

**CONFIDENTIAL OFFERING MEMORANDUM**

**DATE:** March 1, 2018

**THE ISSUER:** 2052227 Alberta Ltd. (the "**Issuer**")

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**Currently Listed or Quoted:** **These securities do not trade on any exchange or market.** The Issuer is not currently listed or quoted on any stock exchange. The Issuer is not a reporting issuer in any jurisdiction and is not a SEDAR filer.

**THE OFFERING:**

**Securities Offered:** Class A Common Shares (the "**Common Shares**") of the Issuer. The Common Shares shall have the attributes and characteristics as set out in ITEM 5.

**Price per Security:** The subscription price is \$1.00 per Common Share for the initial Closing.

**Minimum/Maximum Offering:** **There is no minimum.** You may be the only purchaser. The maximum Offering is \$1,000,000 in aggregate. **Funds available under the Offering may not be sufficient to accomplish the Issuer's proposed objectives.**

**Minimum Subscription Amount:** Minimum purchase per subscriber of \$1,000 (1,000 Common Shares) provided, however, the Issuer shall have the discretion to accept subscriptions in lower amounts if the Issuer deems it necessary or reasonable in the circumstances.

**RRSP Eligibility:** The Common Shares are not eligible investments for Exempt Plans (as hereinafter defined).

**Payment Terms:** Certified cheque or bank draft payable to "TingleMerrett LLP, in trust" (legal counsel for the Issuer) in full payment of the subscription price per Common Share subscribed for is due upon execution and delivery of the Subscription Agreement. See Schedule "A". **All dollar amounts in this Offering Memorandum are in Canadian dollars unless otherwise indicated.**

**Proposed Closing Date(s):** The initial Closing is scheduled for on or about March 31, 2018 or such later or earlier date as may be determined by the Issuer. Subsequent Closings may take place at later dates as may be determined by the Issuer. See ITEM 1.

**Selling Agents:** None. No Person has or will receive any compensation, commission or fee in connection with the Offering.

**RESALE RESTRICTIONS:** **You will be restricted from selling your securities for an indefinite period.** See ITEM 9.

**PURCHASER'S RIGHTS:** You have two business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See ITEM 10.

**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. This is a risky investment. See ITEM 7.**

**There is not or may not be a market for you to sell your investment and there is no assurance that you will be able to find a buyer for this investment at a later date. See ITEM 9.**

## SCHEDULES

The following Schedules are attached to and form a part of this Offering Memorandum:

Schedule "A"	-	Subscription Agreement
Schedule "B"		Financial Statements of the Issuer

## GENERAL

This Offering Memorandum constitutes an offering of the Common Shares only in those jurisdictions where they may be lawfully offered for sale and may be sold only by persons permitted to sell the Common Shares and only to those persons to whom they may be lawfully offered for sale. No securities commission or similar regulatory authority has passed on the merits of the Common Shares nor has it reviewed this Offering Memorandum and any representation to the contrary is an offence. No prospectus has been filed with any such authority in connection with the Common Shares.

This Offering Memorandum is confidential. The information contained in this Offering Memorandum is intended only for the persons to whom it is transmitted for the purposes of evaluating the securities offered hereby. By accepting a copy of this Offering Memorandum, the recipient agrees that neither it, nor any of its representatives or agents, shall use the Offering Memorandum or the information contained herein for any other purpose, or divulge it to any other party and shall return all copies of the Offering Memorandum to the Issuer promptly upon request.

The information contained in this Offering Memorandum is intended only for the persons to whom it is transmitted for the purposes of evaluating the securities offered hereby. Prospective investors should rely only on the information in this Offering Memorandum, including the information incorporated herein by reference, if any. No persons are authorized to give any information or make any representation in respect of the Issuer or the securities offered herein and any such information or representation must not be relied upon. Any marketing materials related to a distribution under this Offering Memorandum and delivered or made reasonably available to a prospective subscriber before the termination of the distribution (collectively, the "**OM Marketing Materials**"), are hereby specifically incorporated by reference in this Offering Memorandum, and further any OM Marketing Materials shall be deemed to be incorporated by reference in this Offering Memorandum.

This Offering is a private placement and is not, and under no circumstances is to be construed as, a public offering of the securities described herein. The securities are being offered in reliance upon exemptions from the registration and prospectus requirements set forth in Applicable Securities Laws.

The Common Shares offered hereunder will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, if ever, a Shareholder will not be able to trade the Common Shares unless it complies with very limited exemptions from the prospectus and registration requirements under Applicable Securities Laws. As the Issuer has no intention of becoming a reporting issuer in any jurisdiction in Canada, these trading restrictions will not expire. Consequently, Shareholders may not be able to liquidate their Common Shares in a timely manner, if at all, or pledge their Common Shares as collateral for loans. See "*ITEM 9 – Resale Restrictions*".

The Common Shares 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 applicable state securities laws. Accordingly, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and state securities laws, the Common Shares may not be offered or sold within the U.S. or to, or for the account or benefit of, "U.S. persons" (as such term is defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

## INTERPRETATION

Words importing the singular number only include the plural and *vice versa*, and words importing the masculine, feminine or neuter gender include the other genders.

## RISK FACTORS

**There are also numerous risks involved in the investment in the Common Shares. Potential investors should review these risks before investing in the Common Shares. See "ITEM 7 – Risk Factors".**

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Offering Memorandum as they relate to the Issuer and its respective views or predictions about possible future events or conditions and their business operations and strategy constitute "forward-looking statements" within the meaning of that phrase under Applicable Securities Laws. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "does not anticipate", "continue", "estimate", "expect", "is

not expected", "may", "could", "might", "will", "project", "should", "believe", "does not believe", "budget", "plan", "forecast", "potential", "intend" and similar expressions are intended to identify forward-looking statements. Such statements in this Offering Memorandum include, among others, statements regarding the intended use of proceeds of the Offering and the anticipated activities of the Issuer; the business, operation and other costs to be incurred in the operation and management of the business and the material agreements to be entered into and their terms. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information, if any. Those assumptions and factors are based on information currently available to the Issuer including information obtained from third party sources. Although the Issuer believes that the expectations reflected in such forward-looking statements are reasonable and represent the Issuer's expectations and belief at this time, such statements involve known and unknown risks and uncertainties which may cause the Issuer's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, ability to raise financing and fund capital expenditures and changes in government regulations, in addition to those factors specifically discussed or referenced in "*ITEM 7 - Risk Factors*". These factors should not be considered exhaustive. Many of these risk factors are beyond the Issuer's control and each contributes to the possibility that the forward-looking statements will not occur, or that actual results, performance or achievements may differ materially from those expressed or implied by such statements. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these risks, uncertainties and factors are interdependent and management's future course of action depends upon the Issuer's assessment of all information available at that time.

**The forward-looking statements made herein relate only to events or information as of the date of this Offering Memorandum and are expressly qualified by this cautionary statement. Except as required by law, the Issuer undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.**

## GLOSSARY OF DEFINED TERMS:

The following terms used in this Offering Memorandum have the respective meanings ascribed to them below. Unless the context otherwise requires, any reference in this Offering Memorandum to any agreement, instrument, indenture or other document shall mean such, as amended, supplemented and restated at any time and from time to time prior to the date hereof or in the future:

**"Applicable Securities Laws"** means, collectively, all applicable securities laws of the Selling Jurisdictions and the respective regulations, rules, policies and orders thereunder together with all applicable published orders and rulings of the Securities Regulatory Authorities in such jurisdictions;

**"Business Day"** means a day other than a Saturday, Sunday or a day on which the principal chartered banks located at Calgary, Alberta are not open for business;

**"Class A Common Shares"** or **"Common Shares"** means the Class A Common Shares of the Issuer. For further details on the rights, restrictions and terms of the Class A Common Shares see *"ITEM 5 - Securities Offered - Terms of Securities"*;

**"Closing"** means the first closing of the Common Shares offered hereby, which is anticipated to occur on or about March 31, 2018, or such later or earlier date as may be determined by the Issuer. Subsequent closings will take place at later dates as may be determined by the Issuer;

**"Court"** means the Alberta Court of Queen's Bench;

**"Exempt Plan"** means a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), deferred profit sharing plan, registered education savings plan, registered disability savings plan or tax-free savings account ("**TFSA**") (all within the meaning of the Tax Act), collectively referred to herein as **"Exempt Plans"**;

**"IFRS"** means the International Financial Reporting Standards applicable to the business of the Issuer, as such principles are established and revised by the International Accounting Standards Board (or any successor organization) from time to time, applied on a consistent basis;

**"Issuer"** or **"Corporation"** means 2052227 Alberta Ltd;

**"Offering"** means the offering of Common Shares by way of private placement as described herein;

**"Offering Memorandum"** means this confidential offering memorandum, including any amendments;

**"Person"** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

**"Prism Group"** means collectively the developments commonly known as Prism Place, Prism Heritage, Prism Broadmoor, Prism Horizon and Prism Summerside;

**"Securities Regulatory Authorities"** means, collectively, the securities commissions or similar securities regulatory authorities in the Selling Jurisdictions;

**"Selling Jurisdictions"** means the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, and such other jurisdictions as the Issuer may determine;

**"Shareholder"** means a holder of Common Shares, and **"Shareholders"** means all holders of Common Shares, each as may be applicable in the context;

**"Subscriber"** means a Person acquiring Common Shares pursuant to the Offering described herein;

**"Subscription Agreement"** means the subscription agreement to be completed by Subscribers, attached as Schedule "A" hereto;

**"Subscription Price"** means \$1.00 per Common Share;

**"Subscription Proceeds"** means the gross monies received by the Issuer in consideration for the issuance of Common Shares under the Offering;

**"Tax Act"** means the *Income Tax Act* (Canada), as amended from time to time; and

**"U.S."** means the United States of America.

In this Offering Memorandum, references to "we", "us", "our", "the Issuer" and other similar terms refer to 2052227 Alberta Ltd. and not to any other entity.

All references to currency herein are references to lawful money of Canada unless specifically stated otherwise.

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## CONFIDENTIAL OFFERING MEMORANDUM

2052227 ALBERTA LTD.  
(the "Issuer" or the "Corporation")

There are numerous risks involved in the investment in the Common Shares. Potential Subscribers should review these risks before investing in the Common Shares. See "ITEM 7 – Risk Factors".

### ITEM 1 - USE OF AVAILABLE FUNDS

#### 1.1 Funds

The following table discloses the net proceeds of the Offering after deduction of the costs associated with the Offering:

		Assuming Minimum Offering	Assuming Maximum Offering
A	Amount to be raised by this Offering	\$0	\$1,000,000
B	Selling commission and fees	N/A	N/A
C	Estimated Offering costs (e.g. legal, accounting, audit and marketing)	\$50,000	\$50,000
D	Available funds: $D = A - (B+C)$	\$0	\$950,000
E	Additional Sources of funding required	Nil	Nil
F	Working Capital Deficiency	Nil	Nil
G	Total: $G = (D+E) - F$	(\$50,000)	\$950,000

#### 1.2 Use of Available Funds

The following table provides a detailed breakdown of how the Issuer will use the available funds:

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering	Assuming Maximum Offering
Litigation/investigative funding (legal fees/costs, legal applications and related disbursements)	\$0	\$800,000
Costs to engage a court appointed inspector	\$0	\$35,000
Criterion fees (for the next 6 months of fees)	\$0	\$95,000
Working capital	\$0	\$20,000
<b>Total:</b>	\$0	\$950,000

#### 1.3 Reallocation

The Issuer intends to spend the net proceeds as stated. The Issuer will reallocate funds only for sound business reasons. See "ITEM 2- Business of the Issuer".

### ITEM 2- BUSINESS OF THE ISSUER

#### 2.1 Structure

##### The Issuer

The Issuer was incorporated in June 2017 for the sole purpose of pursuing investigative measures and possible litigation matters in relation to the prior investments made by certain Prism Group investors in the Prism Group entities.

In April 2017, certain Prism Group investors and an exempt market dealer originally involved in the distribution of Prism Group securities began to pursue and investigate matters related to investor reporting shortcomings and related negative allegations involving the Prism Group. In order to best pursue ongoing investigative measures and possible litigation matters on behalf of those affected, the Corporation was formed to help organize and group together those Prism Group investors wishing to pursue further action in respect of their original investments in the Prism Group entities.

This is not a typical investment. The circumstances surrounding the funding/capitalization of the Corporation are unique. You may not receive back all the funds you contribute in relation to your subscription for Common Shares in the Corporation. In fact, you may end up not receiving any of the funds you have contributed and the Common Shares you own may end up being of little or no value. **The primary/sole purpose of the Corporation is to fund the investigative measures and pursue litigation matters on behalf of Prism Group investors (the Corporation acts as a funding agent for such Prism Group investors). The Corporation is a funding vehicle that helps group together Prism Group investors.** The Corporation's reasonable costs and expenses plus 10% thereon has been recognized by the Court as a preferential payment obligation due firstly from the proceeds payable to the Prism Group investors as a result of any successful litigation action against the Prism Group which was funded by the Corporation (the "**Preferential Payments**"). It is unlikely the Corporation will be successful on every Prism Group matter it investigates and pursues and therefore it is unlikely the Corporation will receive a return of all its costs and expenses. The only sources of capital for the Corporation are the funds from investors in the Corporation (through the sale of Common Shares) and any Preferential Payments it receives as a result of any successful litigation actions it funds. There are no other business opportunities in the Corporation. See "*ITEM 2.3 – Development of the Business*".

***Note – only those persons who are an investor in one or more Prism Group entities will be offered securities in the Corporation. No other outside investment in the Corporation is permitted at this time.***

## **2.2 Our Business**

In order to efficiently pursue ongoing investigative measures and possible litigation matters against the Prism Group, the Corporation was formed to group and organize such actions. The Issuer has raised approximately \$393,800 to date and is continuing to raise additional funds to further pursue continued investigative measures and possible litigation matters on behalf of those Prism Group investors who own Common Shares, with the hopes of achieving some liquidity and a return of at least some of the original investment amounts invested in the Prism Group.

In connection with the investigative measures and litigation matters, the Corporation has engaged the following to assist:

- Criterium Merchant Capital ("**Criterium**") - to provide management, administrative, investigative and consulting services;
- Borden Ladner Gervais LLP ("**BLG**") - to provide litigation, investigative and court related advice and services; and
- TingleMerrett LLP - to provide corporate legal advice and services.

The availability of recourse for the Prism Group investors in each of the five Prism Group properties may differ, and each of the five properties is at a different stage of distress. Nevertheless, a common approach was deemed appropriate by the Issuer's advisors in seeking recourse, as litigation against the Prism Group for dissipation of Prism Group investor funds was common throughout all Prism Group properties.

Below is a summary of the current status of the Prism Group entities (as provided by Criterium to the Corporation and based on the information obtained by Criterium through public sources or documents obtained through the Court process to date) and legal actions recently taken by the Corporation on behalf of Prism Group investors (as conducted by BLG).

### Prism Broadmoor

*Summary:* The original Prism Broadmoor project involved the development of lands located in Strathcona County (Sherwood Park, Alberta). Over the course of the development, the lands involved in this project have been encumbered by three (3) separate mortgages totaling approximately \$22.75 million. The mortgagee is currently

pursuing foreclosure proceedings (the current cash flow on these properties does not meet the interest due on the three (3) mortgages). A recent prospective purchaser of the Prism Broadmoor lands withdrew their bid in September 2017. Under a liquidation scenario, Criterium estimates there may be no funds available to Prism Broadmoor investors after payment of the outstanding mortgage debt. This amount may increase to approximately \$1.0 million under a suitable workout scenario of the Prism Broadmoor lands. This is an estimation based on the limited information available to date, and based on Criterium's work with a group of lenders and managers who would work in transitioning the property to a saleable development.

On September 8, 2017, the Court granted an injunction which prevented the transfer of the Prism Broadmoor lands until October 2, 2017. On October 2, 2017, counsel for Ali Ghani and Abdul Ghani (founders/managers of the Prism Group) (the "**Ghani Group**") agreed to an order that prevents the sale of the Prism Broadmoor lands unless the sale is approved at a meeting of the shareholders in Prism Broadmoor.

Under the order granted on October 2, 2017 with the Ghani Group's consent, Prism Broadmoor must provide all of its financial statements (including any backup documents like bank statements) to counsel for the Corporation by October 16, 2017. However, as of October 16, 2017 no records were provided to counsel (although some were provided after October 16, 2017 and were reviewed by the Corporation's counsel and Criterium). The Court also authorized an investigation into Prism Broadmoor's business, and authorized the appointment of Hardie & Kelly ("**H&K**") as the inspector of Prism Broadmoor. As an inspector, H&K will have broad powers, including the power to interview the Ghani Group and third parties and compel production of records.

H&K's appointment as inspector will take effect at the discretion of the Corporation only if counsel for the Corporation files a letter with the Court confirming that H&K has been retained. For that reason, once the financial statements are produced (or if Prism Broadmoor fails to produce them) the board of the Corporation will decide whether to engage H&K and proceed with the investigation (the costs of which will be paid by the Corporation), or take further steps in Court. Further steps could include suing Prism Broadmoor, including its directors. A potential oppression claim may also exist for the Prism Broadmoor investors, based on management's failure to provide financial statements and failure to redeem their shares as required. The merits of any proposed action will be further assessed by the Corporation and its' advisors, depending on the results of its investigative measures on this matter.

