that applies to you.

A. You are an eligible investor.		Your Initials
ELIGIBLE INVESTOR	As an eligible investor that is an individual, you cannot invest more than \$30,000 in all offering memorandum exemption investments made in the previous 12 months, unless you have received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this exhibit, that your investment is suitable. Initial one of the following statements:	
	You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit of \$30,000 in all offering memorandum exemption investments made in the previous 12 months.	
	You confirm that you received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this appendix that the following investment is suitable. You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit in all offering memorandum exemption investments made in the previous 12 months of \$100,000.	
B. You are an eligible investor, as a person described in section 2.3 [<i>Accredited investor</i>] of NI 45-106 or, as applicable in Ontario, subsection 73.3(3) of the <i>Securities Act</i> (Ontario).		Your Initials
ACCREDITED INVESTOR	You acknowledge that, by qualifying as an eligible investor as a person described in section 2.3 [<i>Accredited investor</i>], you are not subject to investment limits.	

C. You are an eligible investor, as a person described in section 2.5 [Family, friends and business associates] of NI 45-106.		Your Initials
FAMILY, FRIENDS AND BUSINESS ASSOCIATES	You acknowledge that, by qualifying as an eligible investor as a person described in section 2.5 [Family, friends and business associates], you are not subject to investment limits.	
D. You are not an eligible investor.		Your Initials
NOT AN ELIGIBLE INVESTOR	<p>You acknowledge that you cannot invest more than \$10,000 in all offering memorandum exemption investments made in the previous 12 months.</p> <p>You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit of \$10,000 in all offering memorandum exemption investments made in the previous 12 months.</p>	
SECTION 2 TO BE COMPLETED BY THE REGISTRANT		
2. Registrant information		
<i>[Instruction: this section must only be completed if an investor has received advice from a portfolio manager, investment dealer or exempt market dealer concerning his or her investment.]</i>		
First and last name of registrant (please print):		
Registered as:		
<i>[Instruction: indicate whether registered as a dealing representative or advising representative]</i>		
Telephone:	Email:	
Name of firm:		
<i>[Instruction: indicate whether registered as an exempt market dealer, investment dealer or portfolio manager.]</i>		
Date:		

APPENDIX B

TO BE COMPLETED BY SUBSCRIBERS UNDER ACCREDITED INVESTOR EXEMPTION

ACCREDITED INVESTOR CERTIFICATE

In connection with the purchase of Units of the Corporation by the undersigned Subscriber or, if applicable, the principal on whose behalf the undersigned is purchasing as agent (the "**Subscriber**" for the purposes of this **Appendix B**), the Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1. The Subscriber is resident in the jurisdiction as set forth on the face page of this Subscription Agreement or is otherwise subject to the securities laws of such jurisdiction;
2. The Subscriber is purchasing the Units as principal for its own account;
3. The Subscriber is an "accredited investor" within the meaning of (i) section 73.3(2) of the *Securities Act* (Ontario) and the regulations promulgated thereunder and (ii) National Instrument 45-106 entitled "*Prospectus Exemptions*", as applicable, on the basis that the undersigned fits within at least one of the categories of an "accredited investor" summarized in **Exhibit B-I** hereto beside which the undersigned has marked initials or otherwise identified;
4. The Subscriber was not created or used solely to purchase or hold securities as an "accredited investor" as described in paragraph (m) of the attached **Exhibit B-I** of this **Appendix B**; and
5. Upon execution of this **Appendix B (including Exhibit B-I and, if applicable, Exhibit B-II hereto)** by the Subscriber, this **Appendix B (including Exhibit B-I and, if applicable, Exhibit B-II hereto)** shall be incorporated into and form a part of the Subscription Agreement.

The Subscriber acknowledges that he has requested and is satisfied that this Subscription Agreement and all documentation related thereto be drawn up in the English language. *Le soussigné reconnaît qu'il a exigé que cette contrat d'abonnement ainsi que toutes les autres documents qui s'y rattachent soit rédigé et exécuté en anglais et s'en déclare satisfait.*

The foregoing representations and warranties are true and accurate as of the date of this certificate and will be true and accurate as of Closing Date. If any such representations and warranties shall not be true and accurate prior to Closing Date, the Subscriber shall give immediate written notice of such fact to the Corporation.

Dated: _____, 2018.

Print name of Subscriber

By: _____
Signature

Print name of Signatory (if different from Subscriber)

Title (if applicable)

**IMPORTANT: PLEASE MARK YOUR INITIALS BESIDE THE CATEGORY
IN EXHIBIT B-I ON THE NEXT PAGE TO WHICH YOU BELONG.**

EXHIBIT B-I
CONFIRMATION OF APPLICABLE CATEGORY OF ACCREDITED INVESTOR

NOTE: THE INVESTOR MUST INITIAL BESIDE THE APPLICABLE CATEGORY BELOW.