### Prism Horizon

*Summary:* The original Prism Horizon project involved the development of lands located in Edmonton, Alberta. Over the course of the development, it is believed by management of the Corporation that the lands involved in this project have been encumbered by three (3) separate mortgages totaling approximately \$26.5 million. In addition to the mortgages, it is further believed by the Corporation that the Prism Horizon lands are further encumbered by approximately \$3 million in associated builders' liens.

Prism Horizon was placed into receivership by an order of the Court on August 23, 2016, and lands owned by Prism Horizon were sold to a third party in July 2017. The offer price was not sufficient to satisfy the Prism Horizon mortgages and accordingly, there does not appear to be any additional funds available to satisfy the builders' liens or any of the unsecured claims on the Prism Horizon lands. By order of the Court granted September 21, 2017, the receiver was discharged.

In addition, the receiver further advised the Corporation that there has been a parallel bankruptcy proceeding arising out of the treatment of certain tenant deposits on the Prism Horizon lands, which were to have been held in trust by management of Prism Horizon. The parallel bankruptcy proceeding will allow the trustee in bankruptcy to investigate these issues and pursue any claims against management (which could possibly include fraud claims) and seek the return of such deposits.

Because Prism Horizon was subject to receivership proceedings, no relief has been pursued against that entity to date. Should further information become available, the Corporation may pursue further litigation against Prism Horizon, including its directors. A potential oppression claim may exist for the Prism Horizon investors as well. The merits of any proposed action will be further assessed by the Corporation and its advisors, depending on the results of its investigative measures on this matter.

## Prism Heritage

*Summary:* The original Prism Heritage project involved the development of lands located in Cochrane, Alberta. Over the course of the development, it is believed by management of the Corporation that the lands involved in this project have been encumbered by two (2) separate mortgages totaling approximately \$8.69 million. In addition to the mortgages, it is further believed by the Corporation that the Prism Horizon lands are further encumbered by approximately \$224,000 in associated builders' liens.

Prism Heritage went through receivership proceedings, which began in December 2016 with an order appointing a receiver. A final foreclosure order and other relief in favour of the senior mortgagee was granted in May 2017 pursuant to which the Prism Heritage lands were foreclosed upon and title transferred to the senior mortgagee, effectively eliminating any interest held by the Prism Heritage investors in the Prism Heritage lands.

On October 2, 2017, the Court ordered that Prism Heritage must provide all of its financial statements (including any backup documents like bank statements) to the Corporation's legal counsel by October 16, 2017. However, as of October 16, 2017 no records were provided to counsel (although some were provided after October 16, 2017 and were reviewed by the Corporation's counsel and Criterium). The Court also authorized an investigation into Prism Heritage's business, and authorized the appointment of H&K as the inspector of Heritage Plaza. Like Prism Broadmoor, H&K's appointment will take effect only if the Corporation's legal counsel files a letter with the Court confirming that H&K has been retained.

Once the financial statements are produced (or if Prism Heritage fails to produce them) the board of the Corporation will decide whether to engage H&K and proceed with the investigation (the costs of which will be paid by the Corporation), or take further steps in Court. Further steps could include suing Prism Heritage, including its directors. A potential oppression claim may exist for the Prism Heritage investors, as well as a potential claim in respect of under market dealings with non-arm's length tenants on the Prism Heritage lands (related to significant rent-free periods of varying lengths). The merits of any proposed action will be further assessed by the Corporation and its' advisors, depending on the results of its investigative measures on this matter.

## Prism Place

*Summary:* The original Prism Place project involved a commercial development located in Calgary, Alberta. For reasons that are not yet apparent to the Corporation, it appears to management of the Corporation that the Prism Place project entered receivership in March 2012, whereupon the Prism Place property was sold effective July 7, 2012.

Prism Place was dissolved in February 2017, immediately subsequent to the final instalment of the sales proceeds from the sale of Prism Place lands. It appears that the final instalment of \$3 million was immediately transferred to a foreign entity.

The sale and approval process and funds flow related to the Prism Place lands is still being investigated at this time.

On October 2, 2017, the Court ordered Prism Place to provide all of its financial statements (including any backup documents like bank statements) to the Corporation's legal counsel by October 16, 2017. However, as of October 16, 2017 no records were provided to counsel (although some were provided after October 16, 2017 and were reviewed by the Corporation's counsel and Criterium). The Court also ordered that an investigation into Prism Place's business, and authorized the appointment of H&K as the inspector of Prism Place. Further, the Court ordered Prism Place to provide, no later than October 16, 2017, a full accounting of the \$3 million that Prism Place received in February 2017 from the sale of the building and lands it previously owned. However, as of October 16, 2017 no records were provided to counsel (although some were provided after October 16, 2017 and were reviewed by the Corporation's counsel and Criterium). The disclosures provided by Prism were inadequate for proper analysis. Subsequently, a Court Order was issued on October 31, 2017 (and signed on November 29, 2017), directing Prism management to "*attest in writing, under oath . . . for the payments made by Prism Place Developments out of the holdback funds received by it on or about February 21, 2017*". It is the Corporation's view that the ensuing affidavit of Ali Ghani, sworn January 23, 2018, provides less than complete disclosure of the funds' disposition or the rationale for the funds' disposition to the parties that were allotted funds. The Corporation expects to pursue this lack of disclosure further through the legal process.

H&K's authorized appointment as inspector of Prism Place Development will take effect at the discretion of the Corporation only if the Corporation's legal counsel files a letter with the Court confirming that H&K has been retained. For that reason, once the accounting of the \$3 million and financial statements are produced (or if Prism Place fails to produce either or both of them) the board of the Corporation will decide whether to engage H&K and proceed with the investigation (the costs of which will be paid by the Corporation), or take further steps in Court. Further steps could include suing Prism Place, including its directors. The merits of any proposed action will be further assessed by the Corporation and its' advisors, depending on the results of its investigative measures on this matter.

### Prism Summerside

*Summary:* The original Prism Summerside project involved certain lands located in Edmonton, Alberta. Over the course of the development, it is believed by Criterium that the lands involved in this project have been encumbered by a mortgage totaling approximately \$17.1 million. Under a liquidation scenario, Criterium estimated there would be approximately \$6.85 million available to Prism Summerside investors. This is an estimation based on the limited information available to date.

Sale proceedings on the Prism Summerside lands have been on and off again since the fall of 2016.

On September 8, 2017, the Court ordered that any funds received by Prism Summerside as the deposit on the sale of the Prism Summerside lands be paid into the trust account of Bennett Jones LLP, and that these funds shall not be distributed unless the Prism Summerside investors agree, or the Court makes a further order. This order remained in place, but was amended by the Court on October 2, 2017, so that the manager of the Prism Summerside lands could still receive directly rents from its tenants and make payments on the mortgages.

The Corporation discovered there was a sale pending with respect to the Prism Summerside lands and applied to Court to prevent or delay the sale. The Court initially granted an injunction on September 8, 2017 preventing the sale of the Prism Summerside lands, and renewed the injunction on October 2, 2017 pending a further hearing on October 27 - 31, 2017. Also on October 2, 2017, with the consent of counsel to the Ghani Group, the Court also ordered the disclosure of a full accounting of the use of a deposit of \$6.85 million which the manager of the Prism Summerside lands previously received and to provide banking and other financial records by October 12, 2017. Counsel for the Ghani Group provided some information about the use of the deposit as well as certain financial statements and other records. The Court also appointed Mr. Greg McLean of Criterium as a trustee of both the Summerside Development Trust and the Summerside Commercial Trust and ordered both of those trusts to provide a full accounting of their business (including providing all books and records). Further to the hearing on October 27 - 31, 2017, the Court did not renew the injunction in respect of the sale of the Prism Summerside lands (meaning the sale of such lands was allowed to proceed) but did direct, among other things, the following:

- there shall be no payments or release of other funds by Prism Summerside without the consent of certain Prism Summerside investors (which were funded by the Corporation), such consent not to be unreasonably withheld;
- the Ghani Group must provide certain accounting and chronological summaries in respect of Prism Summerside;
- a draft statement of receipts and disbursements is to be provided to BLG for their review in respect of the sale of the Prism Summerside lands; and
- the net proceeds of the sale of the Prism Summerside lands are to be held in trust pending further review by the Court.

The Court Order directly states that "*Ali Ghani shall attest in writing, under oath, to the explanations for the payments made by Summerside Corp. out of the deposit funds of \$6.85 million received by it pursuant to the purchase and sale agreement with Fateh Developments Inc.*", Fateh Developments Inc. being the purchaser in the transaction.

In the affidavit subsequently provided by Ali Ghani, Ali Ghani provides some detail on the transaction and indicates that certain of the funds were used to satisfy obligations not of Prism Summerside, but of other entities. The Corporation expects to pursue further detail regarding the circumstances of the transaction through the Court process.

The Court Order dated October 31, 2017 also required one of the Ghani Group (whomever takes responsibility) to attest to the circumstances surrounding the execution of certain corporate documents of Prism Summerside Development Corp. (the "GP") relating to an alleged transfer of shares of the GP held by 1775011 Alberta Ltd. to the Ghani Family Trust. Geoff Lafleur, the sole director and shareholder of 1775011 Alberta Ltd., swore an affidavit in the Court proceedings in which he stated that he was unaware of the transfer of his corporation's shares to the Ghani Family Trust, did not authorize the transfer of shares and did not execute any documents purporting to transfer the shares. Ali Ghani provided a Statutory Declaration on January 4, 2018 in which he provides certain information regarding the execution of the corporate documents. The Corporation is reviewing its options and anticipates bringing further proceedings arising out of the circumstances surrounding the execution of the corporate documents.

The current plan in respect of Prism Summerside is to pursue matters related to the accounting/chronology and review the records produced in connection therewith. This may further include an application for a further court actions in regards to the proceeds received on the sale of the Prism Summerside lands, applications to hold the manager of the Prism Summerside lands or the Ghani Group in contempt of Court, or some other relief. Even if such relief is sought, these applications may or may not be granted by the Court. Prism Summerside investors may be able to bring an action for breach of trust against the trustees of Prism Summerside arising out of the sale of the Prism Summerside lands. The merits of any proposed action will be further assessed by the Corporation and its' advisors, depending on the results of its investigative measures on this matter.

### **2.3 Development of Business**

The Issuer is a newly formed corporation. The Issuer has no operating history and was established to solely to pursue investigative measures and possible litigation matters in relation to the prior investments made in the Prism Group by Prism Group investors. In order to best pursue ongoing investigative measures and possible litigation matters on behalf of those affected, the Corporation was formed to help organize and group together the Prism Group investors.

The availability of recourse for the Prism Group investors in each of the five Prism Group properties may differ, and each of the five properties is at a different stage of distress. Nevertheless, a common approach was deemed appropriate by the Issuer's advisors in seeking recourse, as litigation against the Prism Group for dissipation of Prism Group investor funds was common throughout all five Prism Group properties. It is the intention of the Issuer to raise funds under this Offering to continue to fund these objectives. See "*ITEM 2.2 - Our Business*".

#### Payout of proceeds obtained through successful litigation action against the Prism Group:

It is unlikely the Corporation will be successful on every Prism Group matter it investigates and pursues and therefore it is unlikely the Corporation will receive a return of all its costs and expenses. If the Corporation is successful in funding certain litigation matters against the Prism Group the Corporation will receive the Preferential Payment, as approved by the Court.

For example, if the Corporation had aggregate costs and expenses in connection with pursuing Prism Broadmoor equal to \$50,000 and it was later successful in obtaining a \$1,000,000 judgement, award, settlement or other similar payment for the Prism Broadmoor investors in relation to legal action taken on Prism Broadmoor, firstly, \$50,000 plus an additional \$5,000 (10%) would be paid to the Corporation (as a Preferential Payment), secondly, \$100,000 (10% bonus fee due to Criterium under the management agreement with the Corporation - see "*ITEM 2.7 - Material Agreements*") would be paid to Criterium and, lastly, the remaining \$845,000 would be distributed to the Prism Broadmoor investors, subject to the directions of the Court.

### **2.4 Long Term Objectives**

The Issuer's only objective is to seek redress for investors who have lost their investments in some or all of the Prism Group. This process will involve pursuing litigation through the Courts, and providing detailed information to the relevant legal authorities. Management of the Corporation anticipates this could take up to 18 months to complete and could cost up to \$1,000,000 to pursue.

#### The Corporation's exit plan:

Upon the earlier of: (a) all of the Corporation's funds have been used up and no more additional funding is

reasonably likely (in the opinion of the board of directors of the Corporation); or (b) the board of directors of the Corporation are of the opinion that there are no more reasonable investigative measures or litigation matters to pursue; the Corporation would pursue winding down the Corporation and returning any remaining funds in the Corporation, after the payment of its expenses, back to its Shareholders.

## 2.5 Short Term Objectives and How We Intend to Achieve Them

The objectives for the next 12 months are to continue pursuing legal action against the Ghani Group and some or all of the Prism Group related to investor funds that have apparently been used, not for the benefit of the particular Prism Group entity but for the benefit of affiliates and other parties, to the detriment of Prism Group investors. This process of litigation will follow upon the Court orders already issued and steps already taken against the Ghani Group. In addition, the Corporation will continue to meet with law enforcement officials and provide them with updates on the status of the proceedings, where appropriate. See "*ITEM 2.2 - Our Business*".

The following outlines the costs associated with the achievement of the Issuer's short-term objectives:

What we must do and how we will do it.	Target completion date or number of months to complete	Our cost to complete
Cross-examine Ali Ghani and Abdul Ghani on the affidavits they have filed pursuant to the Court Order of October 31, 2017	2	\$15,000
Appoint H&K as the Court-appointed inspector to investigate the apparent misappropriation of funds from the Prism Group	2	\$35,000
Have books and records of Prism Summerside turned over to the Court-appointed trustee	concurrently	\$5,000
Pursue other legal recourse for Prism Group investors	3	\$50,000

## 2.6 Insufficient Funds

The proceeds of this Offering may not be sufficient to accomplish all of the Issuer's proposed objectives and there is no assurance that alternative financing will be available or, if available, may be obtained by the Issuer on reasonable terms.

## 2.7 Material Agreements

The Corporation does not have any paid employees nor does it foresee any need for any near term. The directors/officers of the Corporation are not being compensated (other than to reimburse them for any reasonable expenses incurred). The Corporation has obtained directors & officers liability insurance for its directors/officers (first year payment cost the Corporation approximately \$8,100).

The only material agreements entered into by the Issuer and which can reasonably be regarded as presently being material to the Issuer or a prospective Subscriber of Common Shares are summarized below.

### Management Agreement:

Pursuant to a management agreement dated June 22, 2017, as amended, the Corporation has engaged Criterium as its consultant/manager. Criterium has been engaged to (among other things): (i) assist the Corporation in communicating with the Corporation's investors (and the Prism Group investors); (ii) manage and communicate with legal counsel engaged by the Corporation; (iii) negotiate with the principals involved in the Prism Group; (iv) communicate with those other third parties involved in the Prism Group and its assets; and (v) investigate, review and report on the financial aspects and assets related to the Prism Group lands/assets. Criterium has been engaged

on a month by month basis and may be terminated upon one (1) month notice. Criterium will receive a monthly fee of \$15,000 (plus applicable taxes) and is reimbursed for all approved expenses. Criterium will also receive a bonus equal to up to 10% of the total amounts awarded to the Prism Group investors in relation to actions taken by the Corporation on their behalf (for example but not limited to, in connection with liquidity events of Prism Group land/assets or proceeds payable to Prism Group investors as a result legal action taken against the Prism Group and/or its management/principals).

### ITEM 3– INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

#### 3.1 Compensation and Securities Held

##### The Issuer

The directors or officers of the Issuer are as follows:

Name and Municipality of Principal Residence	Positions held and the date of obtaining that position	Compensation paid by the Issuer in the most recently completed financial year (and the compensation anticipated to be paid in the current financial year)	Number, type and percentage of securities of the Issuer to be held after completion of Minimum Offering	Number, type and percentage of securities of the Issuer to be held after completion of Maximum Offering
Alan (Ilan) Handelsman Victoria, BC	Director and President June 22, 2017	Nil	1 Common Share (0.0003%)	1 Common Share (0.0000025%)
Owen Jackson Edmonton, AB	Director and Treasurer June 22, 2017	Nil	1 Common Share (0.0003%)	10,001 Common Share (0.025%)
Clifford McAuley Vermilion, AB	Director and Secretary June 22, 2017	Nil	1 Common Share (0.0003%)	1 Common Share (0.0000025%)

#### 3.2 Management Experience

The name and principal occupation for the past five years of the directors and officers of the Issuer is as follows:

<u>Name</u>	<u>Principal occupation and related experience</u>
Alan (Ilan) Handelsman (Director and President)	Mr. Handelsman is a licensed dealing representative with Raintree Financial Solutions. Mr. Handelsman personally invested in Prism Place, Prism Heritage, Prism Broadmoor, Prism Horizon and Prism Summerside. Family, friends and clients have also invested in the Prism Group entities. Mr. Handelsman has an interest in pursuing claims on behalf of the Prism Group investors who are Shareholders of the Issuer.
Owen Jackson (Director and Treasurer)	Mr. Jackson has been a Chartered Accountant since 1975. When he retired from public practice in 2013, he became a licensed dealing representative with Raintree Financial Solutions. He recently became the CFO of an investment company and accordingly has resigned from his Raintree Financial Solutions position. Mr. Jackson, through his professional corporation, invested in Prism Summerside. Mr. Jackson has an interest in pursuing claims on behalf of the Prism Group investors who are Shareholders of the Issuer. Given his background as a Chartered Accountant and a former dealing representative, Mr. Jackson is familiar with capital raising requirements which will assist the Corporation.
Clifford McAuley (Director and Secretary)	Mr. McAuley, now retired, was a teacher at Lakeland College in Vermillion and Lloydminster for 27 years. Mr. McAuley achieved his certified management accountant status in 1991. Mr. McAuley invested in Prism Horizon and Prism Broadmoor. Mr. McAuley has an interest in pursuing claims on behalf of the Prism Group investors who are Shareholders of the Issuer.

### 3.3 Penalties, Sanctions and Bankruptcy

There are no penalties or sanctions that have been in effect during the last ten years, and there are no cease trade orders that have been in effect for a period of 30 consecutive days during the last ten years, against a director, executive officer or control person of the Issuer or against a company of which any of the foregoing was a director, executive officer or control person. No declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under or any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of receiver, receiver manager or trustee to hold assets, has been in effect during the last ten years with regard to those individuals or any companies of which any of those individuals was a director, executive officer or control person.

### 3.4 Loans

Since its inception, there have not been any debentures or loans that are due to or from any director, executive officer, promoter or principal shareholder of the Issuer.

## ITEM 4 – CAPITAL STRUCTURE

### 4.1 Capital

#### The Issuer

The following table sets out the capital structure of the Issuer as at the dates indicated:

Description of Security <sup>(1)</sup>	Number authorized to be issued	Price per Security	Number outstanding as at February 28, 2018
Class A Common Shares	Unlimited	\$1.00	393,803

#### Notes:

(1) The attributes and characteristics of each Class of Common Shares are set forth in "ITEM 5- Securities Offered".

### 4.2 Long-Term Debt Securities

As of the date of this Offering Memorandum, the Issuer has no long term debt.

### 4.3 Prior Sales

Date of issuance	Type of Security Issued	Number of securities issued	Price per security	Total funds received
July 14, 2017	Class A Common Shares	142,100	\$1.00	\$142,100
August 18, 2017	Class A Common Shares	22,000	\$1.00	\$22,000
October 13, 2017	Class A Common Shares	39,000	\$1.00	\$39,000
November 30, 2017	Class A Common Shares	151,700	\$1.00	\$151,700
February 23, 2018	Class A Common Shares	39,000	\$1.00	\$39,000

## ITEM 5 - SECURITIES OFFERED

### 5.1 Terms of Securities

#### General

This Offering consists of up to a Maximum Offering of 1,000,000 Common Shares.

The securities being offered pursuant to the Offering are Common Shares of the Issuer. The Issuer is authorized to issue an unlimited number of Common Shares and each Common Share shall entitle the holder or holders thereof to one vote at all meetings of the shareholders of the Issuer. All Common Shares shall rank among themselves equally and rateably without discrimination, preference or priority. Subject to any preference in favour of other classes of shares, dividends may be paid on Common Shares. In the event of the distribution of the assets of the Issuer among its shareholders made for the purpose of its liquidation, dissolution or winding-up, and subject to the prior rights of holders of any other class of shares of the Issuer, the Shareholders shall be entitled to receive ratably the remaining property of the Issuer.

### 5.2 Subscription Procedure

#### Subscription Documents

Subscribers who wish to purchase Common Shares will be required to enter into a Subscription Agreement with the Issuer by completing and delivering the Subscription Agreement and related documentation to the Issuer. The Subscription Agreement contains, among other things, representations and warranties required to be made by the Subscriber that it is duly authorized to purchase the Common Shares, that it is purchasing the Common Shares for investment and not with a view for resale and as to its corporate status or other qualifications to purchase Common Shares on a "private placement" basis. Reference is made to the Subscription Agreement and related documentation, a copy of which is attached hereto as Schedule "A", for the specific terms of these representations, warranties and conditions.

Common Shares may be purchased in the following manner:

- (i) by the execution of the Subscription Agreement, as well as any documentation required by the Securities Regulatory Authorities of the jurisdiction in which they are resident (copies of which are attached to the Subscription Agreement);
- (ii) deliver to the Issuer the Subscription Price in respect of the Common Shares subscribed for by way of a certified cheque or bank draft payable to the Issuer or in such other manner as is acceptable to the Issuer; and
- (iii) deliver all of the foregoing to the Issuer in accordance with the instructions set out in the Subscription Agreement.

The first closing of this Offering is expected to occur on or about the Closing. Other closings will occur subsequent to that date.

**All Subscription Proceeds will be held in trust until midnight on the second Business Day after the day the Subscriber signs the Subscription Agreement. In the event that such Subscriber provides the Issuer with a cancellation notice prior to midnight of the second Business Day after the signing date, or the Issuer does not accept such Subscriber's subscription, all Subscription Proceeds will be promptly returned to such Subscriber without interest or deduction.**

You should carefully review the terms of the Subscription Agreement attached hereto for more detailed information concerning the rights and obligations applicable to you and the Issuer. Execution and delivery of the Subscription Agreement will bind you to the terms thereof, whether executed by you or by an agent on your behalf. **You should consult with your own professional advisors.**

#### Exemptions from Prospectus Requirements

##### *Canada*

The Common Shares are being offered in the Selling Jurisdictions pursuant to exemptions under Applicable Securities Laws. Such exemptions relieve the Issuer from provisions under Applicable Securities Laws requiring the Issuer to file a prospectus and, therefore, Subscribers do not receive the benefits associated with a subscription

for securities issued pursuant to a filed prospectus, including the review of material by a Securities Regulatory Authority or similar authority.

The sale of Common Shares pursuant to this Offering Memorandum is being made in the Selling Jurisdictions under certain statutory exemptions from the prospectus requirements set out in National Instrument 45-106 – Prospectus and Registration Exemptions ("**NI 45-106**"). Specifically, the sale of Common Shares is being made pursuant to Section 2.9 of NI 45-106 (the "**Offering Memorandum Exemption**"), Section 2.3 of NI 45-106 and Section 73.3 of the *Securities Act* (Ontario) (the "**Accredited Investor Exemption**") and Section 2.10 of NI 45-106 (the "**Minimum Investment Exemption**"). **Please carefully review the accompanying Subscription Agreement to determine the prospectus exemption requirements that apply to you.**

#### *Other Jurisdictions*

The sale of Common Shares pursuant to this Offering Memorandum may also be made in other jurisdictions provided that the Subscriber provides to the Issuer the full particulars of the exemption from the registration and prospectus requirements under Applicable Securities Laws being relied on and evidence of the Subscriber's qualifications thereunder.

**Each Subscriber is urged to consult with his own legal adviser as to the details of the statutory exemption being relied upon and the consequences of purchasing securities pursuant to such exemption.**

### **ITEM 6 - INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY**

#### **6.1 Tax Advice**

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

#### **6.2 Eligibility for Investment**

The Common Shares are not eligible investments for Exempt Plans. You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities.

### **ITEM 7 - RISK FACTORS**

Investment in the Common Shares should only be made after consulting with independent and qualified sources of investment and tax advice. Investment in the Common Shares at this time is highly speculative due to the stage of the Issuer's development and the unique circumstance surrounding the funding of the Issuer and its focused objectives (funding the investigative measures and litigation matters on behalf of Prism Group investors) (the "**Focused Objectives**") . The only sources of capital for the Corporation are the funds from investors in the Corporation (through the sale of Common Shares) and any Preferential Payments it receives as a result of any successful litigation actions it funds. There are no other business opportunities in the Corporation. Shareholders must rely on the management of the Issuer and its advisors. Any investment in the Issuer at this stage involves a high degree of risk.

In addition to factors set forth elsewhere in this Offering Memorandum, potential Subscribers should carefully consider the following factors, many of which are inherent to the ownership of Common Shares. An investment in the Common Shares of the Issuer involves various risks and uncertainties. The risks discussed in this Offering Memorandum can adversely affect the Issuer's funding and its Focused Objectives. This could cause the value of the Common Shares to decline (or even become worthless) and cause Shareholders to lose part or all of their investment. In addition to those set out below and elsewhere in this Offering Memorandum, other material risks and uncertainties of which the Issuer is not presently aware may also harm the Issuer's activities. The following is a summary only of the material risk factors involved in an investment in the Common Shares. Prospective Subscribers should review the risks with their legal, investment, tax and financial advisors.

#### **7.1 Investment Risk**

Among the risks of investing in the Issuer are the following:

- (a) **Not a Typical Investment** - This is not a typical investment. The circumstances surrounding the funding of the Corporation are unique. You may not receive back all the funds you contribute in relation to your subscription for Common Shares in the Corporation. In fact, you may end up not receiving any of the funds you have contributed. The value of the Common Shares could decline (or even become worthless) and cause Shareholders to lose part or all of their investment. **The primary/sole purpose of the Corporation**

**is to fund the investigative measures and possibly pursue litigation matters on behalf of Prism Group investors (the Corporation acts as a funding agent for such Prism Group investors). The Corporation is a funding vehicle that helps group together Prism Group investors.** It is unlikely the Corporation will be successful on every matter it investigates and/or pursues and therefore it is unlikely the Corporation will receive a return of all its costs and expenses. Only those costs and expenses of the Corporation in relation to pursuits wherein proceeds are received as a result of a successful litigation will be received back to the Corporation.

- (b) **No Guaranteed Return** - There is no guarantee that the Common Shares will hold their current value (in fact the Common Shares could become worthless if the Corporation is not successful in its Focused Objectives) or ever earn any positive return in the short or long-term. The Issuer does not intend to make cash distributions to Shareholders other than in connection with any winding down/liquidation of the Corporation. All prospective Subscribers should consider an investment in the Issuer within the overall context of their investment goals and risk tolerances.
- (c) **Highly Speculative** - The purchase of Common Shares is highly speculative. A potential Subscriber should purchase Common Shares only if it is able to bear the risk of the entire loss of its investment. An investment in the Common Shares should not constitute a significant portion of a Subscriber's investment portfolio. Potential Subscribers should review closely this Offering Memorandum to familiarize themselves with the risks associated with an investment in the Issuer. Each prospective Subscriber is responsible for determining if an investment in the Issuer of the size contemplated by the prospective Subscriber is appropriate for that prospective Subscriber. There is no assurance that the Issuer will be able to achieve its Focused Objectives.
- (d) **Investment Not Liquid** - The Common Shares will be subject to a number of resale restrictions, including a restriction on trading. A Shareholder will not be able to trade or transfer the Common Shares unless it complies with very limited exemptions from the prospectus and registration requirements under Applicable Securities Laws. As the Issuer has no intention of becoming a reporting issuer in any jurisdiction in Canada, these restrictions in trading will not expire. There is no market over which the Common Shares may be traded and it is very unlikely that one will develop. Consequently, Shareholders may not be able to liquidate their Common Shares in a timely manner, if at all, or pledge their Common Shares as collateral for loans. An investment in Common Shares is hence suitable only for investors who do not need liquidity with respect to this investment. (See *ITEM 9– Resale Restrictions*).
- (e) **Loss of Investment** - An investment in Common Shares is appropriate only for investors who have the capacity to absorb a complete loss of all of their investment. The Issuer is not a member institution of the Canada Deposit Insurance Corporation and the Common Shares offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation.
- (f) **Regulatory Review** - This Offering Memorandum constitutes an offering of the securities described herein only in those jurisdictions and to those Persons where and to whom they may be lawfully offered for sale and is not, and under no circumstances is to be construed as a public offering, prospectus or an advertisement of securities. Subscribers will not have the benefit of a review of the material by any regulatory authority.
- (g) **Offering** - There can be no assurance regarding the amount of proceeds that may be obtained under the Offering. If less Common Shares are sold pursuant to this Offering than expected, the Issuer will have fewer funds available to pursue investigative measures and litigation matters. This could have a material adverse effect on achieving any successful outcomes.

## 7.2 Issuer Risk

Among the risks of investing in the Issuer are the following:

- (a) **Limited Operating History** – The Corporation is newly incorporated with no previous operating history. The pursuit of successful outcomes in relation to the Focused Objectives is reliant on the good faith and expertise of the directors/management team of the Corporation, Criterium and the legal team it engages. Investors shall be relying on their discretion and ability and continued involvement. None of the directors or officers of the Corporation are providing services to the Corporation on a full-time basis, but only as, and when, they determine their involvement shall be beneficial to the Corporation.

- (b) **Litigation Risks** - Litigation is inherently risky, and the results will depend on many factors, many of which are outside the control of the Corporation and its counsel. The Corporation and its counsel cannot predict with certainty how any court or other adjudicator will rule on any relief sought by Prism Group investors. Further, the costs of litigation are uncertain and will be affected by the conduct of the opposing parties. The costs of bringing forward any litigation may increase beyond the amount of funds raised by the Corporation in this offering and any subsequent financings, and may require the Corporation to discontinue proceedings. Finally, an award of costs may be made against the Corporation if proceedings brought against the Prism Group or other persons are ultimately unsuccessful.
- (c) **Operating Loss** - The Issuer Focused Objectives will result in available funds being expended. The only sources of capital for the Corporation are the funds from investors in the Corporation (through the sale of Common Shares) and any Preferential Payments it receives as a result of any successful litigation actions it funds. There are no other business opportunities in the Corporation. Unless the Corporation is successful in raising funds from investors or receiving Preferential Payments – its financial condition will deteriorate, it will operate at a loss and it may be unable to achieve its Focused Objectives.
- (d) **Lack of Information** – The only information available to the Issuer to date has been derived from public sources or documents obtained through the Court process to date. If the Corporation is not successful in obtaining additional information it may not be successful in achieving its Focused Objectives.
- (e) **Absence of Cash Dividends** - The Issuer has not paid any cash dividends to date on its Common Shares and there are no plans for the Issuer to pay such dividend payments in the future.
- (f) **Continuous Disclosure Obligations** – The Issuer is not a reporting issuer and does not have any continuous disclosure obligations.
- (g) **Lack of Independent Experts Representing Shareholders** - The Issuer has consulted with legal counsel regarding the formation and terms of the Issuer and the Offering of Common Shares. The Shareholders have, however, not been independently represented. Therefore, to the extent that the Issuer, the Shareholders or this Offering could benefit by further independent review, such has not occurred. Each prospective Subscriber should consult his or her own legal, tax and financial advisors regarding the desirability of purchasing Common Shares and the suitability of investing in the Issuer.
- (h) **No Involvement of Registered Investment Dealers** - No independent investment dealer (IIROC registered or exempt market dealer registered) has made any review or investigation of the terms of this Offering or the structure of the Issuer.
- (i) **Fees and Expenses** - The Issuer is obligated to pay certain management/consulting fees along with legal, accounting, filing and other fees/expenses regardless of whether it realizes profits or is successful in its Focused Objectives.
- (j) **Lack of Separate Counsel** - The Shareholders, as a group, have not been represented by separate counsel and counsel for the Issuer does not purport to have acted for the Shareholders or to have conducted any investigation or review on their behalf.

### 7.3 Industry Risk

Among the industry risks are the following:

- (a) **Changes in Legislation** - There can be no assurance that the applicable laws, or other legislation, legal and statutory rights will not be changed in a manner which adversely affects the Issuer. There can be no assurance that income tax, securities, and other laws or the interpretation and application of such laws by courts and governmental authorities will not be changed in a manner which adversely affects the Issuer.

**The foregoing risk factors do not purport to be a complete explanation of all risks involved in purchasing Common Shares described herein. Potential Subscribers should read this entire Offering Memorandum and the attached Subscription Agreement carefully and consult with their legal and other professional advisors before determining to invest in Common Shares of the Issuer.**

## ITEM 8 - REPORTING OBLIGATIONS

### 8.1 Reporting

The Issuer is not subject to continuous reporting and disclosure obligations which the securities legislation in any

province would require of a "reporting issuer" as defined in such legislation and there is, therefore, no requirement that the Issuer make disclosure of its affairs, including, without limitation, the prompt notification of material changes by way of press releases and formal filings or the preparation of quarterly unaudited financial statements and annual audited financial statements in accordance with generally accepted accounting principles.

The Issuer will send or make available to all Shareholders, the financial statements of the Issuer together with comparative financial statements for the preceding fiscal year, if any, and the report of the accountant thereon, within 120 days of the end of the fiscal year of the Issuer.