Accredited Investor (defined (i) in the Province of Ontario, in section 73.3(1) of the *Securities Act (Ontario)* and regulations promulgated thereunder, and (ii) in section 1.1 of National Instrument 45-106, as applicable) means:

- _____ (a) a Canadian financial institution, or an authorized foreign bank named in Schedule III of the *Bank Act (Canada)* (and, in Ontario, a Schedule I, II or III bank); or
- _____ (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act (Canada)*; or
- _____ (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary; or
- _____ (d) a person registered under the securities legislation of a jurisdiction of Canada, as an adviser or dealer, except, in Ontario, as otherwise prescribed by regulation; or
- _____ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d); or
- _____ (e.1) an individual formerly registered under the securities legislation of a province, territory or other permissible jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act (Ontario)* or the *Securities Act (Newfoundland and Labrador)*; or
- _____ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly-owned entity of the Government of Canada or a jurisdiction of Canada; or
- _____ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec; or
- _____ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government; or
- _____ (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada; or
- _____ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes, but net of any related liabilities, exceeds \$1,000,000; or
(Note: if an individual qualifies as an accredited investor under this category (j), such individual must complete, sign and deliver a Risk Acknowledgement Form set out in Exhibit B-II.)
- _____ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes, but net of any related liabilities, exceeds \$5,000,000; or
- _____

- _____ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year; or

(Note: if an individual qualifies as an accredited investor under this category (k), such individual must complete, sign and deliver a Risk Acknowledgement Form set out in Exhibit B-II.)

(Note: if individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under paragraph (t) below, which must be initialed.)

- _____ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000; or

(Note: if an individual qualifies as an accredited investor under this category (l), such individual must complete, sign and deliver a Risk Acknowledgement Form set out in Exhibit B-II.)

- _____ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements; or

- _____ (n) an investment fund that distributes or has distributed its securities only to

- (i) a person that is or was an accredited investor at the time of the distribution, or
- (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 and 2.19 of National Instrument 45-106 or of Quebec Regulation 45-106, as applicable, or
- (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 of National Instrument 45-106 or of Quebec Regulation 45-106, as applicable, or

- _____ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt; or

- _____ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be; or

- _____ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction; or

- _____ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded; or

- _____ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function; or

- _____ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors; or

(Note: if you are purchasing as an individual, accredited investors paragraph (k) above must be initialed rather than paragraph (t))

- _____ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser; or

- _____ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or
- _____ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

Interpretative Aids

The following definitions relate to certain of the categories of Accredited Investor set forth above:

- (a) "affiliate" means an issuer connected with another issuer because
 - (i) one of them is the subsidiary of the other;
 - (ii) each of them is controlled by the same person; or
 - (iii) for the purposes of Saskatchewan securities law, both are subsidiaries of the same issuer;
- (b) "bank" means a bank named in Schedule I or II of the *Bank Act* (Canada) or an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (c) "Canadian financial institution" means:
 - (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
 - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league (in Ontario, credit union league or federation) that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada (in Ontario, Ontario only) to carry on business in Canada or a jurisdiction of Canada (in Ontario, Ontario only);
- (d) "eligibility adviser" means:
 - (i) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed; and
 - (ii) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:
 - (A) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders, or control persons; and
 - (B) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;
- (e) "financial assets" means:
 - (i) cash;
 - (ii) securities; or
 - (iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;
- (f) "foreign jurisdiction" means a country other than Canada or a political subdivision of a country other than Canada;
- (g) "fully managed account" means an account of a client for which a person makes the investment decisions if that person or company has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;
- (h) "investment fund" has the same meaning as in National Instrument 81-106 *Investment Fund Continuous Disclosure*;

- (i) “jurisdiction” means a province or territory of Canada, except when used in the term “foreign jurisdiction;
- (j) “local jurisdiction” means the jurisdiction in which the Canadian securities regulatory authority is situate;
“non-redeemable investment fund” has the same meaning as in National Instrument 81-106 *Investment Fund Continuous Disclosure*;
- (k) “person” includes:
 - (i) an individual,
 - (ii) a corporation,
 - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
 - (iv) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative;
- (l) “related liabilities” means:
 - (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
 - (ii) liabilities that are secured by financial assets;
- (m) “securities legislation” means, for the local jurisdiction, the statute and regulations of the local jurisdiction and other instruments issued by the securities regulator authority of the local jurisdiction;
- (n) “securities regulatory authorities” means the securities commissions and similar regulatory authorities of each of the provinces or territories of Canada;
- (o) “spouse” means an individual who,
 - (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual;
 - (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender; or
 - (iii) in Alberta, is an individual referred to in paragraph (i) or (ii), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and
- (p) “subsidiary” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

All monetary references are in Canadian dollars.

EXHIBIT B-II**FORM 45-106F9****FORM FOR INDIVIDUAL ACCREDITED INVESTORS****WARNING!**

This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER**1. About your investment**

Type of securities: *[Instruction: Include a short description, e.g., common shares]*

Units comprised of Series A 7% Preference Shares and Class A Share Purchase Warrants

Issuer:

FIRST HAMILTON HOLDINGS INC.

Purchased from: *[Instruction: Indicate whether securities are purchased from the issuer or a selling security holder.]*

FIRST HAMILTON HOLDINGS INC.

SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER**2. Risk acknowledgement**

This investment is risky. Initial that you understand that:

**Your
initials**

Risk of loss – You could lose your entire investment of \$_____. *[Instruction: Insert the total dollar amount of the investment.]*

Liquidity risk – You may not be able to sell your investment quickly – or at all.

Lack of information – You may receive little or no information about your investment

Lack of advice – You will not receive advice from the salesperson about whether this investment is suitable for you unless the sales person is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca.

3. Accredited investor status

You must meet at least **one** of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the sales person identified in section 5, can help you if you have questions about whether you meet these criteria.

**Your
initials**

- Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)

- Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.

- Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.

<ul style="list-style-type: none"> Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.) 		
4. Your name and signature		
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.		
First and last name (please print):		
Signature:		Date:
SECTION 5 TO BE COMPLETED BY THE SALESPERSON		
5. Salesperson information		
<i>[Instruction: The sales person is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>		
First and last name of salesperson (please print):		
Telephone:		Email:
Name of firm (if registered):		
SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER		
6. For more information about this investment		
<p>For investment in a non-investment fund</p> <div style="display: flex; justify-content: space-between;"> <div> <p><i>[Insert name of issuer/selling security holder]</i></p> <p><i>[Insert address of issuer/selling security holder]</i></p> <p><i>[Insert contact person name, if applicable]</i></p> <p><i>[Insert telephone number]</i></p> <p><i>[Insert email address]</i></p> <p><i>[Insert website address, if applicable]</i></p> </div> <div> <p>FIRST HAMILTON HOLDINGS INC. 50 Burnhamthorpe Road West, Suite 405 Mississauga, ON L5B 3C2 Joseph Thomson 905-532-9633 jthomson@pacecurities.com</p> </div> </div> <p>For investment in an investment fund</p> <p><i>[Insert name of investment fund]</i></p> <p><i>[Insert name of investment fund manager]</i></p> <p><i>[Insert address of investment fund manager]</i></p> <p><i>[Insert telephone number of investment fund manager]</i></p> <p><i>[Insert email address of investment fund manager]</i></p> <p><i>[If investment is purchased from a selling security holder, also insert the name, address, telephone number and email address of selling security holder here]</i></p> <p>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.</p>		

Form instructions:

1. This form does not mandate the use of a specific font size or style but the font must be legible.
2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form. The purchaser must sign this form.
3. Each of the purchaser and the issuer or selling security holder must receive a copy of this form signed by the purchaser. The issuer or selling security holder is required to keep a copy of this form for 8 years after the distribution.

APPENDIX C

IDENTIFICATION OF OTHER APPLICABLE PROSPECTUS EXEMPTIONS

TO: **FIRST HAMILTON HOLDINGS INC.** (the “Corporation”)

In connection with the purchase of Securities of the Corporation, the undersigned subscriber or, if applicable, the principal on whose behalf the undersigned subscriber is purchasing as agent (the “**Subscriber**” for the purposes of this Appendix C), the Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1. The Subscriber is resident in or otherwise subject to applicable securities laws of the province or jurisdiction set forth as the “Subscriber’s Address” below the Subscriber’s signature on the face page of this Subscription Agreement;
2. The Subscriber is purchasing the Subscription as principal for its own account;
3. The Subscriber is within one of the categories of prospectus exemptions set out in Exhibit C-I to this Appendix C as identified by the Subscriber’s initials beside the applicable category;
4. Upon execution of this Appendix C (together with Exhibit C-I hereto) by the Subscriber, this Appendix C (together with Exhibit C-I hereto) shall be incorporated into and form a part of the Subscription Agreement and all capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Subscription Agreement.

Name of Subscriber (please print)

By:

Authorized Signature

Official Title or Capacity (please print)

Name of Signatory (please print name of individual whose signature appears above, if different than the Subscriber)

DATED this ____ day of _____, 2018.

**EXHIBIT C-I
TO APPENDIX C**

- _____ (a) The Subscriber is an “affiliate” of the Issuer as contemplated by section 2.8 of NI 45-106.
- _____ (b) The Subscriber is not an individual and the Aggregate Subscription Price to the Subscriber is not less than \$150,000 being paid in cash at the time of the subscription as contemplated by section 2.10 of NI 45-106.
- _____ (c) The Subscriber is acquiring the Securities of the Issuer in exchange for the acquisition, directly or indirectly, of assets of the Subscriber where those assets have a fair value of not less than \$150,000 as contemplated by section 2.12 of NI 45-106.
- _____ (d) The Subscriber is acquiring the Securities of the Issuer in exchange for the acquisition, directly or indirectly, of petroleum, natural gas or mining properties or any interest therein as contemplated by section 2.13 of NI 45-106.
- _____ (e) This issuance of the Securities by the Issuer to the Subscriber is an isolated trade by the Issuer of a Security of the Issuer and is not made in the course of continued and successive transactions of a like nature and the Issuer is not a person whose usual business is trading in securities as contemplated by section 2.30 of NI 45-106.
- _____ (f) Other *(please describe and provide statutory, regulatory, national instrument, multi-lateral instrument or policy reference)*