Pursuant to the *Business Corporations Act* (Alberta), the Corporation is required to:

- Call/organize an annual meeting of the shareholders of the Corporation no later than 18 months after the incorporation and subsequently not later than 15 months after holding the last preceding annual meeting. The Corporation is required to prepare and deliver to each shareholder an information circular in the prescribed form and detailing the required information and disclosure as prescribed by law in connection with such annual meeting; and
- place before the shareholders at every annual meeting annual financial statements as required by law.

## ITEM 9 - RESALE RESTRICTIONS

### 9.1 General Statement

The Common Shares will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under Applicable Securities Laws.

The Issuer is not: (i) a reporting issuer in any Canadian province or territory, nor (ii) a SEDAR filer in any Canadian province or territory. As a result, the Common Shares will be subject to an indefinite hold period.

Common Shares are not transferable without prior written consent of the board of directors of the Issuer. Such consent may be withheld by the board of directors of the Issuer at its discretion, and in any case will be withheld if such a transfer is not permitted by Applicable Securities Laws. The Issuer will be entitled to require and may require, as a condition of allowing any transfer of any Common Share, the transferor or transferee, at their expense, to furnish to the Issuer evidence satisfactory to it in form and substance (which may include an opinion of counsel satisfactory to the Issuer) in order to establish that such transfer will not constitute a violation of the securities laws of any jurisdiction whose securities laws are applicable thereto.

### 9.2 Restricted Period

#### **For trades in Alberta, British Columbia, Saskatchewan and Ontario:**

Unless permitted under securities legislation, you cannot trade the securities before the date that is four months and a day after the date the Issuer becomes a reporting issuer in any province or territory of Canada.

The Issuer will not become a reporting issuer upon completion of this Offering and does not currently anticipate ever becoming a reporting issuer. **The resale restriction on the securities may therefore never expire.**

#### **For trades in Manitoba:**

Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

- (a) the Issuer has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for the prospectus; or
- (b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

**The foregoing is a summary of resale restrictions relevant to Subscribers of Common Shares offered hereby. The foregoing is not intended to be exhaustive and all Subscribers under this Offering should consult with their own professional advisers with respect to restriction on the transferability, resale and availability of further exemptions relating to the Common Shares offered hereunder.**

## ITEM 10 - PURCHASER'S RIGHTS

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

The securities laws in your jurisdiction may provide you with the right, in certain circumstances, to seek damages or to cancel your agreement to buy Common Shares. Most often, these rights are available if the Issuer makes a misrepresentation in this Offering Memorandum or any amendment hereto, but in some jurisdictions, you may have these rights in other circumstances including if the Issuer fails to deliver the Offering Memorandum to you within the required time or if the Issuer makes a misrepresentation in any advertisements or literature regarding Common Shares. Generally, a "misrepresentation" means an untrue statement about a material fact or the failure to disclose a material fact that is required to be stated or that is necessary in order to make a statement not misleading in light of the circumstances in which it was made. The meaning of misrepresentation may differ slightly depending on the law in your jurisdiction. In most jurisdictions there are defenses available to the persons or companies that you may have a right to sue. In particular, in many jurisdictions, the person or company that you sue will not be liable if you knew of the misrepresentation when you purchased the Common Shares.

**The following summaries are subject to any express provisions of the securities legislation of each Selling Jurisdiction and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.**

The rights of action described herein are in addition to and without derogation from any other right or remedy that a Subscriber may have at law.

### 10.1 Two Day Cancellation Right

You can cancel your agreement to purchase these securities. To do so, you must send a notice to the Issuer by midnight on the second Business Day after you sign the Subscription Agreement to buy Common Shares.

### 10.2 Statutory Rights of Action in the Event of a Misrepresentation

#### Subscribers in British Columbia, Alberta and Manitoba

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (1) the Issuer to cancel your agreement to buy the Common Shares; or
- (2) for damages against:
  - a) if you are resident in Alberta or Manitoba:
    - i) the Issuer;
    - ii) every director of the Issuer at the date of this Offering Memorandum; and
    - iii) every person or company who signed this Offering Memorandum; and
  - b) if you are resident in British Columbia:
    - i) the Issuer;
    - ii) every director of the Issuer at the date of this Offering Memorandum; and
    - iii) every person who signed this Offering Memorandum.

This statutory right to sue is 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, they have a defense if you knew of the misrepresentation when you purchased the Common Shares.

#### *Time limitations*

If you intend to rely on the rights described above in paragraph (1) or (2), you must do so within strict time limitations.

You must commence an action to cancel the agreement within:

- (1) if you are resident in Alberta, 180 days from the date of the transaction that gave rise to the cause of action; and

- (2) if you are resident in British Columbia or Manitoba, 180 days after the date of the transaction that gave rise to the cause of action.

You must commence an action for damages within:

- (1) if you are resident in Alberta, the earlier of:
- a) 180 days from the date that you first had knowledge of the facts giving rise to the cause of action; or
  - b) 3 years from the day of the transaction that gave rise to the cause of action.
- (2) if you are resident in British Columbia, the earlier of:
- a) 180 days after you first had knowledge of the facts giving rise to the cause of action; or
  - b) 3 years after the date of the transaction that gave rise to the cause of action.
- (3) if you are resident in Manitoba, the earlier of:
- a) 180 days after the date you first had knowledge of the facts giving rise to the cause of action; or
  - b) 2 years after the date of the transaction that gave rise to the cause of action.

### **Subscribers in Ontario**

Section 130.1 of the *Securities Act* (Ontario) provides that every purchaser of securities pursuant to an offering memorandum (such as this Offering Memorandum) shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a misrepresentation. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages against the issuer and the selling security holders, if any;
- (b) the issuer and the selling security holders, if any, will not be liable if they prove that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of: (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or (ii) three years after the date of the transaction that gave rise to the cause of action.

Section 132.1 of the *Securities Act* (Ontario) provides a defence to liability for misrepresentations in respect of forward-looking information if the Issuer proves that: (i) the offering memorandum contains reasonable cautionary language identifying the forward looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward looking information; and (ii) the Issuer has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward looking information.

### **Subscribers in Saskatchewan**

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum (such as this Offering Memorandum) or any amendment to it is sent or delivered to

a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it is deemed to have relied upon that misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for rescission against the issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

- (a) the issuer or a selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and
- (e) every person who or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;
- (c) no person or company, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

- (a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; or
- (b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

**Not all defenses upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.**

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

Section 139.1 of the Saskatchewan Act provides a defence to liability for misrepresentations in respect of forward-looking information if the Issuer proves that: (i) the document containing the forward-looking information contains reasonable cautionary language identifying the forward looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward looking information; and (ii) the Issuer has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward looking information.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any other action, other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

### **General**

The securities laws of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario are complex. Reference should be made to the full text of the provisions summarized above relating to contractual and statutory rights of action. **Subscribers should consult their own legal advisers with respect to their rights and the remedies available to them. The rights discussed above are in addition to and without derogation from any other rights or remedies which Subscribers may have at law.**

### **ITEM 11 - FINANCIAL STATEMENTS**

The following financial statements are included in this Offering Memorandum:

- (1) audited financial statements of the Issuer for the period from inception to December 31, 2017 including the statement of cash flows for the period then ended and related notes thereto.

The Issuer has prepared its financial statements in accordance with IFRS.

**SCHEDULE "A" TO THE  
OFFERING MEMORANDUM OF  
2052227 ALBERTA LTD.**

**Common Shares Subscription Agreement**

**SUBSCRIPTION FOR COMMON SHARES**

**TO: 2052227 ALBERTA LTD. (the "Corporation")**

The undersigned (the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase the number of Class A common shares ("Common Shares") of the Corporation set forth below for the aggregate subscription price ("**Aggregate Subscription Amount**") set forth below, representing a subscription price of \$1.00 per Common Share, upon and subject to the terms and conditions set forth in "Terms and Conditions of Subscription for Common Shares of 2052227 Alberta Ltd." attached hereto (together with this page and attached Schedules, the "**Subscription Agreement**"). **In addition to this face page, the Subscriber must also complete all applicable schedules attached hereto.**

\_\_\_\_\_

Full Legal Name of Subscriber (please print)

By: \_\_\_\_\_

Signature of Subscriber or its Authorized Representative

\_\_\_\_\_

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)

\_\_\_\_\_

e-mail Address

**Aggregate Subscription Amount: \$** \_\_\_\_\_

**(Minimum \$1,000 subscription)**

**Number of Common Shares:** \_\_\_\_\_

**Disclosed Beneficial Purchaser Information:**

If the Subscriber is signing as agent for a principal and is not deemed to be purchasing as principal pursuant to applicable securities legislation, complete the following and ensure that the Schedules and Exhibits, as applicable, are completed in respect of such principal:

\_\_\_\_\_

(Name of Principal)

\_\_\_\_\_

(Principal's Address)

\_\_\_\_\_

\_\_\_\_\_

(Telephone Number) (E-mail Address)

**Register the Common Shares (if different from address given above) as follows:**

\_\_\_\_\_

Name

\_\_\_\_\_

Account reference, if applicable

\_\_\_\_\_

Address (including postal code)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Deliver the Common Shares (if different from address given above) as follows:**

\_\_\_\_\_

Name

\_\_\_\_\_

Account reference, if applicable

\_\_\_\_\_

Contact Name

\_\_\_\_\_

Address (including postal code)

\_\_\_\_\_

\_\_\_\_\_

Telephone Number (including area code)

**ACCEPTANCE:** The Corporation hereby accepts the subscription as set forth above on the terms and conditions contained in this Subscription Agreement.

**2052227 ALBERTA LTD.**

\_\_\_\_\_, 201\_

Per: \_\_\_\_\_

No.: \_\_\_\_\_

*This is the first page of an agreement comprised of 11 pages (excluding the Schedules hereto).*

**PLEASE MAKE SURE THAT YOUR SUBSCRIPTION INCLUDES:**

1. a signed copy of this Subscription Agreement;
2. a certified cheque or bank draft in an amount equal to the Aggregate Subscription Amount payable to "TINGLEMERRETT LLP in Trust" or payment of the same amount in such other manner as is acceptable to the Corporation;
3. **if the Subscriber is purchasing Common Shares as an "accredited investor"**, one (1) copy of the Representation Letter in the form attached to this Subscription Agreement as Schedule "A" (including a duly completed and initialed copy of Exhibit A to Schedule "A" **and, if you are an individual described in paragraphs (j), (k), or (l) of the definition of "accredited investor" in Section 1.1 of NI 45-106 (which definition is reproduced in Exhibit A to Schedule "A")**), a duly completed and signed copy of Exhibit B to Schedule "A");
4. **if the Subscriber is purchasing the Common Shares in reliance on the "offering memorandum exemption" and is resident in British Columbia**, two (2) copies of the Risk Acknowledgement in the form attached to this Subscription Agreement as Schedule "B";
5. **if the Subscriber is purchasing the Common Shares in reliance on the "offering memorandum exemption" and is resident in Alberta, Saskatchewan or Ontario:**
  - (i) two (2) copies of the Risk Acknowledgement in the form attached to this Subscription Agreement as Schedule "B";
  - (ii) **if the Subscriber is an "eligible investor" as such term is defined in NI 45-106**, one (1) copy of the Certificate of Eligible Investor in the form attached to this Subscription Agreement as Schedule "C";
  - (iii) one (1) copy of each of Exhibit 1 and Exhibit 2 to Schedule "D" attached to this Subscription Agreement, characterizing the type of investor and confirming investment limits specified therein (the investment limits do not apply if you are not an individual or you are an "accredited investor");
  - (iv) if the Subscriber is relying on advice from a portfolio manager, investment dealer or exempt market dealer (each a "registrant") to increase its 12-month investment limit to \$100,000, then the dealing representative or advising representative of such registrant who provided such advice must complete Section 2 of Exhibit 2 to Schedule "D" and the person meeting with or providing information to you must complete Schedule "E";
6. **if the Subscriber is purchasing the Common Shares in reliance on the "offering memorandum exemption" and is resident in Manitoba**, two (2) copies of the Risk Acknowledgement in the form attached to this Subscription Agreement as Schedule "B" **and, if the acquisition cost to the Subscriber exceeds \$10,000**, one (1) copy of the Certificate of Eligible Investor in the form attached to this Subscription Agreement as Schedule "C"; and
7. one (1) copy of a Support Letter in the form attached to this Subscription Agreement as Schedule "F".

**PLEASE DELIVER THE AFOREMENTIONED DOCUMENTS AND PAYMENT TO:**

TingleMerrett LLP  
1250, 639 – 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 0M9

Attention: Chris Croteau  
T: 403-571-8019  
F: 403-571-8008  
E: [ccroteau@tinglemerrett.com](mailto:ccroteau@tinglemerrett.com)

**TERMS AND CONDITIONS OF SUBSCRIPTION FOR  
COMMON SHARES OF 2052227 ALBERTA LTD.**

1. **Definitions.** In this Subscription Agreement:
- (a) "Aggregate Subscription Amount" has the meaning set forth on the face page hereof;
  - (b) "Closing Date" means such date(s) as the Corporation may determine;
  - (c) "Common Shares" means Class A common shares in the capital of the Corporation;
  - (d) "Corporation" means 2052227 ALBERTA LTD., a corporation incorporated under the *Business Corporations Act* (Alberta);
  - (e) "NI 45-106" means National Instrument 45-106 entitled *Prospectus Exemptions*;
  - (f) "Offering" shall have the meaning ascribed thereto in paragraph 2(b) hereof;
  - (g) "Offering Memorandum" means the offering memorandum of the Corporation dated March 1, 2018, as amended; and
  - (h) "U.S. Purchaser" is (a) any "U.S. person" as defined in Regulation S of the U.S. Securities Act, (b) any person purchasing securities on behalf of any "U.S. person" or any person in the United States, (c) any person that receives or received an offer of the securities while in the United States, (d) any person that is in the United States at the time the purchaser's buy order was made or this subscription agreement was executed or delivered. "U.S. person" includes but is not limited to (i) any natural person resident in the United States; (ii) any partnership or corporation organized or incorporated under the laws of the United States; (iii) any partnership or corporation organized outside the United States by a U.S. person principally for the purpose of investing in securities not registered under the U.S. Securities Act, unless it is organized or incorporated, and owned, by accredited investors who are not natural persons, estates or trusts; (iv) any estate or trust of which any executor or administrator or trustee is a U.S. person; and
  - (i) "U.S. Securities Act" means the United States Securities Act of 1933, as amended.
2. **Acknowledgements of the Subscriber.** The Subscriber agrees and acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that:
- (a) this subscription is subject to rejection or acceptance by the Corporation in whole or in part, and is effective only upon acceptance by the Corporation;
  - (b) the Common Shares subscribed for by the Subscriber hereunder form part of an issue and sale by the Corporation of up to 1,000,000 Common Shares at a subscription price of \$1.00 per Common Share for aggregate gross proceeds of up to \$1,000,000, all pursuant to the Offering Memorandum (the "**Offering**");
  - (c) the Offering is not subject to any minimum amount and that the Subscriber's subscription may be the only subscription;
  - (d) the Subscriber has read, understands and executed the Support Letter attached hereto as Schedule "F";
  - (e) **the Subscriber is responsible for obtaining such legal and tax advice as it considers appropriate in connection with the execution, delivery and performance by it of this Subscription Agreement; and**
  - (f) **there are risks associated with an investment in the Common Shares including, without limitation, those risks set out in this Subscription Agreement and the Offering Memorandum and, as a result, the Subscriber may lose its entire investment.**
3. **Representations, Warranties and Covenants of the Subscriber.** By executing this Subscription Agreement, the Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) represents, warrants and covenants to the Corporation and its counsel (and acknowledges that the Corporation and its counsel are relying thereon) that:
- (a) if the Subscriber is an individual, the Subscriber is of the full age of majority in the jurisdiction in which this Subscription Agreement is executed and is legally competent to execute and deliver

- this Subscription Agreement, to perform all of its obligations hereunder, and to undertake all actions required of the Subscriber hereunder;
- (b) if the Subscriber is not an individual, the Subscriber has the requisite power, authority, legal capacity and competence to execute and deliver and be bound by this Subscription Agreement, to perform all of its obligations hereunder, and to undertake all actions required of the Subscriber hereunder, and all necessary approvals of its directors, partners, shareholders, trustees or otherwise with respect to such matters have been given or obtained;
  - (c) if the Subscriber is a body corporate, partnership, unincorporated association or other entity, the Subscriber has been duly incorporated or created and is validly subsisting under the laws of its jurisdiction of incorporation or creation;
  - (d) this Subscription Agreement has been duly and validly authorized, executed and delivered by, and constitutes a legal, valid, binding and enforceable obligation of, the Subscriber;
  - (e) the execution, delivery and performance by the Subscriber of this Subscription Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any law, regulation, order or ruling applicable to the Subscriber, and do not and will not constitute a breach of or default under any of the Subscriber's constating documents (if the Subscriber is not an individual) or any agreement or covenant to which the Subscriber is a party or by which it is bound;
  - (f) the Subscriber confirms that the Subscriber (and, if the Subscriber is not purchasing as principal, each beneficial purchaser for whom the Subscriber is acting):
    - (i) has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Common Shares;
    - (ii) is capable of assessing the proposed investment in the Common Shares as a result of the Subscriber's own experience or as a result of advice received from a person registered under applicable securities legislation;
    - (iii) is aware of the characteristics of the Common Shares and the risks relating to an investment therein; and
    - (iv) is able to bear the economic risk of loss of its entire investment in the Common Shares;
  - (g) the Subscriber acknowledges that:
    - (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Common Shares;
    - (ii) there is no government or other insurance covering the Common Shares;
    - (iii) there are risks associated with the purchase of the Common Shares;
    - (iv) there are restrictions on the Subscriber's ability to resell the Common Shares and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Common Shares; and
    - (v) the Corporation has advised the Subscriber that the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus under the *Securities Act* (Alberta) and other applicable securities laws and, as a consequence of acquiring Common Shares pursuant to this exemption, certain protections, rights and remedies provided by the *Securities Act* (Alberta) and other applicable securities laws, including statutory rights of rescission or damages, will not be available to the Subscriber;
  - (h) the Subscriber acknowledges that no prospectus has been filed by the Corporation with any securities commission or similar regulatory authority in any jurisdiction in connection with the issuance of the Common Shares, and the issuance of the Common Shares is exempted from the prospectus requirements available under the provisions of applicable securities laws, and as a result:
    - (i) the Subscriber is restricted from using some of the civil remedies otherwise available under applicable securities laws in Canada;

- (ii) the Subscriber will not receive information that would otherwise be required to be provided to it under applicable securities laws in Canada; and
  - (iii) the Corporation is relieved from certain obligations that would otherwise apply under applicable securities laws in Canada;
- (i) the Subscriber confirms that neither the Corporation nor any of its directors, employees, officers, agents, representatives or affiliates have made any representations (written or oral) to the Subscriber:
  - (i) regarding the future value of the Common Shares;
  - (ii) that any person will resell or repurchase the Common Shares;
  - (iii) that any of the Common Shares will be listed on any stock exchange or traded on any market; or
  - (iv) that any person will refund the purchase price of the Common Shares;
- (j) the Subscriber confirms that it has been advised to consult its own legal and financial advisors with respect to the suitability of the Common Shares as an investment for the Subscriber, the tax consequences of purchasing and dealing with the Common Shares, and the resale restrictions and "hold periods" to which the Common Shares are or may be subject under applicable securities legislation or stock exchange rules, and has not relied upon any statements made by or purporting to have been made on behalf of the Corporation with respect to such suitability, tax consequences, resale restrictions and "hold periods";
- (k) the Subscriber is resident in the jurisdiction indicated on the face page of this Subscription Agreement as the "Subscriber's Address" and the purchase by and sale to the Subscriber of the Common Shares, and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale (whether with or with respect to the Subscriber or any beneficial purchaser) has occurred only in such jurisdiction;
- (l) the Subscriber acknowledges that it and/or the Corporation may be required to provide applicable securities regulatory authorities or stock exchanges with information concerning the identities of the beneficial purchasers of the Common Shares and the Subscriber agrees that, notwithstanding that the Subscriber may be purchasing the Common Shares as agent for an undisclosed principal, the Subscriber will provide to the Corporation, on request, particulars as to the identity of such undisclosed principal as may be required by the Corporation in order to comply with the foregoing;
- (m) the Subscriber satisfies one of subsections (i), (ii), (iii) or (iv) below:
  - (i) **if the Subscriber is resident in or otherwise subject to the applicable securities laws of any province of Canada**, the Subscriber is purchasing the Common Shares as principal (or is deemed to be purchasing as principal) for its own account, not for the benefit of any other person, the Subscriber is an "accredited investor" as defined in National Instrument 45-106 entitled *Prospectus Exemptions* ("**NI 45-106**") (or, if applicable for Subscribers in Ontario, the corresponding categories for the definition of an "accredited investor" as defined in Section 73.3 of the *Securities Act* (Ontario)), which definitions are reproduced in Exhibit A to Schedule "A" attached hereto, the Subscriber was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106 and reproduced in Exhibit A to Schedule "A" hereto, the Subscriber is not a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized 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 a Representation Letter in the form attached hereto as Schedule "A" indicating that the Subscriber fits within one of the categories of "accredited investor" set forth in such definitions (including a duly completed and initialed copy of Exhibit A to Schedule "A" and, if the Subscriber is an individual described in paragraphs (j), (k), or (l) of the definition of "accredited investor" in Section 1.1 of NI 45-106, a duly completed and signed copy of Exhibit B to Schedule "A")**;

- (ii) **if the Subscriber is relying on the offering memorandum exemption found in Section 2.9 of NI 45-106 and is resident in or otherwise subject to the applicable securities laws of British Columbia**, it is purchasing the Common Shares as principal (or is deemed to be purchasing as principal) for its own account and not for the benefit of any other person and it has received or been provided with a copy of the Offering Memorandum **and the Subscriber has executed and delivered to the Corporation two (2) copies of the Risk Acknowledgement in the form attached to this Subscription Agreement as Schedule "B", retaining one (1) copy of such Risk Acknowledgement for its records; OR**
  
- (iii) **if the Subscriber is relying on the offering memorandum exemption found in Section 2.9 of NI 45-106 and is resident in or otherwise subject to the applicable securities laws of Alberta, Saskatchewan or Ontario:**
  - (A) it is purchasing the Common Shares as principal (or is deemed to be purchasing as principal) for its own account and not for the benefit of any other person;
  - (B) it was not created or used solely to purchase or hold securities in reliance on this Section 3(m)(iii);
  - (C) the acquisition cost of all securities acquired by the Subscriber who is an individual in the preceding 12 months does not exceed: (i) in the case of a Subscriber that is not an eligible investor, \$10,000; (ii) in the case of a Subscriber that is an eligible investor, \$30,000; (iii) in the case of a Subscriber that is an eligible investor and that has received advice from a portfolio manager, investment dealer or exempt market dealer that the investment is suitable, \$100,000; and
  - (D) at the same time or before the Subscriber signs this Subscription Agreement, it has received or been provided with a copy of the Offering Memorandum,  
**and the Subscriber has executed and delivered to the Corporation:**
  - (E) two (2) copies of the Risk Acknowledgement in the form attached to this Subscription Agreement as Schedule "B", retaining one (1) copy of such Risk Acknowledgement for its records;
  - (F) if the Subscriber is an "eligible investor" as such term is defined in NI 45-106, one (1) copy of the Certificate of Eligible Investor in the form attached to this Subscription Agreement as Schedule "C";
  - (G) one (1) copy of each of Exhibit 1 and Exhibit 2 to Schedule "D" attached to this Subscription Agreement, characterizing the type of investor and confirming investment limits specified therein (the investment limits do not apply if the Subscriber is not an individual or it is an "accredited investor" as defined in NI 45-106);
  - (H) if the Subscriber is relying on advice from a portfolio manager, investment dealer or exempt market dealer (each a "registrant") to increase its 12-month investment limit to \$100,000, then the dealing representative or advising representative of such registrant who provided such advice must complete Section 2 of Exhibit 2 to Schedule "D" and the person meeting with or providing information to the Subscriber must complete Schedule "E"; **OR**
  
- (iv) **if the Subscriber is relying on the offering memorandum exemption found in Section 2.9 of NI 45-106 and is resident in or otherwise subject to the applicable securities laws of Manitoba:**
  - (A) it is purchasing the Common Shares as principal (or is deemed to be purchasing as principal) for its own account and not for the benefit of any other person;
  - (B) it is an eligible investor (in which case, it was not created or used solely to purchase or hold securities as an eligible investor as defined in paragraph (a) of

the definition of "eligible investor" in NI 45-106) or the acquisition cost of the Common Shares does not exceed \$10,000; and

- (C) at the same time or before the Subscriber signs this Subscription Agreement, it has received or been provided with a copy of the Offering Memorandum,

**and the Subscriber has executed and delivered to the Corporation two (2) copies of the Risk Acknowledgement in the form attached to this Subscription Agreement as Schedule "B", retaining one (1) copy of such Risk Acknowledgement for its records and, if the acquisition cost to the Subscriber exceeds \$10,000, one (1) copy of the Certificate of Eligible Investor in the form attached to this Subscription Agreement as Schedule "C"; OR**

- (n) **if the Subscriber is not purchasing the Common Shares as principal or pursuant to section 3(m)**, it is duly authorized to enter into this Subscription Agreement and to execute and deliver all documentation in connection with the purchase on behalf of each beneficial purchaser, each of whom is purchasing as principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Common Shares, it acknowledges that the Corporation may be required by law to disclose to certain regulatory authorities the identity of each beneficial purchaser of Common Shares for whom it may be acting, and it and each beneficial purchaser is resident in the jurisdiction set out as the "Subscriber's Residential Address" and the purchase by and sale of the Common Shares, and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale (whether with or without respect to the Subscriber or any beneficial purchaser) has occurred only in such jurisdiction, and:
- (i) it is acting as agent for a beneficial purchaser, who is disclosed on the face page of this Subscription Agreement, who is resident in the jurisdiction set out in the "Disclosed Beneficial Purchaser Information" and who complies with section 3(m)(i) hereof as if all references therein were to the beneficial purchaser rather than to the Subscriber and the Subscriber has concurrently **executed and delivered to the Corporation a Representation Letter in the form attached hereto as Schedule "A" indicating that the Subscriber fits within the category of "accredited investor" set forth in such definitions (including a duly completed and initialed copy of Exhibit A to Schedule "A" and, if the Subscriber is an individual described in paragraphs (j), (k), or (l) of the definition of "accredited investor" in Section 1.1 of NI 45-106, a duly completed and signed copy of Exhibit B to Schedule "A"); or**
- (ii) it is deemed to be purchasing as principal under NI 45-106 because it is an "accredited investor" as such term is defined in paragraphs (p) or (q) of the definition of "accredited investor" in NI 45-106 and reproduced in Exhibit A to Schedule "A" of this Subscription Agreement (provided, however, that it is not a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada) and has concurrently **executed and delivered a Representation Letter in the form attached hereto as Schedule "A" and has initialed in the Exhibit thereto indicating that the Subscriber satisfies one of the categories of "accredited investor" set out in paragraphs (p) or (q) of the definition of "accredited investor" in NI 45-106 and reproduced in Exhibit A to Schedule "A" hereto;**
- (o) the Subscriber understands that it may not be able to resell the Common Shares except in accordance with limited exemptions available under applicable securities legislation, regulatory policy and stock exchange rules, and that the Subscriber is solely responsible for (and the Corporation is not in any way responsible for) the Subscriber's compliance with applicable resale restrictions;
- (p) the Subscriber acknowledges that it is aware that there is no market upon which the Common Shares trade and there is no assurance that the Common Shares will be listed and posted for trading on a stock exchange or dealer network in the future;

- (q) the Subscriber acknowledges that it is aware that the Corporation is not a "reporting issuer" or the equivalent in any jurisdiction of Canada and therefore, the Common Shares will be subject to a hold period which may be of indefinite duration;
- (r) the Subscriber understands that any certificates representing the Common Shares will bear a legend in accordance with applicable securities legislation indicating that the resale of such securities is restricted and the Subscriber will not resell any of the Common Shares except in accordance with the provisions of applicable securities legislation;
- (s) the Subscriber further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it;
- (t) other than the Corporation's Offering Memorandum, the Subscriber has not received or been provided with, nor has it requested, nor does it have any need to receive, any prospectus, or any other document (other than the annual financial statements, interim financial statements or any other document (excluding offering memoranda, prospectuses or other offering documents) the content of which is prescribed by statute or regulation) describing the business and affairs of the Corporation, which has been prepared for delivery to and review by prospective purchasers in order to assist them in making an investment decision in respect of the purchase of Common Shares pursuant to the Offering;
- (u) the Subscriber has not become aware of any advertisement in printed media of general and regular paid circulation or on radio, television or other form of telecommunication or any other form of advertisement (including electronic display or the Internet) or sales literature with respect to the distribution of the Common Shares;
- (v) the Subscriber is aware that the Common Shares have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the "U.S. Securities Act") or the securities laws of any state and that the Common Shares may not be offered or sold, directly or indirectly, in the United States without registration under the U.S. Securities Act or applicable state laws or compliance with requirements of an exemption from registration and it acknowledges that the Corporation has no present intention of filing a registration statement under the *U.S. Securities Act* or applicable state laws in respect of the Common Shares;
- (w) the Subscriber is not a U.S. Purchaser and is not acquiring the Common Shares for the account or benefit of a person in the United States or a U.S. person;
- (x) the Subscriber undertakes and agrees that it will not offer or sell any of the Common Shares in the United States unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States, or an exemption from such registration requirements is available;
- (y) if required by applicable securities legislation, regulations, rules, policies or orders or by any securities commission, stock exchange or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing, such reports, undertakings and other documents with respect to the issue of the Common Shares;
- (z) except as disclosed in writing to the Corporation, the Subscriber does not act jointly or in concert with any other person or company for the purposes of acquiring securities of the Corporation;
- (aa) the Subscriber has reviewed the "Privacy Notice" attached to this Subscription Agreement, and agrees to and accepts all covenants, representations and consents as set out therein;
- (bb) the funds representing the Aggregate Subscription Amount 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 Subscription 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 subscription funds to be provided by the Subscriber: (A) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States of America, or any other jurisdiction; or (B) 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 ceases to be true, and to provide the Corporation with appropriate information in connection therewith;

- (cc) the Subscriber acknowledges that the Corporation may complete additional financings in the future in order to develop the business of the Corporation and to fund ongoing development. There is no assurance that such financing will be available and if available, on reasonable terms. Any such financings may have a dilutive effect on current shareholders, including the Subscriber;
  - (dd) if the Subscriber is contracting under this Subscription Agreement on behalf of another person or persons, the representations, warranties, covenants, acknowledgements, confirmations and statements made by the Subscriber in this Subscription Agreement are true and correct with respect to such person or persons on whose behalf the Subscriber is so contracting, as if such representations, warranties, covenants, acknowledgements, confirmations and statements were made directly by such person or persons;
  - (ee) the Subscriber has been solely responsible for its own due diligence investigation of the Corporation and its business, and analysis of the merits and risks of the investment in the Common Shares, and is not relying on anyone else's analysis or investigation of the Common Shares, its business or the merits and risks of the Common Shares; and
  - (ff) **the Subscriber acknowledges that an investment in the Common Shares is subject to a number of risk factors. In particular, the Subscriber acknowledges that the Corporation is not a reporting issuer in any province of Canada, has no obligation to become a reporting issuer, and, as such, the applicable hold period may never expire. Accordingly, there is currently no market for the Common Shares, and one may never develop. It may be difficult or even impossible for a Subscriber to sell any of the Common Shares. Resale of such Common Shares will require the availability of exemptions from the prospectus requirements of applicable securities legislation, or the application for a discretionary order of the securities commission or similar regulatory authority in the subscriber's province of residence permitting the trade. The Subscriber covenants and agrees to comply with applicable securities legislation concerning the purchase, holding of, and resale of the Common Shares.**
4. **Timeliness of Representations, etc.** The Subscriber agrees (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that the representations, warranties and covenants of the Subscriber herein will be true and correct both as of the execution of this Subscription Agreement and as of the Closing Time (as defined herein), and will survive the completion of the distribution of the Common Shares and any subsequent disposition by the Subscriber of any of the Common Shares.
5. **Indemnity.** The Subscriber acknowledges that the Corporation and its counsel are relying upon the representations, warranties and covenants of the Subscriber set forth herein in determining the eligibility (from a securities law perspective) of the Subscriber (or, if applicable, the eligibility of another on whose behalf the Subscriber is contracting hereunder to subscribe for Common Shares) to purchase Common Shares under the Offering, and hereby agrees to indemnify the Corporation and its directors, officers, employees, advisers, affiliates, shareholders and agents (including their respective legal counsel) against all losses, claims, costs, expenses, damages or liabilities that they may suffer or incur as a result of or in connection with their reliance on such representations, warranties and covenants. The Subscriber undertakes to immediately notify the Corporation's counsel at TingleMerrett LLP, 1250, 639 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 0M9, Attention: Chris Croteau (fax: (403) 571-8008), of any change in any statement or other information relating to the Subscriber set forth herein that occurs prior to the Closing Time.
6. **Deliveries by Subscriber prior to Closing.** The Subscriber agrees to deliver to the Corporation, or as the Corporation may direct, not later than 5:00 p.m. (Calgary time) on such date of which the Subscriber receives notice:
- (a) this duly completed and executed Subscription Agreement;
  - (b) a certified cheque or bank draft made payable to "TINGLEMERRETT LLP in Trust" in an amount equal to the Aggregate Subscription Amount, or payment of the same amount in such other manner as is acceptable to the Corporation;

- (c) a properly completed and duly executed copy of the appropriate investor qualification form(s) as described on page 2 of this Subscription Agreement; and
- (d) such other documents as may be requested by the Corporation as contemplated by this Subscription Agreement.

7. **Partial Acceptance or Rejection of Subscription.** The Corporation may, in its absolute discretion, accept or reject the Subscriber's subscription for Common Shares as set forth in this Subscription Agreement, in whole or in part, and the Corporation reserves the right to allot to the Subscriber less than the amount of Common Shares subscribed for under this Subscription Agreement.

Notwithstanding the foregoing, the Subscriber acknowledges and agrees that the acceptance of this Subscription Agreement will be conditional upon among other things, the sale of the Common Shares to the Subscriber being exempt from any prospectus and offering memorandum requirements of applicable securities laws. The Corporation will be deemed to have accepted this Subscription Agreement upon the delivery at Closing of the certificates representing the Common Shares to the Subscriber or upon the direction of the Subscriber in accordance with the provisions hereof.

If this Subscription Agreement is rejected in whole, any certified cheque(s) or bank draft(s) delivered by the Subscriber to the Corporation on account of the Aggregate Subscription Amount for the Common Shares subscribed for will be promptly returned to the Subscriber without interest. If this Subscription Agreement is accepted only in part, a cheque representing the amount by which the payment delivered by the Subscriber to the Corporation (or its counsel) exceeds the subscription price of the number of Common Shares sold to the Subscriber pursuant to a partial acceptance of this Subscription Agreement will be promptly delivered to the Subscriber without interest.

8. **Time and Place of Closing.** The sale of the Common Shares will be completed at the offices of TingleMerrett LLP, counsel to the Corporation, in Calgary, Alberta at 10:00 a.m. (Calgary time) or such other time as the Corporation may determine (the "**Closing Time**") on the Closing Date. The Corporation reserves the right to close the Offering in multiple tranches, so that one or more closings may occur after the initial closing.
9. **Subject to Regulatory Approval.** The obligations of the parties hereunder are subject to all required regulatory approvals being obtained.
10. **No Partnership.** Nothing herein shall constitute or be construed to constitute a partnership of any kind whatsoever between the Subscriber and the Corporation.
11. **Governing Law.** The contract arising out of acceptance of this Subscription Agreement by the Corporation shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Alberta.
12. **Time of Essence.** Time shall be of the essence of this Subscription Agreement.
13. **Entire Agreement.** This Subscription Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof, and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.
14. **Electronic Copies.** The Corporation shall be entitled to rely on delivery of a facsimile or other electronic copy of executed subscriptions, and acceptance by the Corporation of such facsimile or electronic copies shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof.
15. **Counterpart.** This Subscription Agreement may be executed in one or more counterparts each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement.
16. **Severability.** The invalidity, illegality or unenforceability of any provision of this Subscription Agreement shall not affect the validity, legality or enforceability of any other provision hereof.
17. **Survival.** The covenants, representations and warranties contained in this Subscription Agreement shall survive the closing of the transactions contemplated hereby, and shall be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

18. **Interpretation.** The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof. In this Subscription Agreement, unless otherwise indicated, all references to money amounts are to Canadian dollars.
19. **Amendment.** Except as otherwise provided herein, this Subscription Agreement may only be amended by the parties hereto in writing.
20. **Costs.** The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any special counsel retained by the Subscriber) relating to the sale of the Common Shares to the Subscriber shall be borne by the Subscriber.
21. **Withdrawal.** The Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, agrees that this subscription is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder.
22. **Assignment.** Neither party may assign all or part of its interest in or to this Subscription Agreement without the consent of the other party in writing.

#### PRIVACY NOTICE

The Subscriber acknowledges that this Subscription Agreement and the Exhibits hereto require the Subscriber to provide certain personal information to the Corporation. Such information is being collected by the Corporation for the purposes of completing the Offering, which includes, without limitation, determining the Subscriber's eligibility (or that of any Disclosed Beneficial Purchaser) to purchase the Common Shares under applicable securities laws, preparing and registering certificates representing the Common Shares to be issued to the Subscriber and completing filings required by any stock exchange or securities regulatory authority. The Subscriber's personal information (and that of any Disclosed Beneficial Purchaser) may also be disclosed by the Corporation to (a) stock exchanges or securities regulatory authorities (including the Ontario Securities Commission (the "OSC") and the British Columbia Securities Commission (the "BCSC")), (b) the Corporation's registrar and transfer agent, (c) Canadian tax authorities, and (d) any of the other parties involved in the Offering, including legal counsel, and may be included in closing books in connection with the Offering. By executing this Subscription Agreement, the Subscriber (on its own behalf and on behalf of any Disclosed Beneficial Purchaser for whom it is contracting hereunder) consents to the foregoing collection, use and disclosure of the Subscriber's (and any Disclosed Beneficial Purchaser's) personal information. The Subscriber (on its own behalf and on behalf of any Disclosed Beneficial Purchaser for whom it is contracting hereunder) also consents to the filing of copies or originals of any of the Subscriber's documents delivered in connection with this Subscription Agreement as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated hereby and expressly consents to the collection, use and disclosure of the Subscriber's (and any Disclosed Beneficial Purchaser's) personal information by the TSX Venture Exchange or the Toronto Stock Exchange for the purposes identified by such exchange, from time to time. The Subscriber (on its own behalf and on behalf of any Disclosed Beneficial Purchaser for whom it is contracting hereunder) further acknowledges that it has been notified by the Corporation (a) of the requirement to deliver to the OSC and the BCSC the full name, residential address and telephone number of the purchaser of the securities, the number and type of securities purchased, the total purchase price, the exemption relied upon and the date of distribution; (b) that this information is being collected indirectly by the OSC and BCSC under the authority granted to it in securities legislation; (c) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario and British Columbia; (d) that the Administrative Support Clerk can be contacted at Ontario Securities Commission, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario, M5H 3S8, or at (416) 593-3684, and can answer any questions about the OSC's indirect collection of this information; and (e) that the BCSC can be contacted at British Columbia Securities Commission, P.O. Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, British Columbia, V7Y 1L2, Telephone: (604) 899-6500, Toll free across Canada: 1-800-373-6393, Facsimile: (604) 899-658, and can answer any questions about the BCSC's indirect collection of this information.

## SCHEDULE "A"

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### REPRESENTATION LETTER

#### TO BE COMPLETED BY ACCREDITED INVESTORS

**TO: 2052227 ALBERTA LTD. (the "Corporation")**

*(Capitalized terms not specifically defined in this Schedule have the meaning ascribed to them in the Subscription Agreement to which this Schedule is attached)*

In connection with the execution by the undersigned Subscriber of the Subscription Agreement which this Representation Letter forms a part of, the undersigned Subscriber hereby represents, warrants, covenants and certifies to the Corporation and its counsel that:

1. the undersigned Subscriber is resident in the jurisdiction set out as the "Subscriber's Residential Address" on the face page of the Subscription Agreement and, if the undersigned Subscriber is purchasing as agent for a disclosed beneficial purchaser, the disclosed beneficial purchaser is resident in the jurisdiction set out as the "Disclosed Beneficial Purchaser Information" on the face page of the Subscription Agreement;
2. the undersigned Subscriber is either (a) purchasing the Common Shares as principal for its own account, (b) deemed to be purchasing the Common Shares as principal in accordance with section 2.3(2) or (4) of NI 45-106, or (c) acting as agent for a disclosed beneficial purchaser who is purchasing the Common Shares as principal for its own account;
3. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a disclosed beneficial purchaser, the disclosed beneficial purchaser) is an "accredited investor" within the meaning of NI 45-106 and Section 73.3(1) of the *Securities Act* (Ontario), as applicable, by virtue of satisfying the indicated criterion as set out in Exhibit A to this Representation Letter;
4. the Subscriber (or if the undersigned Subscriber is purchasing as agent for a disclosed beneficial purchaser, the disclosed beneficial purchaser) fully understands the meaning of the terms and conditions of the category of "accredited investor" applicable to it and confirms that it has reviewed and understands the definitions in Exhibit A to this Representation Letter in respect of the category of "accredited investor" applicable to it and, in particular, if the Subscriber is an "accredited investor" by virtue of satisfying paragraph (j), (j.1), (k) or (l) of Exhibit A to this Representation Letter, it has reviewed and understands the definitions of "related liabilities" and "financial assets", as applicable, contained in Exhibit A hereto;
5. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a disclosed beneficial purchaser, the disclosed beneficial purchaser) was not created, and is not used, solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;
6. if the Subscriber (or if the undersigned Subscriber is purchasing as agent for a disclosed beneficial purchaser, the disclosed beneficial purchaser) is an "accredited investor" by virtue of satisfying paragraph (j), (k) or (l) on Exhibit A to this Representation Letter, it acknowledges that it needs to complete Exhibit B to this Representation Letter and upon execution of Exhibit B by the Subscriber, Exhibit B shall be incorporated into and form a part of this Representation Letter and the Corporation and its counsel shall be entitled to rely thereon; and

7. upon execution of this Representation Letter by the undersigned Subscriber, this Representation Letter, including the Exhibits hereto, shall be incorporated into and form a part of 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 name of Subscriber)

DATED at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_, 201\_.

**IMPORTANT**  
**PLEASE COMPLETE THE EXHIBITS TO THIS REPRESENTATION LETTER**

**EXHIBIT A TO SCHEDULE "A"**  
**TO BE COMPLETED BY ACCREDITED INVESTORS**

<b>PLEASE MARK YOUR INITIALS BESIDE THE CATEGORY BELOW TO WHICH YOU BELONG</b>
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Please complete the Representation Letter to the Corporation by marking your initials beside the category of "accredited investor" to which you belong within the meaning of Section 1.1 of NI 45-106 and Section 73.3(1) of the *Securities Act* (Ontario), as applicable:

**Meaning of "Accredited Investor"**

"Accredited investor" is defined in Section 1.1 of NI 45-106 to mean any person who fits within any of the following categories at the time of the sale of securities to that person:

- \_\_\_\_\_ (a) (i) except in Ontario, a Canadian financial institution, or a bank listed in Schedule III of the *Bank Act* (Canada),  
(ii) in Ontario, (A) a bank listed in Schedule I, II or III to the *Bank Act* (Canada); (B) an association to which the *Cooperative Credit Associations Act* (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473 (1) of that Act; or (C) a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or Ontario to carry on business in Canada or Ontario, as the case may be,
- \_\_\_\_\_ (b) (i) except in Ontario, the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada),  
(ii) in Ontario, the Business Development Bank of Canada,
- \_\_\_\_\_ (c) (i) except in Ontario, 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,  
(ii) in Ontario, a subsidiary of any person referred to in paragraphs (a) through (e) above, 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,
- \_\_\_\_\_ (d) (i) except in Ontario, a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer,  
(ii) in Ontario, a person or company registered under the securities legislation of a province or territory of Canada as an adviser or dealer, except as otherwise prescribed by the regulations under the *Securities Act* (Ontario),
- \_\_\_\_\_ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d),
- \_\_\_\_\_ (e.1) an individual formerly registered under the securities legislation of a 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),
- \_\_\_\_\_ (f) (i) except in Ontario, 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,  
(ii) in Ontario, the Government of Canada, the government of a province or territory of Canada, or any Crown corporation, agency or wholly owned entity of the Government of Canada or the government of a province or territory of Canada,
- \_\_\_\_\_ (g) (i) except in Ontario, 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,

- (ii) in Ontario, 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,
- \_\_\_\_\_ (h)
  - (i) except in Ontario, any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government,
  - (ii) in Ontario, any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government,
- \_\_\_\_\_ (i)
  - (i) except in Ontario, 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,
  - (ii) in Ontario, a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a province or territory of Canada,
- \_\_\_\_\_ (j) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that, before taxes, but net of any related liabilities, exceeds \$1,000,000,

***[Note: Financial assets include cash and securities, but do not include a personal residence – see the definition of "financial assets" later in this certificate. Financial assets are generally liquid or relatively easy to liquidate. You must subtract any liabilities related to your financial assets to calculate your net financial assets—see the definition of "related liabilities". Financial assets held in a group RRSP under which you do not have the ability to acquire the financial assets and deal with them directly are not considered to be beneficially owned by you. If you meet the higher financial asset threshold set out in paragraph (j.1), then initial paragraph (j.1) instead of this paragraph (j).]***

***[Note: If you are an accredited investor described in this paragraph (j), and do not meet the higher financial asset threshold set out in paragraph (j.1), you must deliver a completed Form 45-106F9 – Form for Individual Accredited Investors (See Exhibit B hereto).]***

- \_\_\_\_\_ (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,

***[Note: The financial assets of your spouse (including financial assets in a spousal RRSP) cannot be included in the calculation of net financial assets under this paragraph (j.1). See definition of "financial assets" below. If you meet the financial asset threshold set out in this paragraph (j.1), you are not required to complete Exhibit B.]***

- \_\_\_\_\_ (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,

***[Note: If individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under section (t) below, which must be initialed and completed.***

***[Note: If you are an accredited investor described in this paragraph (k), you must deliver a completed Form 45-106F9 – Form for Individual Accredited Investors (See Exhibit B hereto).]***

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

***[Note: To calculate net assets, take the value of your total assets (which may include a personal residence) and subtract your total liabilities (which may include a mortgage). The value attributed to assets should reasonably reflect their estimated fair value. Income tax should be considered a liability if the obligation to pay it is outstanding at the time of the subscription.]***

***[Note: If you are an accredited investor described in this paragraph (l), you must deliver a completed Form 45-106F9 – Form for Individual Accredited Investors (See Exhibit B hereto).]***

- \_\_\_\_\_ (m) a person, other than an individual or an investment fund, that has net assets of at least \$5,000,000, as shown on its most recently prepared financial statements,
- \_\_\_\_\_ (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,
  - (ii) a person that acquires or acquired securities in the circumstances referred to in section 2.10 of National Instrument 45-106 (where the person subscribes for a minimum amount investment) and Section 2.19 of National Instrument 45-106 (where the person makes an additional investment in investment funds), or
  - (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 of National Instrument 45-106 (investment fund reinvestment),
- \_\_\_\_\_ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Quebec, the securities regulatory authority, has issued a receipt,
- \_\_\_\_\_ (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,
- \_\_\_\_\_ (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,
- \_\_\_\_\_ (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,
- \_\_\_\_\_ (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,
- \_\_\_\_\_ (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,

**Note: If you initialled (t), then indicate the name and category of accredited investor (by reference to the applicable letter of this Exhibit A) of each of the owners of interests (attach additional pages if more than three):**

Name	Category of Accredited Investor
_____	_____
_____	_____
_____	_____

- \_\_\_\_\_ (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,
- \_\_\_\_\_ (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.

**Note: If you initialed (w), then indicate the name and category of accredited investor (by reference to the applicable letter of this Exhibit A) of each of the following (attach additional pages if more than three trustees):**

	Name	Category of Accredited Investor
Individual who established trust:	_____	_____
Trustee	_____	_____
Trustee	_____	_____
Trustee	_____	_____

**PLEASE MARK YOUR INITIALS BESIDE THE CATEGORY ABOVE TO WHICH YOU BELONG**

**Interpretative Aids**

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

- (a) "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 that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (b) "Canadian securities regulatory authorities" means the securities commissions and similar regulatory authorities of each of the provinces or territories of Canada;
- (c) "eligibility adviser" means:
  - (i) a person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the jurisdiction of a purchaser 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;
- (d) "EVCC" means an employee venture capital corporation that does not have a restricted constitution, and is registered under Part 2 of the *Employee Investment Act* (British Columbia), R.S.B.C. 1996 c. 112, and whose business objective is making multiple investments;
- (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 for which a person or company 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" means a mutual fund or a non-redeemable investment fund, and, for greater certainty in British Columbia, includes an EVCC and a VCC;

- (i) "jurisdiction" means a province or territory of Canada;
- (j) "non-redeemable investment fund" means an issuer, (i) whose primary purpose is to invest money provided by its securityholders; (ii) that does not invest (A) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or (B) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund; and (iii) that is not a mutual fund;
- (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 other instruments issued by the securities regulator authority of the local jurisdiction;
- (n) "subsidiary" means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary; and
- (o) "VCC" means a venture capital corporation registered under Part 1 of the *Small Business Venture Capital Act* (British Columbia), R.S.B.C. 1996 c. 429 whose business objective is making multiple investments.

All monetary references are in Canadian dollars.

**EXHIBIT B TO SCHEDULE "A"**  
**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 SECURITYHOLDER:**

<b>1. About your investment</b>	
Type of securities: <b>Class A Common Shares</b>	Issuer: <b>2052227 ALBERTA LTD.</b>
Purchased from: <b>2052227 Alberta Ltd. (the Issuer of the Common Shares)</b>	

**SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER**

<b>2. Risk acknowledgement</b>	
This investment is risky. Initial that you understand that:	<b>Your initials</b>
<b>Risk of loss</b> – You could lose your entire investment of \$ _____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
<b>Liquidity risk</b> – You may not be able to sell your investment quickly – or at all.	
<b>Lack of information</b> – You may receive little or no information about your investment.	
<b>Lack of advice</b> – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson 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 <a href="http://www.aretheyregistered.ca">www.aretheyregistered.ca</a> .	
<b>3. Accredited investor status</b>	
You must meet at least <b>one</b> 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 salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	<b>Your initials</b>
• 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.	
• 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.)	
<b>4. Your name and signature</b>	
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:

<b>SECTION 5 TO BE COMPLETED BY THE SALESPERSON</b>	
<b>5. Salesperson information</b>	
<i>[Instruction: The salesperson 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):	
<b>SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER</b>	
<b>6. For more information about this investment</b>	
For investment in a non-investment fund	
<p><b>2052227 Alberta Ltd.</b>  <b>Suite 1250, 639 – 5 Ave Avenue SW, Calgary, Alberta, T2P 0M9</b>  <b>Alan (Ilan) Handelsman, President</b>  <b>403-668-1672</b>  <a href="mailto:ilan.fundco@criteriongroup.com">ilan.fundco@criteriongroup.com</a></p>	
For investment in an investment fund	
<i>[Insert name of investment fund]</i>	
<i>[Insert name of investment fund manager]</i>	
<i>[Insert address of investment fund manager]</i>	
<i>[Insert telephone number of investment fund manager]</i>	
<i>[Insert email address of investment fund manager]</i>	
<i>[If investment is purchased from a selling security holder, also insert name, address, telephone number and email address of selling security holder here]</i>	
For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at <a href="http://www.securities-administrators.ca">www.securities-administrators.ca</a> .	

**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.
3. The purchaser must sign this form. 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.

**SCHEDULE "B"**  
**REPRESENTATION LETTER - 45-106F4**

**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.
- 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. 2052227 ALBERTA LTD. will pay up to \_\_\_\_\_% of this subscription amount to \_\_\_\_\_ [name of person/company 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.**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Purchaser

\_\_\_\_\_  
Print name of Purchaser

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

**WARNING**

**You have 2 business days to cancel your purchase.** To do so, send a notice to 2052227 ALBERTA LTD. 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 2052227 ALBERTA LTD. at its business address. Keep a copy of the notice for your records.

Issuer Name and Address:

2052227 Alberta Ltd.  
Suite 1250, 639 – 5 Ave Avenue SW  
Calgary, Alberta, T2P 0M9  
Alan (Ilan) Handelsman, President  
403-668-1672  
[ilan.fundco@criteriumgroup.com](mailto:ilan.fundco@criteriumgroup.com)

**COPY FOR THE CORPORATION:**  
**PLEASE EXECUTE AND RETURN**  
**THIS COPY TO THE CORPORATION**  
**IN ACCORDANCE WITH THE**  
**INSTRUCTIONS PROVIDED FOR ON**  
**PAGE 2 OF THE SUBSCRIPTION**  
**AGREEMENT.**

## 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 will not receive ongoing information about this issuer.

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

ALBERTA SECURITIES COMMISSION  
Suite 600, 250 – 5<sup>th</sup> Street SW.  
Calgary, Alberta  
T2P 0R4  
(403) 297-6454  
[www.albertasecuritiescommission.com](http://www.albertasecuritiescommission.com)

MANITOBA SECURITIES COMMISSION  
500 – 400 St. Mary Avenue  
Winnipeg, Manitoba  
R3C 4W5  
(204) 945-2548  
[www.msc.gov.mb.ca](http://www.msc.gov.mb.ca)

BRITISH COLUMBIA SECURITIES COMMISSION  
701 West Georgia Street  
Vancouver, British Columbia  
V7Y 1L2  
(604) 899-6500  
[www.bcsc.bc.ca](http://www.bcsc.bc.ca)

ONTARIO SECURITIES COMMISSION  
20 Queen Street West, Suite 1903  
Toronto, Ontario  
M5H 3S8  
(416) 593-8314  
[www.osc.gov.on.ca](http://www.osc.gov.on.ca)

SASKATCHEWAN SECURITIES COMMISSION  
Suite 601, 1919 Saskatchewan Drive  
Regina, Saskatchewan  
S4P 4H2  
(306) 787-5645  
[www.sfsc.gov.sk.ca/](http://www.sfsc.gov.sk.ca/)

WARNING

**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.
- 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. 2052227 ALBERTA LTD. will pay up to \_\_\_\_\_% of this subscription amount to \_\_\_\_\_ [name of person/company 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.**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Purchaser

\_\_\_\_\_  
Print name of Purchaser

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

**You have 2 business days to cancel your purchase.** To do so, send a notice to 2052227 ALBERTA LTD. 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 2052227 ALBERTA LTD. at its business address. Keep a copy of the notice for your records.

Issuer Name and Address:

2052227 Alberta Ltd.  
Suite 1250, 639 – 5 Ave Avenue SW  
Calgary, Alberta, T2P 0M9  
Alan (Ilan) Handelsman, President  
403-668-1672  
[ilan.fundco@criteriongroup.com](mailto:ilan.fundco@criteriongroup.com)

**COPY FOR THE SUBSCRIBER:  
PLEASE EXECUTE AND RETAIN  
THIS COPY FOR YOUR  
RECORDS.**

## **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 will not receive ongoing information about this issuer.

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

ALBERTA SECURITIES COMMISSION  
Suite 600, 250 – 5<sup>th</sup> Street SW.  
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T2P 0R4  
(403) 297-6454  
[www.albertasecuritiescommission.com](http://www.albertasecuritiescommission.com)

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Winnipeg, Manitoba  
R3C 4W5  
(204) 945-2548  
[www.msc.gov.mb.ca](http://www.msc.gov.mb.ca)

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701 West Georgia Street  
Vancouver, British Columbia  
V7Y 1L2  
(604) 899-6500  
[www.bcsc.bc.ca](http://www.bcsc.bc.ca)

ONTARIO SECURITIES COMMISSION  
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Toronto, Ontario  
M5H 3S8  
(416) 593-8314  
[www.osc.gov.on.ca](http://www.osc.gov.on.ca)

SASKATCHEWAN SECURITIES COMMISSION  
Suite 601, 1919 Saskatchewan Drive  
Regina, Saskatchewan  
S4P 4H2  
(306) 787-5645  
[www.sfsc.gov.sk.ca/](http://www.sfsc.gov.sk.ca/)

**SCHEDULE "C"**

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**CERTIFICATE OF ELIGIBLE INVESTOR**

**TO: 2052227 ALBERTA LTD. (the "Corporation")**

*(Capitalized terms not specifically defined in this Schedule have the meaning ascribed to them in the Subscription Agreement to which this Schedule is attached)*

In connection with the purchase of Common Shares of the Corporation, the undersigned hereby represents, warrants and certifies to the Corporation that the undersigned is an "eligible investor" as defined in Section 1.1 of National Instrument 45-106 *Prospectus Exemptions* and is purchasing the securities offered hereunder as principal.

The undersigned has indicated below the category or categories which it, he or she satisfies to qualify as an "eligible investor". If not an individual, the undersigned was not created or used solely to purchase or hold securities as an "eligible investor".

The undersigned fully understands the meaning of the terms and conditions of the category of "eligible investor" applicable to it and confirms that it has reviewed and understands the definitions in this Certificate in respect of the category of "eligible investor" applicable to it.

**If the undersigned is an "eligible investor" by virtue of satisfying paragraph (f) below as an "accredited investor", it acknowledges that it must complete and sign Schedule "A" to the Subscription Agreement.**

The undersigned understands that the Corporation and its respective counsel are relying on this information in determining to sell securities to the undersigned in a manner exempt from the prospectus and registration requirements of the securities legislation in the jurisdiction in which the undersigned is a resident.

Upon execution of this Certificate by the undersigned Subscriber, this Certificate shall be incorporated into and form a part of the Subscription Agreement.

**ELIGIBLE INVESTOR STATUS**

The undersigned represents, warrants and certifies that it, he or she is **[initial each applicable item]**:

- \_\_\_ (a) a person whose:
  - \_\_\_ (i) net assets, alone or with a spouse, in the case of an individual, exceed \$400,000, ***[Note: your "net assets" are your total assets (including real estate) minus your total debt]***
  - \_\_\_ (ii) net income before taxes exceeded \$75,000 in each of the two 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 two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year,
- \_\_\_ (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,
- \_\_\_ (c) a general partnership of which all of the partners are eligible investors,
- \_\_\_ (d) a limited partnership of which the majority of the general partners are eligible investors,
- \_\_\_ (e) a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors,

*Note: If you initialed & marked (b), (c), (d) or (e), then indicate the name and category of eligible investor (by reference to the applicable item above) as follows (attach additional pages if required):*

*(1) list all owners of voting securities (and % owned) if relying on security holders as Eligible Investors or list all of the directors if relying on the majority of directors as eligible investors*

*(2) list all partners*

*(3) list all general partners*

*(4) list all beneficiaries, trustees and executors*

*Attach supporting documentation affirming the owners of voting securities (and % owned) such as an Annual Return or a certified list of shareholders.*

Name and Title	Percentage of Securities	Category of Eligible Investor

\_\_\_ (f) an accredited investor, as such term is defined in NI 45-106, and it has concurrently completed, signed and delivered a Representation Letter in the form of Schedule "A" this Subscription Agreement indicating the applicable category or categories,

\_\_\_ (g) a person who purchases the security as principal and is:

\_\_\_ (i) a director, executive officer or control person of the Corporation or of an affiliate of the Corporation,

\_\_\_ (ii) a spouse, parent, grandparent, brother, sister, child or grandchild of a director, executive officer or control person of the Corporation, or of an affiliate of the Corporation,

\_\_\_ (iii) a parent, grandparent, brother, sister, child or grandchild of the spouse of a director, executive officer or control person of the Corporation, or of an affiliate of the Corporation,

\_\_\_ (iv) a close personal friend of a director, executive officer or control person of the Corporation, or of an affiliate of the Corporation,

\_\_\_ (v) a close business associate of a director, executive officer or control person of the Corporation, or of an affiliate of the Corporation,

\_\_\_ (vi) a founder of the Corporation or a spouse, parent, grandparent, brother, sister, child, grandchild, close personal friend or close business associate of a founder of the Corporation,

\_\_\_ (vii) a parent, grandparent, brother, sister, child or grandchild of the spouse of a founder of the Corporation,

\_\_\_ (viii) a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons or companies described in paragraphs (i) to (vii), or

\_\_\_ (ix) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (i) to (vii), or

\_\_\_\_\_ (h) a person that has obtained advice regarding the suitability of the investment and, if the person or company is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser. "**Eligibility Advisor**" means a person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the jurisdiction of the purchaser and authorized to give advice with respect to the type of security being distributed, and in 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 (A) does not have a professional, business or personal relationship with the Corporation, or any of the directors, executive officers, founders or control persons of the Corporation, and (B) has not 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 Corporation or any of the Corporation's directors, executive officers, founders or control persons within the previous 12 months.

**[If you fall within this category, please indicate in the space below the name, title and firm of the investment dealer, securities dealer or equivalent from whom you obtained advice:**

\_\_\_\_\_

The undersigned has executed this Questionnaire as of the \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_.

**If a Corporation, Partnership or Other Entity:**

**If an Individual:**

\_\_\_\_\_  
*Name of Entity*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Type of Entity*

\_\_\_\_\_  
*Named Individual*

\_\_\_\_\_  
*Signature of Person Signing*

\_\_\_\_\_  
*Title of Person Signing*

As used in this certificate, the following terms have the following meaning:

"**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.

"**close personal friend**" is an individual who has known the director, executive officer, founder or control person well enough and for a sufficient period of time to be in a position to assess their capabilities and trustworthiness. The term "close personal friend" can include family members not already specifically identified in the exemption if the family member satisfies the criteria described above.

An individual is not a close personal friend solely because the individual is a relative or a member of the same organization, association or religious group or a client, customer or former client or customer.

The relationship between the purchaser and director, executive officer, founder or control person must be direct. For example, the exemption is not available for a close personal friend of a close personal friend of the director, executive officer, founder or control person.

"**close business associate**" is an individual who has had sufficient prior business dealings with the director, executive officer, founder or control person to be in a position to assess their capabilities and trustworthiness.

An individual is not a close business associate solely because the individual is a client, customer or former client or customer.

The relationship between the purchaser and director, executive officer, founder or control person must be direct. For example, the exemption is not available for a close business associate of a close business associate of a director, executive officer, founder or control person.

**"control person"** means any person that holds or is one of a combination of persons that holds:

- (a) a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation; or
- (b) more than 20% of the voting shares of the Corporation except where there is evidence showing the holding of the shares does not affect materially the control of the Corporation.

**"director"** means (i) a member of the board of directors of a company or an individual who performs similar functions for a company, and (ii) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company.

**"executive officer"** means, for the Corporation, an individual who is:

- (a) a chair, vice-chair or president;
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production,
- (c) an officer of the Corporation or any of its subsidiaries and who performs a policy-making function in respect of the Corporation, or
- (d) performing a policy-making function in respect of the Corporation.

**"founder"** means a person or company who,

- (a) acting alone, in conjunction or in concert with one or more other persons or companies, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the Corporation, and
- (b) at the time of the proposed trade, is actively involved in the business of the Corporation.

**"person"** includes:

- (a) an individual;
- (b) a corporation;
- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not; and
- (d) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative.

**SCHEDULE "D"**

**Each Subscriber who is an Alberta, Saskatchewan or Ontario resident and who is subscribing as an individual under the offering memorandum exemption is required to complete and execute two copies of each of Exhibit 1 and Exhibit 2 to this Schedule "D", retaining one copy for its records.**

**EXHIBIT 1 TO SCHEDULE "D"**  
*Classification of Investors Under the Offering Memorandum Exemption*

*Instructions: This Exhibit 1 of Schedule "D" must be completed together with the Risk Acknowledgement Form (Schedule "B") and Exhibit 2 to Schedule "D" 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 Alberta, Saskatchewan and 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.

<b>A. You are an eligible investor because:</b>		<b>Your initials</b>
<b>ELIGIBLE INVESTOR</b>	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 your property.)	

<b>B. You are an eligible investor, as a person described in section 2.3 [Accredited investor] of NI 45-106 or, as applicable in Ontario, subsection 7.3(3) of the Securities Act (Ontario), because:</b>		<b>Your initials</b>
<b>ACCREDITED INVESTOR</b>	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
<b>FAMILY, FRIENDS AND BUSINESS ASSOCIATES</b>	<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>_____</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>_____</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>_____</p> <p>You have known that person for ____ years.</p>	
D. You are not an eligible investor.		Your initials
<b>NOT AN ELIGIBLE INVESTOR</b>	You acknowledge that you are not an eligible investor.	

**EXHIBIT 2 TO SCHEDULE "D"**  
**Investment Limits for Investors Under the Offering Memorandum Exemption**

*Instructions: This Exhibit 2 of Schedule "D" must be completed together with the Risk Acknowledgement Form (Schedule "B") and Exhibit 1 to Schedule "D" 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 Alberta, Saskatchewan and 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 Exhibit 1. Initial the statement that applies to you.

<b>A. You are an eligible investor.</b>		<b>Your initials</b>
<b>ELIGIBLE INVESTOR</b>	As an eligible investor that is an individual, you cannot invest more than <b>\$30,000</b> 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 2, 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 <b>\$30,000</b> 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 schedule 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 <b>\$100,000</b> .	
<b>B. You are an eligible investor, as a person described in section 2.3 [Accredited investor] of NI 45- 106 or, as applicable in Ontario, subsection 7.3(3) of the Securities Act (Ontario).</b>		<b>Your initials</b>
<b>ACCREDITED INVESTOR</b>	You acknowledge that, by qualifying as an eligible investor as a person described in section 2.3 [Accredited investor], you are not subject to investment limits.	
<b>C. You are an eligible investor, as a person described in section 2.5 [Family, friends and business associates] of NI 45-106.</b>		<b>Your initials</b>
<b>FAMILY, FRIENDS AND BUSINESS ASSOCIATES</b>	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
<b>NOT AN ELIGIBLE INVESTOR</b>	<p>You acknowledge that you cannot invest more than <b>\$10,000</b> 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 <b>\$10,000</b> in all offering memorandum exemption investments made in the previous 12 months.</p>	

SECTION 2 TO BE COMPLETED BY THE REGISTRANT	
<b>2. Registrant information</b>	
<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:	



**SCHEDULE "F"**

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**SUPPORT LETTER**

The undersigned, being an investor in at least one of Prism Horizon, Prism Heritage, Prism Broadmoor, Prism Summerside or Prism Place (collectively "Prism Group"), acknowledges and confirms as follows:

1. The undersigned supports the engagement of Borden Ladner Gervais LLP ("BLG") as counsel to represent 2052227 ALBERTA LTD. ("205") and its investors, together with such other investors in Prism Group as may wish to retain BLG, in relation to the investor claims against Prism Group (the "Claims");
2. The undersigned supports the engagement of TingleMerrett LLP ("TM") as counsel to represent 205 and its investors in relation to 205's corporate matters;
3. The undersigned supports the engagement of Criterium Group (or its affiliates) (collectively, "CG") as consultants to 205 and its investors, wherein CG will assist 205, BLG, TM and investors in Prism Group with respect to the Claims, corporate matters, financial review, investor relations, communications and other related matters;
4. The undersigned supports the payment of all reasonable fees and expenses of BLG, TM and CG;
5. The undersigned supports the recovery of all reasonable costs and expenses of 205 (along with an added interest expense of up to 10%) from any realizations recovered on the Claims or from Prism Group or Prism Group's assets;
6. The undersigned has subscribed for Class "A" common shares in 205 and supports the current directors and management team of 205 as it is presently constituted and further supports the directors and management of 205 in providing funding, guidance and direction to BLG, TM and CG in relation to the Claims, the settlement of Claims and corporate matters;
7. The undersigned supports the creation of a governance charter substantially in the form attached hereto as Exhibit A to Schedule "F" within 205 that will dictate how 205 will: (i) fund, guide and direct BLG, TM, CG and any other advisors; (ii) pursue and settle any Claims; and (ii) pursue any other related corporate matters and further funding of 205;
8. The undersigned supports and grants management of 205 the right and ability to pursue and settle all Claims on behalf of the undersigned;
9. The undersigned consents to the dissemination of information updates to the undersigned from CG, BLG or TM and agrees to be subject to appropriate agreements to ensure that confidentiality is maintained and legal privilege is protected in respect of information provided in that regard.

The undersigned confirms that by signing this support letter it is not retaining BLG or TM, and that any such retainer will be subject to a formal retainer 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 different than name of Subscriber)

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

## EXHIBIT A TO SCHEDULE "F"

2052227 ALBERTA LTD.

### GOVERNANCE CHARTER

#### ADOPTION

Further to the support letters as executed by the shareholders of **2052227 ALBERTA LTD.** (the "**Corporation**"), this charter (the "**Charter**") was approved by the Board of Directors (the "**Board**") of the Corporation on the date noted at the conclusion hereof.

#### PURPOSE

This Charter governs the operations of the Board of the Corporation. As part of the Corporation's governance and oversight process, the Board has agreed to develop and implement certain governance procedures.

#### COMPOSITION

The Board shall initially be comprised of three (3) members. The Board's initial members must be prior investors in one or more of the Prism Group ("**Prism**"), with a goal of having representation on the Board from investors from each of the Prism Group entities. The Board shall identify prospective new directors, interview them and otherwise review their suitability to serve. A new director will be appointed or included in the Corporation's proxy materials only on the affirmative vote of a majority of the Board present at a duly called and constituted Board meeting. Criteria for Board membership shall require that such person is a prior investor in Prism and also include integrity, intellect, business experience, and individual skills and competencies taken in the context of those of the Board as a whole. Any Board member may resign at any time. Subject to the provisions in the *Business Corporations Act* (Alberta) (the "**Act**"), the shareholders of the Corporation may by ordinary resolution at a meeting of shareholders remove any director or directors of the Corporation. The filing of vacancies created as a result of a removal or resignation shall be conducted in accordance with the Act.

"**ordinary resolution**" means a resolution (i) passed by a majority of the votes cast by the shareholders who voted in respect of a resolution, or (ii) signed by all the shareholders entitled to vote on that resolution.

"**Prism Group**" means Prism Horizon, Prism Heritage, Prism Broadmoor, Prism Summerside and Prism Place.

#### RESPONSIBILITIES

The primary duties and responsibilities are to review and make recommendations in respect of pursuing investigative measures and possibly litigation in relation to the Prism Group. The Board will be responsible for the following:

1. determining the size and composition of the Board, when necessary or appropriate,
2. the calling and oversight of meetings of shareholders of the Corporation;
3. providing instructions and direction and decision surrounding funding in relation to any and all investigative proceedings, court actions or other proceedings or actions in respect of the Prism Group with a goal of the protecting, preserving or recovering principal amounts, interest and all other amounts owing to the investors of the Prism Group (including the shareholders of the Corporation) or damages in lieu thereof including such further amounts as shall be sufficient to cover the costs and expenses of collection thereof, including the reasonable compensation, expenses, disbursements and advances incurred by the Corporation (along with an added interest expense of up to 10%) (collectively, the "**Court Proceedings**");
4. when relevant and advisable, communicating with its shareholders in regards to the status, strategy and direction of any Court Proceedings;
5. pursuing and making final determinations in regards to the settlement or other resolution of any Court Proceedings;
6. retaining of, and giving directions to, experts, advisors, counsel, agents and service providers in relation to Court Proceedings;
7. entering into service or consulting agreements;

8. subject to applicable securities laws, pursuing additional Prism Group investors as shareholders of the Corporation; and
9. communicating to the shareholders of the Corporation and investors of Prism Group as appropriate from time to time with respect to all of the foregoing matters.

The Board shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, internet, or intranet posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper person. The Board may also rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper person, and shall not incur any liability for relying thereon. The Board may consult with counsel (who may be counsel for the Corporation), accountants, appraisers and other experts or advisors selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants, appraisers, experts, or advisors.

The Corporation agrees to indemnify each Board member and hold them harmless from and against any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and expenses under any service or consulting agreements, together with the fees, charges and disbursements of any counsel, accountants, agents, service providers, advisors or experts which may be incurred by or asserted against any Board member in any way relating to or arising out of the transactions herein contemplated. However, the Corporation shall not be liable for any portion of such losses, claims, damages, liabilities and related expenses resulting from any Board member's gross negligence or wilful misconduct.

In the exercise of the rights, duties and obligations prescribed or conferred hereunder, the Board members shall act honestly and in good faith and exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

#### MEETINGS

1. The Board will meet at a minimum of four (4) times per year in conjunction with regular meetings of the Board of Directors, or on a more frequent basis as is necessary carry out its responsibilities.
2. A meeting may be requested by the Board or any member of the Board.
3. At least two days' notice of each meeting of the Board shall be given to each Board member.
4. Notice of a meeting of shall:
  - (a) be in writing;
  - (b) state the nature of the business to be transacted at the meeting in reasonable detail; and
  - (c) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting.
5. A quorum for the transaction of business at a meeting of the Board shall consist of a majority of the Board.
6. Any member of the Board may participate in a meeting of the Board by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at the meeting.
7. The Chair of the Board (the "**Chair**") shall be appointed by the Board. The Chair shall have only those responsibilities and powers delegated to it herein and shall not have a second or casting vote.
8. In the absence of the Chair of the Board, the members of the Board shall choose one of the Board members present to be Chair of the meeting.
9. By invitation, other parties may attend meetings of the Board; however, the Board may meet separately at any time.
10. Minutes shall be kept of all meetings of the Board and shall be signed by the Chair of the meeting.

Approved by the Board of Directors on \_\_\_\_\_.

**SCHEDULE "B" TO THE  
OFFERING MEMORANDUM OF  
2052227 ALBERTA LTD.**

**Financial Statements of the Issuer**

**2052227 ALBERTA LTD.**

**FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED DECEMBER 31, 2017**

## INDEPENDENT AUDITORS' REPORT

To the Directors of  
2052227 Alberta Ltd.

We have audited the accompanying financial statements of 2052227 Alberta Ltd., which comprise the statements of financial position as at December 31, 2017, and the statements of loss and comprehensive loss, changes in equity and cash flows for the period from incorporation on June 22, 2017 to December 31, 2017, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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



***Opinion***

In our opinion, these financial statements present fairly, in all material respects, the financial position of 2052227 Alberta Ltd. as at December 31, 2017 and its financial performance and its cash flows for the period from incorporation on June 22, 2017 to December 31, 2017 in accordance with International Financial Reporting Standards.

***Emphasis of Matter***

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of 2052227 Alberta Ltd. to continue as a going concern.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

February 23, 2018

**2052227 Alberta Ltd.**  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2017

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2017

**ASSETS**

**Current**

Cash held in trust \$ 58,675

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**LIABILITIES AND EQUITY**

**Current**

Accounts payable and accrued liabilities \$ 16,013  
Subscriptions received in advance (Note 8) 6,000  
22,013

**Equity**

Share capital (Note 3) 324,800  
Subscriptions received in advance (Note 8) 27,000  
Deficit (315,138)  
36,662

\$ 58,675

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**Nature and continuance of operations (Note 1)**

**Commitments (Note 7)**

**Subsequent event (Note 8)**

**On behalf of the Board:**

“Alan Handelsman”

Director

“Owen Jackson”

Director

See accompanying notes to financial statements

**2052227 Alberta Ltd.****STATEMENT OF LOSS AND COMPREHENSIVE LOSS**

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FOR THE PERIOD FROM INCORPORATION ON JUNE 22, 2017 TO DECEMBER 31, 2017

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<b>EXPENSES</b>	
Consulting fees	\$ 111,038
Insurance	8,100
Professional fees	194,376
Travel	<u>1,624</u>
<b>Loss and comprehensive loss for the period</b>	<b>\$ 315,138</b>
<b>Basic and diluted loss per share</b>	<b>\$ 1.52</b>
<b>Weighted average number of common shares outstanding</b>	<b>206,863</b>

See accompanying notes to financial statements

**2052227 Alberta Ltd.**

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM INCORPORATION ON JUNE 22, 2017 TO DECEMBER 31, 2017

	Share Capital		Subscriptions received in advance	Deficit	Total
	Number of Shares	Amount			
<b>Balance at incorporation on June 22, 2017</b>	-	\$ -	\$ -	\$ -	\$ -
Loss for the period	-	-	-	(315,138)	(315,138)
Transactions with owners, in their capacity as owners, and other transfers:					
Shares issued (Note 3)	354,800	354,800	-	-	354,800
Share issuance costs (Note3)	-	(30,000)	-	-	(30,000)
Subscriptions received in advance (Note 3)	-	-	27,000	-	27,000
	<u>354,800</u>	<u>324,800</u>	<u>27,000</u>	<u>-</u>	<u>351,800</u>
<b>Balance at December 31, 2017</b>	<b>354,800</b>	<b>\$ 324,800</b>	<b>\$ 27,000</b>	<b>\$ (315,138)</b>	<b>\$ 36,662</b>

See accompanying notes to financial statements

**2052227 Alberta Ltd.**

## STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM INCORPORATION ON JUNE 22, 2017 TO DECEMBER 31, 2017

2017

**Operating Activities**

Loss for the period	\$ (315,138)
Changes in non-cash working capital	
Accounts payable and accrued liabilities	<u>16,013</u>
Cash flow used in operating activities	<u>(299,125)</u>

**Financing Activities**

Proceeds from issuance of share capital	354,800
Share issuance costs	(30,000)
Subscriptions received in advance	<u>33,000</u>
Cash flow from financing activities	<u>357,800</u>

**Increase in cash flow**

58,675

**Cash – beginning of period**-**Cash – end of period**\$ 58,675Cash paid for interest\$ -Cash paid for taxes\$ -

During the period from incorporation on June 22, 2017 to December 31, 2017 there were no significant non-cash investing or financing activities.

See accompanying notes to financial statements

## **1. NATURE AND CONTINUANCE OF OPERATIONS**

2052227 Alberta Ltd. (the "Company") was incorporated under the *Business Corporations Act* (Alberta) on June 22, 2017. The Company's head office is located at 1250, 639 – 5<sup>th</sup> Avenue S.W., Calgary, AB T2P 0M9. The registered and records office address is 1250, 639 – 5<sup>th</sup> Avenue S.W., Calgary, AB T2P 0M9.

The Company's principal business activity is financing a lawsuit against management of five real estate development entities: Prism Summerside; Prism Horizon; Prism Heritage; Prism Place; and, Prism Broadmoor. There is no foreseeable revenue associated with the Company's operations. The Company is incorporated for the sole purpose of providing a special purpose entity for shareholders to commonly invest in the legal action to enforce their shareholder rights against a common management team. Therefore, all funds raised from investors in the Company are to be used for the management of the legal action, and associated corporate activity, including shareholder solicitation and communication, legal fees and deposits, inspector fees and deposits, corporate filing and insurance fees, audit fees, and other sundry matters necessitated as a result of regulatory oversight and legal requirements of the action.

The primary purpose of the Company is to fund the investigative measures and pursue litigation matters on behalf of Prism Group investors. The Company is a funding vehicle that helps group together Prism Group investors. The Company's reasonable costs and expenses plus 10% thereon have been recognized by the Court as a preferential payment obligation due firstly from the proceeds payable to the Prism Group investors as a result of any successful litigation action against the Prism Group which was funded by the Company (the "Preferential Payments"). The only sources of capital for the Company are the funds from investors in the Company (through the sale of common shares) and any Preferential Payments it receives as a result of any successful litigation actions it funds. There are no other business opportunities in the Company. The Company operates in one geographical location, being Alberta, Canada.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company is dependent upon its ability to finance its operations through financing activities that will include issuances of additional equity securities. While the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available or be available on favourable terms in the future.

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

## **2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**

The financial statements were authorized for issuance on February 23, 2018 by the directors of the Company.

### **Statement of compliance and basis of preparation**

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted, which is the functional currency of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (*cont'd...*)

### Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The Company considers the recognition and disclosure of deferred tax assets as an area of significant judgment and estimate. Assumptions are made where actual results may differ from these estimates.

The Company estimates that no deferred tax assets will ever be recognized as the Company is a funding vehicle structured as an agent for the Prism Group investors. Accordingly, no deferred tax asset disclosures are made.

### Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

### Financial instruments

#### Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

*Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

*Held-to-maturity investments* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

*Available-for-sale* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of loss and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

## **2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION** *(cont'd...)*

### **Financial instruments** *(cont'd...)*

#### Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

*Other financial liabilities*: This category includes accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash as fair value through profit and loss. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

See Note 4 for relevant disclosures.

### **New accounting standards and interpretations**

Certain new standards, interpretations and amendments to existing have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2018, or later periods. Updates that are not applicable or are not consequential to the Company have been excluded in the standards listed below.

The Company anticipates that the application of these standards, amendments, revisions and interpretations will not have a material impact on the results and financial position of the Company.

#### *IFRS 9 Financial Instruments*

IFRS 9 Financial Instruments is part of the IASB's wider project of replacing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristic of the financial assets. This standard is effective for annual periods beginning on or after January 1, 2018.

### **3. SHARE CAPITAL**

#### **Share issuances**

Authorized:

Unlimited common shares, without par value.

Issued and outstanding:

During the period ended December 31, 2017, the Company issued 354,800 common shares at a price of \$1 per share for gross proceeds of \$354,800. The Company incurred \$30,000 in share issuance costs associated with these issuances.

#### **Stock options and warrants**

The Company has not issued any stock options or warrants and no stock options or warrants are outstanding as at December 31, 2017.

### **4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT**

The Company is exposed to minimal financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in trust by legal counsel. This risk is managed by using a reputable law firm.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

#### **Interest rate risk**

The Company is not currently exposed to significant interest rate risk.

#### **Capital Management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements.

4. **FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT** (cont'd...)

**Fair value**

The fair value of the Company's financial assets and liabilities approximates the carrying amounts due to their short term nature.

The following is an analysis of the Company's financial assets measured at fair value as at December 31, 2017:

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	As at December 31, 2016		
	Level 1	Level 2	Level 3
Cash held in trust	\$ 58,675	\$ -	-

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The carrying value of accounts payable and accrued liabilities approximates fair value due to the short-term nature of these instruments.

5. **RELATED PARTY TRANSACTIONS**

**Key Management Compensation**

During the period ended December 31, 2017, the Company had no related party transactions or balances owing as at December 31, 2017.

6. **INCOME TAXES**

The Company does not calculate deferred tax credits on expenses incurred, against which no revenue is ever collected. The primary purpose of the Company is to fund the investigative measures and pursue litigation matters on behalf of investors in five Prism investment entities. The Company is a funding vehicle that helps group together investors in five Prism investment entities. The Company will never receive revenue nor aim to make a profit. Furthermore, if no proceeds are eventually received from litigation activities, the losses incurred by the Company will disappear with the Company's immediate dissolution.

7. **COMMITMENTS**

Criterion Merchant Capital ('Criterion') is a service provider to the Company. Criterion has been engaged by the Company to provide management, administrative, investigative and consulting services. The terms of compensation between the Company and Criterion include a payout equal to 10% of any funds eventually received by the investors in five Prism investment entities.

8. **SUBSEQUENT EVENT**

Subsequent to December 31, 2017, the Company issued 39,000 common shares upon receipt of \$39,000 in subscriptions of which \$27,000 had been received as at December 31, 2017 and is presented as subscriptions received in advance within equity. The Company has also received \$6,000 as at December 31, 2017 for which no shares have been issued.

***ITEM 13 - DATE AND CERTIFICATE***

**DATED March 1, 2018.**

This Offering Memorandum does not contain a misrepresentation.

**2052227 ALBERTA LTD.**

*"Alan (Ilan) Handelsman"*

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Alan (Ilan) Handelsman  
President and Director

**ON BEHALF OF THE BOARD OF DIRECTORS**

*"Owen Jackson"*

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Owen Jackson  
Treasurer and Director

*"Clifford McAuley"*

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Clifford McAuley  
Secretary and Director